



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Year Ended September 30, 2009

**Prepared by: Department of Administration
Finance Division**

Mayor Harvey Johnson, Jr.

**CITY OF JACKSON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2009**

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Department of Administration



200 South President Street
Post Office Box 17
Jackson, Mississippi 39205-0017

July 30, 2010

Harvey Johnson, Jr.
Mayor of the City of Jackson

**Honorable Mayor, Members of the City Council, and
Citizens of the City of Jackson, Mississippi:**

A requirement of Mississippi law is that local governments annually publish audited financial statements. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2009 for the City of Jackson, MS is submitted herewith.

An unqualified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley & White Co. for the year ended September 30, 2009. The Independent Auditor's Report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1996 regarding grants received from the federal government. The Single Audit report was issued by Banks, Finley & White Co.

The dedicated and professional staff of the Finance Division, Department of Administration, prepared this report in accordance with accounting principles generally accepted in the United States of America (GAAP). We maintain that the data is accurate in all material aspects and is presented in a manner designed to set forth fairly the financial activities of the various funds of the local government. The responsibility for the accuracy of the data and the fairness and completeness of the presentation, including any disclosures necessary to enable the reader to gain an understanding of the fiscal affairs of the City, is entrusted to the administration of the local government. We further assert that the internal controls implemented provide reasonable assurance that the financial statements are free of any material misstatements.

All of the funds account groups and enterprise operations of the City of Jackson, MS, as well as the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission (component units of the city) are included in the 2009 CAFR. JRA and the Capital City Convention Center Commission are presented as a proprietary fund type within the CAFR because the City exercises significant oversight responsibility. The approval of JRA's administrative operating costs and appointments to its Board of Commissioners are authorized by the City's governing body. Additionally, JRA accounts for its separate funds and maintains revenues sufficient to meet their operating costs, debt service and system replacement and maintenance needs for their parking garages and other urban renewal projects. The Capital City Convention Center Commission is accountable as a component unit of the City because of its fiscal dependency on the City of Jackson.

Four Enterprise Funds, which provide a variety of services on a fee-for-services basis, are among those funds whose financial operations are included in the CAFR. These Enterprise Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2009 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 3-11 be carefully examined by the reader to provide a more concise picture of the financial position of the City.

DESCRIPTION OF CITY OF JACKSON, MS

Historical Background

The City of Jackson, MS was founded in 1821 at the site of a trading post that was situated on a "high and handsome bluff" on the west bank of the Pearl River, which is located in the central region of the state. It is said that the trading post was operated by a French-Canadian trader named Louis LeFleur, who gave the town its original name of LeFleur's Bluff. The Mississippi Legislature wanted the seat of government moved out of the Natchez area and into a more central location. Thomas Hinds, James Patton and William Lattimore were then commissioned to locate the ideal site for the state capital. Their report to the General Assembly was that LeFleur's Bluff had "beautiful and healthful surroundings, good water, abundant timber, navigable waters, and nearness to the Natchez trace." A legislative act dated November 28, 1821 authorized the location to be the permanent seat of government and that it would be named Jackson in honor of Major General Andrew Jackson who later would become the seventh president of the United States. A \$3,500 contract was let to build Mississippi's first capitol, a two-story brick structure 40 feet by 30 feet, where the opening session was held on December 23, 1822. A second capitol building, popularly known as the "Old Capitol," was completed in 1840 and remained in use until 1903. The building, restored in 1961, has become Mississippi's Historical Museum. The New Capitol building, a magnificent structure patterned after the National Capitol, was completed in 1903.

During the Civil War, the town was ravaged and burned three times by Union troops under the command of General William Tecumseh Sherman. The destruction prompted the unwelcome nickname of "Chimneyville." Although less than 8,000 people lived in Jackson at the turn of the century, its population began accelerating rapidly after 1900.

Jackson Today

Presently, Jackson has 184,256 citizens within its radius of 102.59 square miles. Since 1985, the City of Jackson, MS operates under the mayor-council form of government. Prior to 1985, the commission form of government, which included a mayor and two commissioners elected at-large, was in place. Currently, the municipal government is comprised of the mayor, who is elected at large, and seven council members, who are elected by ward. The mayor and council members, who have policy-making and legislative authority, serve four-year terms. The Mayor appoints, and the City Council approves, the Chief Administrative Officer, City Attorney, and eight department heads. City leaders are committed to ensuring that the municipality has a healthy financial outlook while providing essential services.

A comprehensive range of municipal services including public safety, street maintenance, water, sewer, and sanitation services, social programs, recreation activities, cultural events and general administration are provided to Jackson's citizens. These services are provided in the context of the broad public policy initiatives as determined by the elected officials of Jackson, MS. Youth and Education, Crime Prevention, Public Safety, Neighborhood Enhancement, Economic Development, Changes in City Government, Quality of Life, and Infrastructure and Transportation were the policy initiatives for FY 2009.

The City of Jackson, MS is required to submit its municipal budget on an annual basis to the City Council for adoption on or before the fifteenth day of the last month in the fiscal year. A budget process, linking policy initiatives, services, and available resources, is utilized to develop the budget. As the primary financial planning and control document, the budget provides the foundation for City operations. The budget is crafted to include expenditures by fund: General, Special Revenue, Debt Service, Proprietary, Trust, and Capital; by department: Administration, General Government, Human & Cultural, Parks & Recreation, Police, Fire, Personnel, Public Works, and Planning; and by category: Personal Services, Supplies and Material, Other Services and Charges, and Capital Outlay. General Property Taxes, Licenses and Permits, Fines and Forfeitures, Intergovernmental, Admissions, Fees, Rentals, Interest, Other Revenues, and Operating Transfers are the categories that comprise the revenue budget. During the fiscal year, department heads may transfer resources within a department by following established guidelines. These transfers, along with other budget adjustments, are incorporated into Budget Revisions that must be approved by the City Council. The Executive Branch is afforded the opportunity to submit a maximum of three Budget Revisions to the City Council for approval within the fiscal year.

ECONOMIC OUTLOOK

The City is the seat of government for the State of Mississippi and home to a diverse economy. In addition to governmental services, major industries located within the city limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, and machine parts and engines. Jackson is also the site of the largest financial institutions in the state. Numerous healthcare facilities, including the state's only medical school, pepper the city's landscape, providing employment to more than 14,000 professionals and staff.

As the population, educational, cultural, medical, and governmental center of the state, the Jackson metropolitan surrounding area has a relatively stable unemployment rate of 9.0 percent with an employed labor force of 244,390. This unemployment rate compares favorably to the state's overall unemployment rate of 11.1 percent. Over the previous years, the unemployment rate has ranged from a high of 9.0 percent to a low of 5.4 percent for 2009.

Jackson, MS, however, is highly dependent upon the public sector as an economic engine. While public sector employment is generally more stable than private sector employment, the spin-off businesses and entrepreneurial opportunities that are needed for sustained growth is not generated at the desired level. Thus, the economic development efforts must look toward business-government partnerships as a part of the solution. Towards that end, Jackson is poised to realize a number of developments of mixed use facilities in the immediate future.

The City has also begun to benefit from a variety of downtown revitalization efforts. These efforts include a recently renovated multi-modal transportation center, completion of a major portion of a parkway project to connect downtown to Jackson State University, and creation of an entertainment district in and around Farish Street, the oldest African American nationally designated historic district. Occupancy in the downtown area is at 93 percent and is expected to remain stable. The high percentage of college-educated residents who reside in Jackson is a positive trend that can further the City's efforts to becoming a dynamic urban center.

The construction of the Capital City Convention Center was completed in January 2009 and business operations began at that time.

Jackson property owners pay property taxes for county, city, and school totaling \$172.14 per \$1000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax in Jackson.

FINANCIAL OUTLOOK

The City's financial stability is evidenced by the general fund reserve, fund balance reserve policy, bond ratings and other fiscal determinants. An Unrestricted General Fund Reserve policy that is within range of the level cited by GFOA recommended practice has been adopted by the City Council. The City's unreserved fund balance amounted to 21 percent of the adopted General Fund operating revenues for FY 09.

The General fund balance available for future appropriation is \$24,897,236 million, which includes \$8,578,034 million attributable to the City's General Fund reserve policy. An additional \$4,133,243 million is reserved for inventories and state tort claims.

The City remains an excellent place for investors with ratings of A1 on both G.O. bonds and Revenue bonds by Moody's and AA- on G.O. bonds and A+ on Revenue bonds by Standard & Poor's. As a result of sound financial management practices, an upgrade was received by the City on its Series 2009 General Obligation Street Resurfacing Bond from Standard and Poor's from "A+" to "AA-", and Moody's affirmed the "A1" rating on the G. O. bonds."

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2009 are useful gauges of the City's debt position.

POPULATION:	184,256
BONDED DEBT PER CAPITA:	\$ 718
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$ 1,027,087,754
NET BONDED DEBT (G.O):	\$ 134,610,000
RATIO OF DEBT TO ASSESSED VALUE:	12.87%

The following charts reflect activities within the Debt Service Fund and Enterprise Fund:

BONDS OUTSTANDING

Category	Amount Outstanding Sept. 30, 2009	Amount Outstanding Sept. 30, 2008
General Obligation	\$ 134,610	\$ 112,535
Special Obligation Bond – Pension	-	6,430
Tax Increment Limited Obligation	4,522	2,270
Bonded Debt	\$ 139,132	\$ 121,235
Revenue Bonds	155,830	161,345
Urban Renewal Bonds - Component Unit	12,270	15,575
Total	\$ 307,232	\$ 298,155

ENTERPRISE FUND – CHANGES IN NET ASSETS

Net Income (Loss)	2009	2008
Water/Sewage Disposal Fund	\$ (1,402)	\$ 4,649
Madison Sewage Disposal Fund	36	(11)
Transportation Fund	(1283)	(534)
Sanitation and Recycling Fund	680	1,866
Total Net Income	<u>\$ (1,969)</u>	<u>\$ 5,970</u>

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi employer, cost-sharing pension plan and an agent multi employer pension plan. Substantially, the City of Jackson full-time employees participate in the multi employer cost-sharing pension plan. Benefit and contribution provisions are established by state law and may be amended only by the State of Mississippi Legislature. The employer and employees' contributions represented 12.00% and 7.25% of covered payroll, respectively. The contribution by the employer was raised by statute to 12.00%, effective July 2009.

The City's uniformed police officers and fire fighters employed prior to April 1, 1976 participate in the agent multi employer pension plan. The City's contributions consist principally of allocations of ad valorem taxes derived from a 5.56 millage levy, increased annually not more than one-half mill, to meet the necessary funding level. Employees participating are required to contribute 10% of their annual salary. The financing objective is that contributions will be sufficient to make the plan actuarially sound by July 1, 2020. The ad valorem tax payments to the Public Employees' Retirement System will resume in 2010.

The City exercises an aggressive cash management policy, which involves cash flow analysis, and projection of immediate cash needs. As allowed by state statutes, surplus funds are invested in certificates of deposit with municipal depositories and direct obligations of the U.S. Treasury and collateralized repurchase agreements. Also, all remaining cash is placed in interest-bearing checking accounts. Interest earned for FY 2009 for all funds totaled \$1,433,393.

The City also maintains an Unemployment Compensation Revolving Fund (Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$7,000 paid each employee during the preceding year. As of September 30, 2009 the required amounts were funded. Claims totaled \$141,752 during fiscal year 2009. Worker's Compensation benefits in the amount of \$2,006,486 were paid to employees during fiscal year 2009.

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$7,349,174 and employee benefit costs were \$11,632,362 during fiscal year 2009. The City's General fund appropriated \$3,865,215 to the Employees' Group Benefit fund.

FINANCIAL POLICIES

There are several distinct policies that provide the framework for the financial operations of the City. One such policy is the commitment to conservatism by the Executive Branch in projecting its annual revenues. This policy provides a safeguard to drastic reductions in a given budget cycle in the event of under budgeted or unbudgeted costs. The City of Jackson, MS also has a policy to carefully allocate one time revenues such that operating expenses are not increased.

SELECT ACCOMPLISHMENTS

The Public Works Department has earned accreditation by the American Public Works Association, becoming the first agency in the State of Mississippi to be accredited. The City becomes the twenty-sixth public agency in the United States and Canada to achieve accreditation status.

The American Public Works Association accreditation program recognizes those public agencies that exceed the requirements of the management practices established nationally in the public works industry. On a daily basis, accredited agencies meet or exceed the standards of performance in areas such as solid waste management, street/sewer repair and maintenance, engineering, building maintenance and vehicle maintenance.

FUTURE INITIATIVES

On June 9, 2010, the City of Jackson employed a bond financing team for the purpose of issuing General Obligation Refunding/Restructuring Bonds in an amount of approximately \$25,000,000.

On June 23, 2010, the City of Jackson approved in concept a \$200,000,000 master plan development spanning three city blocks in front of the Convention Center, with later phases of the master plan to include a 120-room extended stay hotel, 200-unit residential apartments, a 50,000 square foot office building, 50,000 square feet of boutique services and support retail, additional parking and other support facilities.

ACKNOWLEDGMENTS

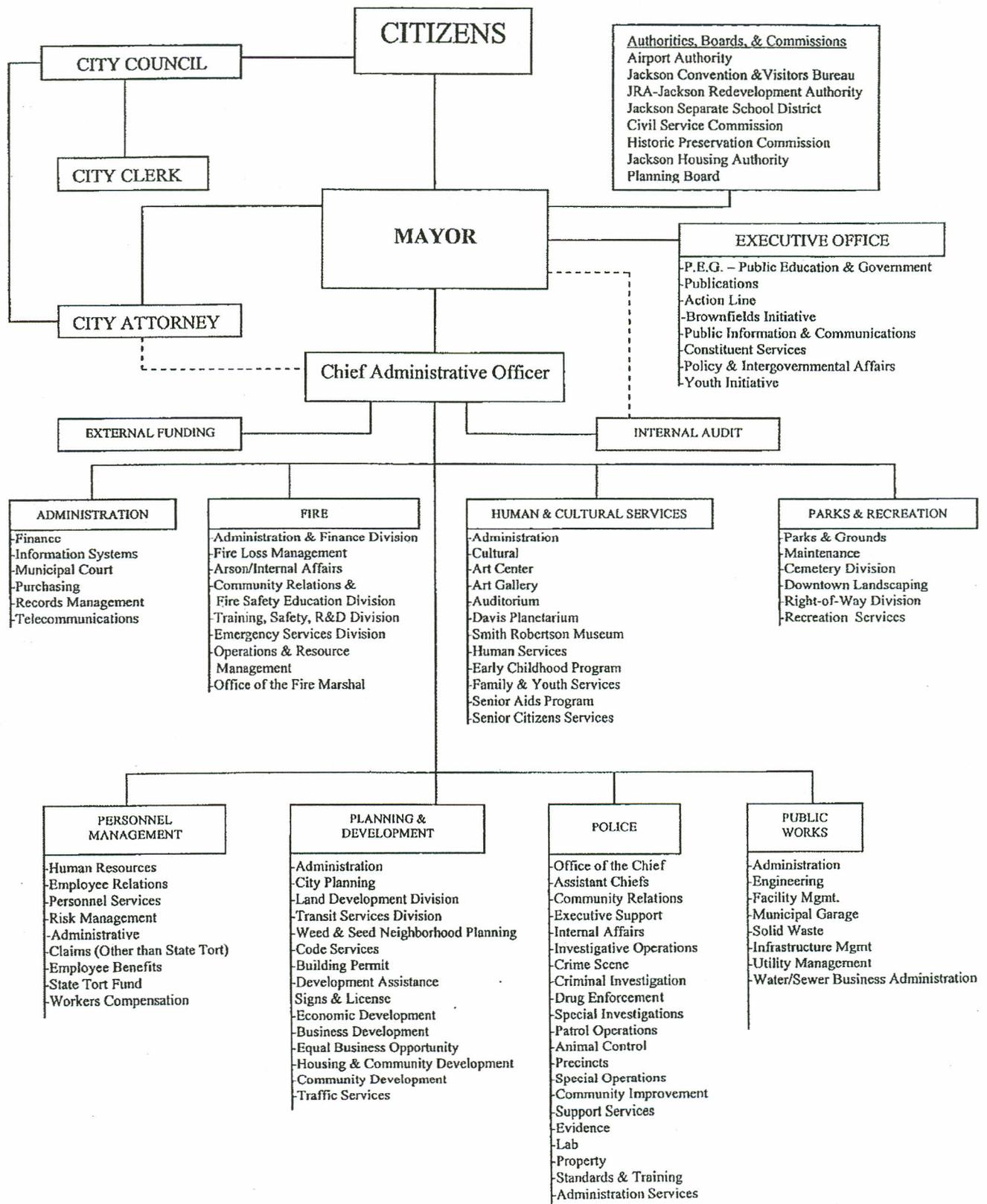
The staff of the Department of Administration, and specifically, the Finance Division, has my appreciation for their dedication and diligence in the preparation of this report. I further thank the Office of the Mayor, Office of the Chief Administrative Officer, and the City Council for their interest and support.

Respectfully submitted,



Lee Unger, Director
Department of Administration

CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2009**

EXECUTIVE

Harvey Johnson, Jr
MAYOR

LEGISLATIVE

CITY COUNCIL

Jeff Weill, Sr.
Ward 1

Chokwe Lumumba
Ward 2

Kenneth I. Stokes
Ward 3

Frank Bluntson
Ward 4
President of Council

Charles Tillman
Ward 5
Vice-President of Council

Tony Yarber
Ward 6

Margaret C. Barrett-Simon
Ward 7

EXECUTIVE BRANCH

Sean Perkins
Chief of Staff

Brenda Pree
City Clerk

Chief of Police
Fire Chief
Director of Public Works
Interim Director of Planning and Development
Director of Human and Cultural Services
Director of Parks and Recreation
Interim Director of Personnel Management
Director of Administration
Director of Action Line
Director of Internal Audit
Interim City Attorney

Tyrone Lewis
Vernon Hughes
Thelman Boyd
Corinne Fox
Michael Raff
A. C. Jimerson
Denise McKay
Rick Hill
Andy Boone
Norby Harris
Peter Teeuwissen



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of the City Council
City of Jackson, Mississippi

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 City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2009, as listed in the table of contents. These financial statements are the responsibility of the City of Jackson, Mississippi, management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units of the City of Jackson, Mississippi, as follows: Jackson Redevelopment Authority and Capital City Convention Center Commission which statements reflect assets and revenues of 31.70 percent and 41.49 percent, respectively, of the business-type activities funds. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respect, the 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, Mississippi, as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, and internal service fund of the City of Jackson as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2010 on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and budgetary comparison information on pages 3 through 11 and 87 through 97 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 supplementary information in accordance with the 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 response 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson, Mississippi's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*, and is also not a required part of the basic financial statements of the City of Jackson, Mississippi. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materials respects in relations to the financial statements taken as a whole. The introductory section and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Banks, Finley, White & Co.
BANKS, FINLEY, WHITE & CO.

Jackson, Mississippi
July 30, 2010

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Jackson, we offer readers of the City of Jackson's financial statements this narrative overview and analysis of the financial activities of the City of Jackson for the fiscal year ended September 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - viii of this report.

Financial Highlights

- The assets of the City of Jackson exceeded its liabilities at the close of the most recent fiscal year by \$430 million (*net assets*). Of this amount, there is \$50 million in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$10 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$63.5 million, an increase of \$7.2 million in comparison with the prior year. Approximately ninety (90) percent of this total amount is \$57 million (unreserved). \$25 million is available for spending at the government's discretion (*unreserved fund balance*) and \$32 million is available for special revenue funds and capital projects.
- At the end of the current fiscal year unreserved fund balance for the general fund was \$25 million, or 25.4 percent of total general fund expenditures.
- The City of Jackson's total debt increased by \$23.7 million (7.0 percent) during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Jackson's basic financial statements. The City of Jackson's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

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

The statement of net assets presents information on all of the City of Jackson's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, 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 periods (e.g., 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 (*governmental 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, human & cultural services, employee benefits, and interest on long term debt. The business-type activities of the City of Jackson include water/sewer, transportation and sanitation.

The government-wide financial statements include the City of Jackson itself (known as the *primary government*), and a legally separate redevelopment authority and Capital City Convention Center Commission for which the City of Jackson is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 12-13 of this report.

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Jackson, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Jackson can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Jackson maintains fifteen (15) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal Grant Fund, Debt Service Fund, Improvement Fund, 1998 General Obligation Bond Fund, 2003 General Obligation Bond Fund, 2006 General Obligation Bond Fund, and 2009 General Obligation Bond Fund, all of which are considered to be major funds. Data from the other eleven (11) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Jackson adopts an annual budget for all of its funds. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 14-30 of this report.

Proprietary funds. The City of Jackson maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Jackson uses enterprise funds to account for its Water/Sewage Disposal System Fund, Madison Sewage Disposal System Funds, Transportation Fund and Sanitation Funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of Jackson's various functions. The City of Jackson uses an Internal Service Fund to account for its Employee Group Health Benefit Fund. Because these services predominantly benefit governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water/Sewage Disposal System Fund and Sanitation Fund, both of which are considered to be major funds of the City of Jackson. Data from the other two (2) proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. The Internal Service Fund is presented in the Proprietary Fund financial statements as governmental activities.

The basic proprietary fund financial statements can be found on pages 31-35 of this report.

Fiduciary funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The function of the City's principal trust fund is discussed in Note 5.A.2. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The purpose of the City's Agency Funds is to collect and remit to the related organizations the proceeds of a special sales tax received from the State.

The basic fiduciary fund financial statements can be found on pages 36-37 of this report.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 38-81 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Jackson's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on page 82 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and schedules can be found on pages 83-97 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$430 million at the close of September 30, 2009.

By far the largest portion of the City of Jackson's net assets (80 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Jackson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Jackson's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Jackson's Net Assets (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 161,256	\$ 162,867	\$ 94,803	\$ 103,109	\$ 256,059	\$ 265,976
Capital assets	282,027	265,192	345,141	341,163	627,168	606,355
Total assets	<u>443,283</u>	<u>428,059</u>	<u>439,944</u>	<u>444,272</u>	<u>883,227</u>	<u>872,331</u>
Long-term liabilities outstanding	184,046	156,154	182,594	185,716	366,640	341,870
Other Liabilities	78,625	83,296	7,598	6,836	86,223	90,132
Total Liabilities	<u>262,671</u>	<u>239,450</u>	<u>190,192</u>	<u>192,552</u>	<u>452,863</u>	<u>432,002</u>
Net assets:						
Invested in capital assets, net of related debt	180,628	197,359	163,408	156,309	344,036	353,668
Restricted	32,587	28,617	3,861	3,820	36,448	32,437
Unrestricted	(32,604)	(37,367)	82,482	91,591	49,878	54,224
Total net assets	<u>\$ 180,611</u>	<u>\$ 188,609</u>	<u>\$ 249,751</u>	<u>\$ 251,720</u>	<u>\$ 430,362</u>	<u>\$ 440,329</u>

The City of Jackson's total net assets decreased by \$10 million during the current fiscal year.

Governmental activities. Governmental activities decreased the City of Jackson's net assets by \$8 million.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

City of Jackson's Changes in Net Assets (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues						
Charges for services	\$ 12,202	\$ 11,866	\$ 52,651	\$ 59,847	\$ 64,853	\$ 71,713
Operating grants and contributions	16,681	18,436	694	2,365	17,375	20,801
Capital grants and contributions	6,188	7,912	1,741	-	7,929	7,912
General revenues:						
Property taxes	71,298	65,845	-	-	71,298	65,845
Sales taxes	33,598	37,298	-	-	33,598	37,298
Franchise taxes	9,234	9,062	-	-	9,234	9,062
Other	819	3,605	(521)	2,408	298	6,013
Total revenues	150,020	154,024	54,565	64,620	204,585	218,644
Expenses:						
General government	44,773	69,721	-	-	44,773	69,721
Public safety	55,993	53,664	-	-	55,993	53,664
Public works	31,517	25,301	-	-	31,517	25,301
Human and cultural services	14,170	14,890	-	-	14,170	14,890
Employee benefits	2,149	1,765	-	-	2,149	1,765
Interest on long-term debt	5,389	5,917	-	-	5,389	5,917
Water/Sewer	-	-	42,275	45,279	42,275	45,279
Nonmajor	-	-	7,990	7,685	7,990	7,685
Sanitation	-	-	10,296	10,299	10,296	10,299
Total expenses	153,991	171,258	60,561	63,263	214,552	234,521
Increase in net assets before transfers	(3,971)	(17,234)	(5,996)	1,357	(9,967)	(15,877)
Transfers	(4,027)	(4,613)	4,027	4,613	-	-
Increase in net assets	(7,998)	(21,847)	(1,969)	5,970	(9,967)	(15,877)
Net assets - October 1, 2008	188,609	226,383	251,720	245,750	440,329	472,133
Prior period adjustment	-	(15,927)	-	-	-	(15,927)
Net assets - September 30, 2009	\$ 180,611	\$ 188,609	\$ 249,751	\$ 251,720	\$ 430,362	\$ 440,329

In FY 2007, the City issued \$65 million in General Obligation Bonds on behalf of the Capital City Convention Center Commission to construct the Convention Center. A special sales tax levy was established to pay the debt service for the bonds. The bonds couldn't be issued as revenue bonds because of the uncertainty of the sales tax collections; therefore, the bonds were issued as GO Bonds of the City with full, faith and credit of the City. The asset (the Convention Center facility) is the property of the Capital City Convention Commission and recorded on the books of the Commission, but the liability (the bonds to construct the Convention Center) is on the books of the City.

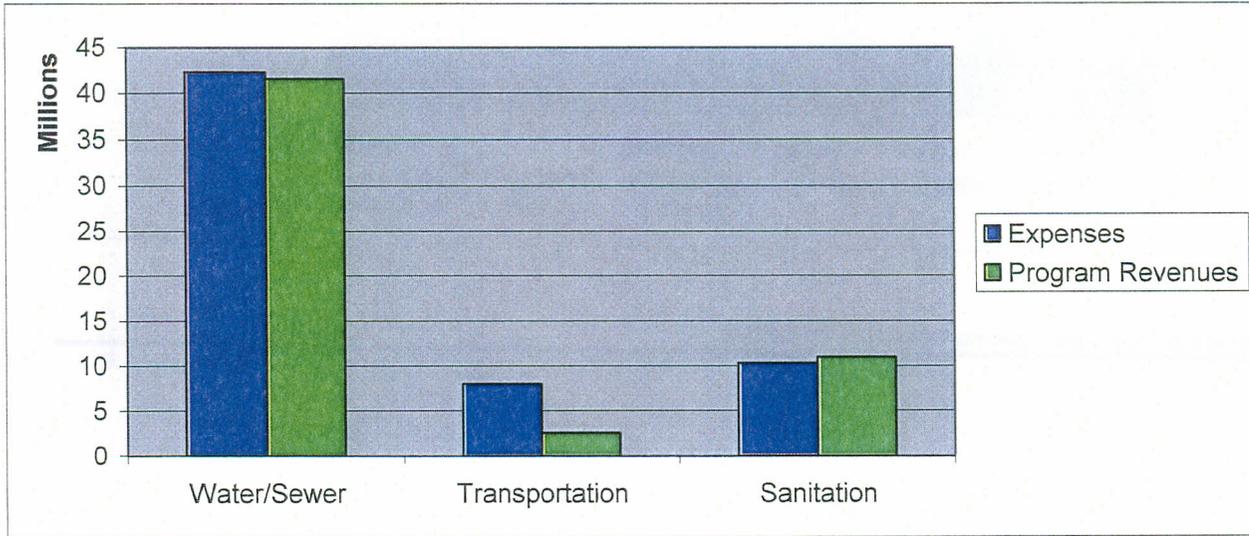
In prior years, the City had not presented the asset resulting from the 1997 contribution of bond proceeds to fund the actuarial accrued liability for the MRS plan. In 2007, pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City calculated its net pension obligation. In adopting GASB Statement No. 27, the City has increased net assets – beginning of year in the government wide financial statements of governmental activities by \$25.6 million to recognize the net pension asset calculated under GASB Statement No. 27.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

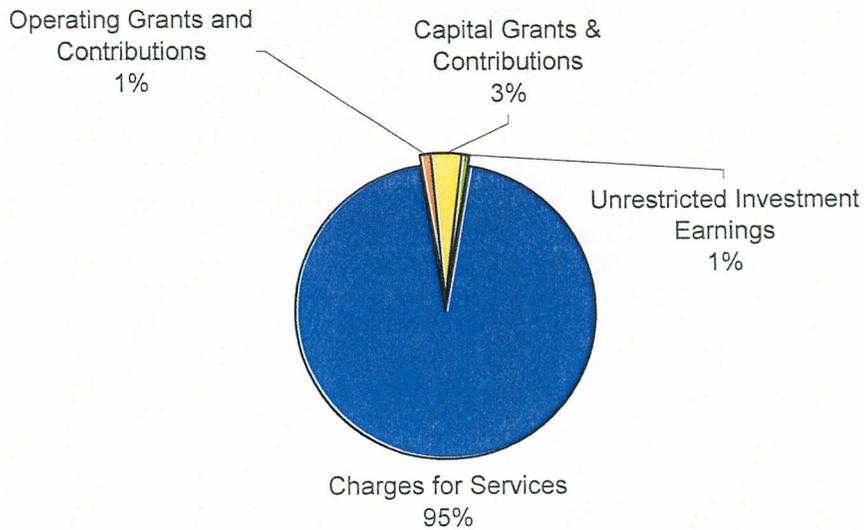
Governmental funds. The focus of the City of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Business-type activities. Business-type activities decreased the City of Jackson's net assets by \$2 million. This decrease is primarily in the Water Sewer fund due to capital assets sold at a loss.

Expenses and Program Revenues—Business—Type Activities

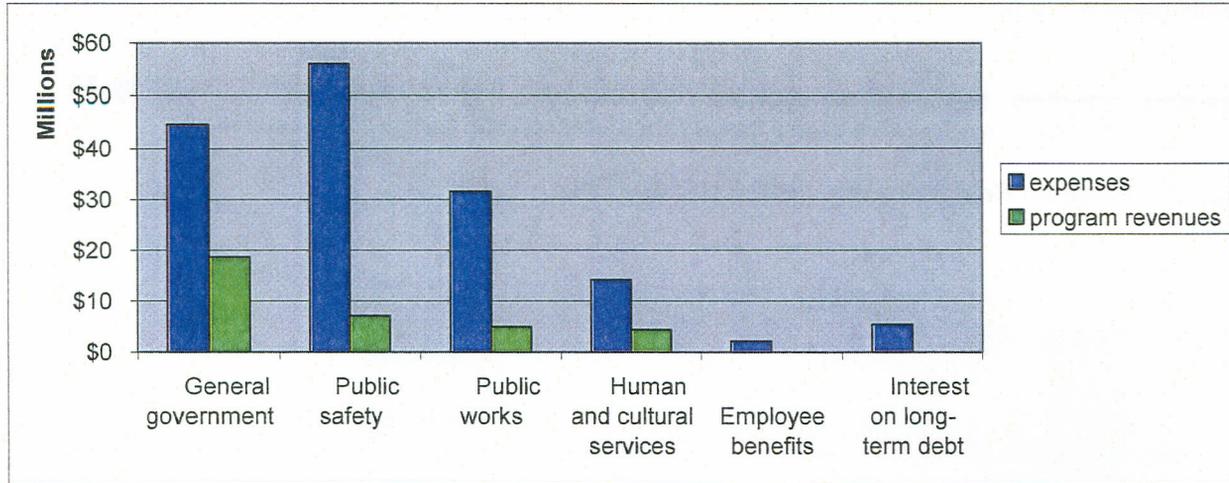


Revenues by Source- Business – Type Activities

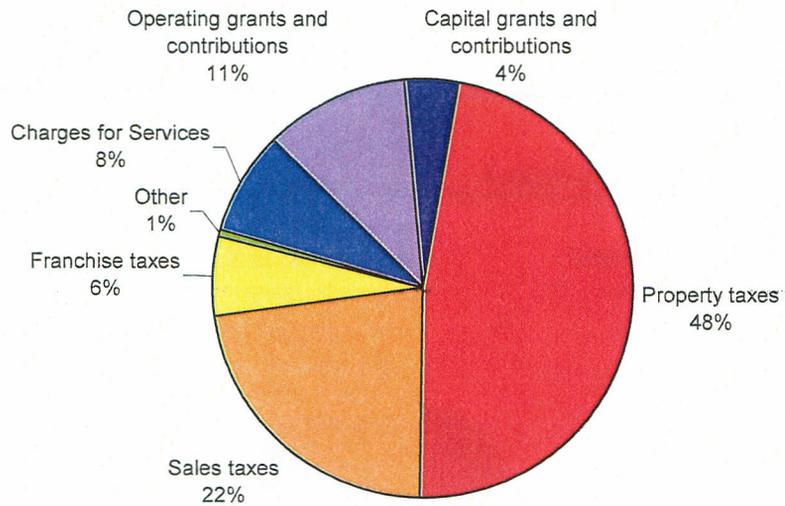


**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Expenses and Program Revenues – Governmental Activities



Revenues by source – Governmental Activities



Financial Analysis of the Government's Funds

As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$63.5 million, an increase of \$7.2 million in comparison with the prior year. Ninety (90) percent of this total amount is \$57 million of which \$25 million is available for spending at the government's discretion (*unreserved fund balance*) and \$32 million is available for special revenue funds and capital projects. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) to pay debt service (\$2.5 million), 2) State tort claims (\$2.8 million), or 3) for other restricted purposes (\$1.3 million).

The general fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unreserved fund balance of the general fund was \$25 million, while total fund balance reached \$29 million. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25.4 percent of total general fund expenditures, while total fund balance represents 30 percent of that same amount.

During the current fiscal year, the fund balance of the City of Jackson's general fund increased by \$4,222,112. The decrease in fund balance for the federal grant fund (\$90,406) is for a variety of restricted purposes. The debt service fund has a total fund balance increase of (\$109,769) which is partially revenue from property taxes and the payment of debt. The decrease in fund balance for the improvement fund (\$269,753) is to liquidate contracts and purchase orders. The reduction in fund balances for the 1998 GO Bond (\$34,127) and the 2003 GO Bond (\$1,363,863) is the natural spend down of bond proceeds. The reduction in fund balance for the 2006 GO Bond (\$10,430,188) is for the construction of the Capital City Convention Center. The 2009 GO Bond had a fund balance increase of \$15,739,533 due to new indebtedness incurred during the year.

The debt service fund has a total fund balance of \$2.5 million, all of which is reserved for the payment of debt service.

Proprietary funds. The City of Jackson's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water/Sewage Disposal System Fund at the end of the year amounted to \$79.2 million. The decrease in net assets for the Water/Sewage Disposal System Fund was \$1.4 million.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were \$.3 million decrease and can be briefly summarized as follows:

- \$1.3 million increase in capital outlay
- \$.5 million decrease in contract services and charges
- \$1.3 million decrease in personnel services
- \$.2 million increase in supplies and materials

Significant budgetary expenditure variances between the final amended budget and actual results are as follows:

- Actual personnel services for all city departments was \$1.8 million less than the final budget.
- Actual capital outlay for all city departments was \$.3 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$4.7 million less than the final budget.
- Actual supplies and materials for all city departments was \$.6 million less than the final budget.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

Capital assets. The City of Jackson's investment in capital assets for its governmental and business type activities as of September 30, 2009, amounts to \$627 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City of Jackson's investment in capital assets for the current fiscal year was 1% (a .009% change for governmental activities and a 1% increase in business activities).

Major capital asset events during the current fiscal year included the following:

- The increase in total net assets was the continued expenditure of prior bond issue proceeds for expansion and replacement of infrastructure.

City of Jackson's Capital Assets (net of depreciation) (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 14,528	\$ 14,522	\$ 1,838	\$ 1,838	\$ 16,366	\$ 16,360
Building & systems	59,076	60,541	46,716	50,429	105,792	110,970
Machinery and equipment	9,665	8,312	14,110	13,240	23,775	21,552
Infrastructure	126,446	131,208	151,746	159,236	278,192	290,444
Construction in progress	72,312	50,609	130,731	116,420	203,043	167,029
Total	\$ 282,027	\$ 265,192	\$ 345,141	\$ 341,163	\$ 627,168	\$ 606,355

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 55-57 of this report.

Long-term debt. At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$295 million. Of this amount, \$139 million comprises debt backed by the full faith and credit of the City. The remainder of the City of Jackson's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Jackson's Outstanding Debt General Obligation and Revenue Bonds and Other Loans (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 134,610	\$ 112,535	\$ -	\$ -	\$ 134,610	\$ 112,535
Revenue bonds	-	-	155,830	161,345	155,830	161,345
Tax increment bonds	4,522	2,270	-	-	4,522	2,270
Special obligation bonds	-	6,430	-	-	-	6,430
Loans, notes and leases	23,956	15,154	22,732	20,224	46,688	35,378
Total	\$ 163,088	\$ 136,389	\$ 178,562	\$ 181,569	\$ 341,650	\$ 317,958

The City of Jackson's total debt increased by \$23.7 million during the current fiscal year.

**CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The bond ratings services from Standard & Poor's and Moody's establish that bonds marketed by the City have favorable investment qualities. Presently, the city has the following ratings:

	<u>Moody's</u>	<u>Standard & Poor's</u>
Revenue	A1	A+
General Obligation Bonds	A1	AA-
Urban Renewal Revenue Bonds	A2	A

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent and 20 percent of its total assessed valuation. The current debt limitation for the City of Jackson under the 15% rule is \$101 million in excess of the City of Jackson's outstanding general obligation debt.

Additional information on the City of Jackson's long-term debt can be found in Note 4 on pages 61-72 of this report.

Economic Factors and Next Year's Budgets and Rates

- Major revenues sources are expected to remain basically at existing levels with the exception of sales tax which is expected to decrease as a result of economic conditions.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Jackson's budget for the 2010 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$4.2 million.

Requests for Information

This financial report is designed to provide a general overview of the City of Jackson's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Department of Administration, Office of the Director, P.O. Box 17, Jackson, MS, 39205-0017.

**BASIC FINANCIAL
STATEMENTS**

City of Jackson
Statement of Net Assets
As of September 30, 2009

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
ASSETS					
Cash and cash equivalents	\$ 59,698,532	\$ 18,830,514	\$ 78,529,046	\$ 2,046,264	\$ 7,179,669
Investments	6,018,140	-	6,018,140	-	498,521
Accounts receivable, net	13,635	19,004,240	19,017,875	-	-
Other receivable	73,422,634	110,589	73,533,223	1,582,451	885,807
Intergovernmental receivable	3,562,999	1,982,991	5,545,990	-	-
Internal balances	2,960,061	(2,960,061)	-	(22,000)	-
Inventories	1,326,666	1,939,636	3,266,302	-	52,778
Prepaid Expenses	-	-	-	1,668	161,436
Net pension asset	13,790,651	-	13,790,651	-	-
Restricted assets:					
Cash and cash equivalents	-	51,808,037	51,808,037	97,731	-
Investments	-	2,042,340	2,042,340	-	-
Deferred charges	462,825	2,044,494	2,507,319	78,929	-
Capital assets:					
Land	14,528,418	1,837,999	16,366,417	6,213,466	5,740,313
Buildings	59,076,008	46,715,836	105,791,844	33,118,075	77,744,846
Automotive and equipment	9,664,777	14,109,774	23,774,551	-	4,092,234
Infrastructure	126,445,692	151,746,356	278,192,048	-	-
Construction in Progress	72,311,748	130,730,544	203,042,292	-	-
Total assets	443,282,786	439,943,289	883,226,075	43,116,584	96,355,604
LIABILITIES					
Liabilities:					
Accounts Payable	7,979,653	3,737,658	11,717,311	135,908	654,293
Accrued interest payable	441,757	-	441,757	150,832	-
Unearned revenue	66,550,369	-	66,550,369	105,000	384,627
Liabilities payable from restricted assets	-	3,860,805	3,860,805	10,415	-
Other liabilities	3,654,041	-	3,654,041	22,682	119,964
Noncurrent liabilities:					
Net other postemployment benefits	5,766,360	861,640	6,628,000	-	-
Due within one year	12,026,085	10,612,279	22,638,364	3,264,000	-
Due in more than one year	166,253,109	171,119,821	337,372,930	8,971,293	400,130
Total liabilities	262,671,374	190,192,203	452,863,577	12,660,130	1,559,014
NET ASSETS					
Invested in capital assets, net of related debt	180,628,490	163,408,409	344,036,899	27,518,004	87,177,263
Restricted for:					
Debt service	2,470,632	3,860,805	6,331,437	-	-
Capital projects	21,803,077	-	21,803,077	-	-
Other purposes	2,806,577	-	2,806,577	-	-
Capital City Convention Center	5,506,536	-	5,506,536	-	6,726,026
Unrestricted	(32,603,900)	82,481,872	49,877,972	2,938,450	893,301
Total net assets	\$ 180,611,412	\$ 249,751,086	\$ 430,362,498	\$ 30,456,454	\$ 94,796,590

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

City of Jackson
Statement of Activities
For the year ended September 30, 2009

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Operating		Capital	Primary Government			Component Unit	
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
Primary government:									
Governmental activities:									
General government	\$ 44,772,791	\$ 6,333,579	\$ 9,240,380	\$ 3,043,427	\$ (26,155,405)	\$ -	\$ (26,155,405)	\$ -	\$ -
Public safety	55,992,946	2,823,924	4,271,921	-	(48,897,101)	-	(48,897,101)	-	-
Public works	31,517,710	1,469,125	373,754	3,144,190	(26,530,641)	-	(26,530,641)	-	-
Human and cultural services	14,169,804	1,575,447	2,795,400	-	(9,798,957)	-	(9,798,957)	-	-
Employee benefits	2,148,942	-	-	-	(2,148,942)	-	(2,148,942)	-	-
Interest on long-term debt	5,388,919	-	-	-	(5,388,919)	-	(5,388,919)	-	-
Total governmental activities	<u>153,991,112</u>	<u>12,202,075</u>	<u>16,681,455</u>	<u>6,187,617</u>	<u>(118,919,965)</u>	<u>-</u>	<u>(118,919,965)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water/Sewer	42,274,804	41,439,792	88,080	-	-	(746,932)	(746,932)	-	-
Nonmajor	7,990,059	360,476	480,000	1,740,949	-	(5,408,634)	(5,408,634)	-	-
Sanitation	10,296,123	10,850,397	125,507	-	-	679,781	679,781	-	-
Total business-type activities	<u>60,560,986</u>	<u>52,650,665</u>	<u>693,587</u>	<u>1,740,949</u>	<u>-</u>	<u>(5,475,785)</u>	<u>(5,475,785)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 214,552,098</u>	<u>\$ 64,852,740</u>	<u>\$ 17,375,042</u>	<u>\$ 7,928,566</u>	<u>\$ (118,919,965)</u>	<u>\$ (5,475,785)</u>	<u>\$ (124,395,750)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:									
Jackson Redevelopment Authority	\$ 3,828,224	\$ 1,547,377	\$ 1,798,870	\$ 1,298,279	\$ -	\$ -	\$ -	\$ 816,302	\$ -
Capital City Convention Center Commission	5,794,279	1,405,074	16,577,812	17,411,017	-	-	-	-	29,599,624
Total component units	<u>\$ 9,622,503</u>	<u>\$ 2,952,451</u>	<u>\$ 18,376,682</u>	<u>\$ 18,709,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 816,302</u>	<u>\$ 29,599,624</u>
General revenues:									
Property taxes					71,297,898	-	71,297,898	-	-
Sales taxes					33,598,017	-	33,598,017	-	1,648,229
Franchise taxes					9,234,495	-	9,234,495	-	-
Grants and contributions not restricted to specific programs					-	-	-	-	-
Unrestricted investment earnings					616,178	811,671	1,427,849	33,658	135,046
Gain (loss) on sale of capital assets					-	(1,332,294)	(1,332,294)	-	-
Miscellaneous					203,081	-	203,081	-	(33,067)
Transfers					(4,027,402)	4,027,402	-	-	-
Total general revenues and transfers					<u>110,922,267</u>	<u>3,506,779</u>	<u>114,429,046</u>	<u>33,658</u>	<u>1,750,208</u>
Change in net assets					<u>(7,997,698)</u>	<u>(1,969,006)</u>	<u>(9,966,704)</u>	<u>849,960</u>	<u>31,349,832</u>
Net assets - beginning of year as previously reported					188,609,110	251,720,092	440,329,202	29,606,494	62,750,010
Prior period adjustment					-	-	-	-	696,748
Net assets - beginning of year as adjusted					<u>188,609,110</u>	<u>251,720,092</u>	<u>440,329,202</u>	<u>29,606,494</u>	<u>63,446,758</u>
Net assets - ending					<u>\$ 180,611,412</u>	<u>\$ 249,751,086</u>	<u>\$ 430,362,498</u>	<u>\$ 30,456,454</u>	<u>\$ 94,796,590</u>

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

**City of Jackson
Balance Sheet
Governmental Funds
As of September 30, 2009**

	<u>General Fund</u>	<u>Federal Grant</u>	<u>Debt Service</u>	<u>Improvement Fund</u>	<u>1998 GO Bond</u>	<u>2003 GO Bond</u>	<u>2006 GO Bond</u>	<u>2009 GO Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS										
Cash and cash equivalents	\$ 24,894,996	\$ 176,946	\$ 2,522,768	\$ 3,814,500	\$ 1,296,718	\$ 5,575,214	\$ 5,505,707	\$12,575,399	\$ 1,596,863	\$ 57,959,111
Investments	-	-	-	-	-	-	-	6,018,140	-	6,018,140
Other receivable	55,217,344	16,356	7,683,648	-	-	-	829	3,854	8,696,515	71,618,546
Intergovernmental receivable	539,955	2,480,543	-	-	-	542,501	-	-	-	3,562,999
Special assessment receivable	-	-	143,478	-	-	-	-	-	-	143,478
Due from other funds	3,173,561	-	-	-	-	-	-	-	-	3,173,561
Inventories	1,326,666	-	-	-	-	-	-	-	-	1,326,666
Total assets	<u>\$ 85,152,522</u>	<u>\$ 2,673,845</u>	<u>\$ 10,349,894</u>	<u>\$ 3,814,500</u>	<u>\$ 1,296,718</u>	<u>\$ 6,117,715</u>	<u>\$ 5,506,536</u>	<u>\$18,597,393</u>	<u>\$ 10,293,378</u>	<u>\$ 143,802,501</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 1,562,447	\$ 721,522	\$ 1,223	\$ 475,079	\$ 21,134	\$ 675,682	\$ -	\$ 2,869,033	\$ 46,224	\$ 6,372,344
Contracts and Retainage Payable	-	13,115	-	74,084	-	47,046	-	706,723	-	840,968
Due to other funds	-	213,500	-	-	-	-	-	-	-	213,500
Deferred revenue	52,109,798	561,526	7,825,929	-	-	-	-	-	8,678,705	69,175,958
Other liabilities	2,449,798	758,710	52,110	380,984	-	-	-	-	12,439	3,654,041
Total liabilities	<u>56,122,043</u>	<u>2,268,373</u>	<u>7,879,262</u>	<u>930,147</u>	<u>21,134</u>	<u>722,728</u>	<u>-</u>	<u>3,575,756</u>	<u>8,737,368</u>	<u>80,256,811</u>
Fund Balances										
Reserved for:										
Inventories	1,326,666	-	-	-	-	-	-	-	-	1,326,666
State tort claims	2,806,577	-	-	-	-	-	-	-	-	2,806,577
Debt service	-	-	2,470,632	-	-	-	-	-	-	2,470,632
Unreserved, reported in										
General fund	24,897,236	-	-	-	-	-	-	-	-	24,897,236
Special revenue funds	-	405,472	-	2,884,353	-	-	-	-	1,445,141	4,734,966
Capital projects funds	-	-	-	-	1,275,584	5,394,987	5,506,536	15,021,637	110,869	27,309,613
Total fund balances	<u>29,030,479</u>	<u>405,472</u>	<u>2,470,632</u>	<u>2,884,353</u>	<u>1,275,584</u>	<u>5,394,987</u>	<u>5,506,536</u>	<u>15,021,637</u>	<u>1,556,010</u>	<u>63,545,690</u>
Total liabilities and fund balances	<u>\$ 85,152,522</u>	<u>\$ 2,673,845</u>	<u>\$ 10,349,894</u>	<u>\$ 3,814,500</u>	<u>\$ 1,296,718</u>	<u>\$ 6,117,715</u>	<u>\$ 5,506,536</u>	<u>\$18,597,393</u>	<u>\$ 10,293,378</u>	<u>\$ 143,802,501</u>

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

City of Jackson
Reconciliation of Balance Sheet - Governmental Funds
To the Statement of Net Assets
September 30, 2009

Amount reported for governmental activities in the statement of net assets are different because:

Total fund balances - governmental funds	\$ 63,545,690
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	282,026,643
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	13,790,651
Internal service fund is used to account for the group benefit plan. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	986,715
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements	1,804,088
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements	2,482,111
Net other postemployment benefit recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	(5,766,360)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and loans payable, net of refunding gains, premium and discounts	(153,918,791)
Deferred bond issuance costs	462,825
Accrued interest on long-term debt	(441,757)
Capital leases	(13,041,179)
Annual and sick leave	(4,315,783)
Claims payable	(2,616,890)
Workers' Compensation Benefits	(4,389,677)
Other	3,126
	<hr/>
Net assets of governmental activities	\$ <u>180,611,412</u>

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

City of Jackson
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2009

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES										
General property taxes	\$ 53,255,715	\$ -	\$ 6,354,736	\$ 905,659	\$ -	\$ -	\$ -	\$ -	\$ 8,799,174	\$ 69,315,284
Licenses and permits	3,453,116	-	-	-	-	-	-	-	-	3,453,116
Intergovernmental	36,816,366	11,827,108	3,202,552	41,683	75,000	3,056,678	-	-	478,211	55,497,598
Fines and forfeitures	4,244,759	-	-	-	-	-	-	-	-	4,244,759
Special assessments	-	-	19,587	-	-	-	-	-	-	19,587
Admissions, fees, rentals and concessions	3,066,869	-	-	-	-	-	-	-	257,144	3,324,013
Interest	98,969	4,863	13,744	16,007	5,802	27,737	113,182	325,113	10,759	616,176
Other	12,654,651	253,936	62,047	519,810	-	-	-	-	35,373	13,525,817
Total revenues	113,590,445	12,085,907	9,652,666	1,483,159	80,802	3,084,415	113,182	325,113	9,580,661	149,996,350
EXPENDITURES										
Current:										
General government	22,331,831	5,926,455	-	-	-	-	10,543,370	-	45,415	38,847,071
Public safety	52,816,655	334,665	-	-	-	-	-	-	63,209	53,214,529
Public works	10,425,868	1,286,213	-	6,455,885	114,929	4,448,278	-	11,583,763	2,427,389	36,742,325
Human and Cultural services	3,476,137	3,547,874	-	-	-	-	-	-	5,274,969	12,298,980
Employee benefits	2,006,486	-	-	-	-	-	-	-	142,456	2,148,942
Miscellaneous	503,505	-	-	-	-	-	-	-	-	503,505
Debt Service:										
Principal	35,952	-	4,265,000	-	-	-	-	-	6,430,000	10,730,952
Interest and service charges	15,362	-	5,295,268	-	-	-	-	-	478,562	5,789,192
Capital outlay:										
General government	582,779	6,469,136	-	-	-	-	-	-	18,898	7,070,813
Public works	1,371,094	-	-	-	-	-	-	-	137,470	1,508,564
Public safety	4,048,081	2,329,392	-	-	-	-	-	-	45,698	6,423,171
Human and Cultural services	292,424	16,398	-	-	-	-	-	-	-	308,822
Total expenditures	97,906,174	19,910,133	9,560,268	6,455,885	114,929	4,448,278	10,543,370	11,583,763	15,064,066	175,586,866
Excess (deficiency) of revenues over (under) expenditures	15,684,271	(7,824,226)	92,398	(4,972,726)	(34,127)	(1,363,863)	(10,430,188)	(11,258,650)	(5,483,405)	(25,590,516)
OTHER FINANCING SOURCES (USES)										
Transfers in	500,000	733,890	17,371	3,127,243	-	-	-	-	3,202,788	7,581,292
Transfers out	(14,956,538)	-	-	(500,000)	-	-	-	-	(17,371)	(15,473,909)
Payments to escrow agent	-	-	-	-	-	-	-	(358,958)	-	(358,958)
Capital leases	-	-	-	-	-	-	-	-	-	-
Proceeds of long-term debt	2,994,379	6,999,930	-	2,075,730	-	-	-	-	-	12,070,039
Issuance of GO Bonds	-	-	-	-	-	-	-	26,210,000	-	26,210,000
Proceeds of tax increment bonds	-	-	-	-	-	-	-	-	2,382,000	2,382,000
Premium on GO bond issuance	-	-	-	-	-	-	-	429,245	-	429,245
Total other financing sources (uses)	(11,462,159)	7,733,820	17,371	4,702,973	-	-	-	26,280,287	5,567,417	32,839,709
Net change in fund balances	4,222,112	(90,406)	109,769	(269,753)	(34,127)	(1,363,863)	(10,430,188)	15,021,637	84,012	7,249,193
Fund balances at beginning of year	24,808,367	495,878	2,360,863	3,154,106	1,309,711	6,758,850	15,936,724	-	1,471,998	56,296,497
Fund balances at end of year	\$ 29,030,479	\$ 405,472	\$ 2,470,632	\$ 2,884,353	\$ 1,275,584	\$ 5,394,987	\$ 5,506,536	\$ 15,021,637	\$ 1,556,010	\$ 63,545,690

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

City of Jackson
Reconciliation of the Statement of Revenues
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2009

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

Net change in fund balances – total governmental funds	\$ 7,249,193
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period	16,834,849
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	11,331,143
Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(2,994,379)
Retirement of prior leases	2,980,461
Bond proceeds recorded in the fund statements	(37,667,730)
Premium on debt issuance	(429,245)
Bond issuance costs	(358,958)
Amortization of deferred bond issuance cost	(17,142)
Decrease in net pension asset reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(4,981,034)
Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(556,890)
Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	24,461
Internal service fund net activity not reported on the governmental fund statement	<u>587,573</u>
Change in the net assets of governmental activities	<u><u>\$ (7,997,698)</u></u>

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

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues:				
General property taxes				
Current realty taxes	\$ 32,014,432	\$ 31,890,667	\$ 31,890,667	\$ -
Current personal taxes	12,742,095	13,107,993	13,117,580	9,587
Ad valorem taxes on automobiles	6,928,784	6,706,331	6,706,331	-
Delinquent taxes	120,000	284,143	285,518	1,375
Interest on current taxes	350,000	330,653	330,653	-
Interest on delinquent taxes	240,000	738,448	738,447	(1)
Community improvement	127,000	187,256	186,519	(737)
Total general property taxes	<u>52,522,311</u>	<u>53,245,491</u>	<u>53,255,715</u>	<u>10,224</u>
Licenses and permits				
Privilege licenses	350,250	389,507	390,629	1,122
Building permits	777,967	1,080,000	1,096,256	16,256
Air conditioning and duct permits	30,000	83,000	83,027	27
Plumbing permits	50,000	78,000	76,931	(1,069)
Electric permits	140,000	260,000	260,090	90
Gas Permits	85,000	86,000	80,872	(5,128)
Historic preservation application	1,000	1,000	1,756	756
Landscape permits	2,000	1,000	255	(745)
Dance hall and other recreational fees	7,500	7,500	6,550	(950)
Landfill charges	1,210,000	1,316,045	1,316,045	-
Taxicab license fees	2,000	2,000	1,590	(410)
Sign permits	35,200	55,825	55,756	(69)
Zoning permits	37,000	26,000	25,284	(716)
Combustible and flammable liquid permits	13,000	12,195	2,915	(9,280)
Fireworks Display Permit	500	500	150	(350)
Aircraft registration	6,000	5,000	4,909	(91)
Transit Merchants-Peddlers License	5,000	5,800	5,800	-
Boarding, Lodging-Licenses	1,000	1,000	695	(305)
Adult entertainment-and License	15,000	28,000	30,940	2,940
Special event fee	12,000	1,500	1,395	(105)
Fire inspection permit	-	-	8,795	8,795
Annual vehicle inspecton	-	2,400	2,476	76
Total licenses and permits	<u>2,780,417</u>	<u>3,442,272</u>	<u>3,453,116</u>	<u>10,844</u>

City of Jackson

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended September 30, 2009

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Intergovernmental Revenues:				
State Grants and Shared Revenues:				
Alcohol permits	\$ 300,000	\$ 300,000	\$ 274,050	\$ (25,950)
Gasoline Tax	31,146	31,146	31,144	(2)
Municipal revolving fund	96,040	96,040	96,040	-
State fire protection	954,301	973,635	973,635	-
Sales tax	35,450,374	32,224,162	32,301,001	76,839
Bus & truck privilege tax	525,000	525,000	497,694	(27,306)
Wireless radio communication program	20,000	20,000	135,280	115,280
Historic Preservation			9,567	9,567
Jackson Convention & Visitors	10,000	-	-	-
MS-Domestic Violence Grant	56,419	56,419	8,627	(47,792)
Homestead exemption	1,266,000	1,493,227	1,493,227	-
Total state grants shared revenues	38,709,280	35,719,629	35,820,265	100,636
Federal and State Grants and Shared Revenues:				
HITDA Grant	75,000	40,000	44,198	4,198
COPS- Universal Hire	276,948	276,948	263,233	(13,715)
Dept of Justice-Weed & Seed	220,000	611	-	(611)
MDOT Summer Youth reimbursement	35,000	35,000	22,591	(12,409)
MDOT Litter Pick Up	10,000	16,549	16,549	-
FEMA/MEMA Disaster	241,883	130,000	179,935	49,935
Other shared revenue	81,300	32,000	51,073	19,073
Total federal and state shared revenues	940,131	531,108	577,579	46,471
County Revenues:				
Pro rata road tax	920,000	398,098	398,098	-
Smith Robertson Museum	18,000	18,000	8,977	(9,023)
Street Resurfacing	10,000	10,000	5,655	(4,345)
Hinds County	10,000	5,792	5,792	-
Total county revenue	958,000	431,890	418,522	(13,368)
Total intergovernmental revenues	40,607,411	36,682,627	36,816,366	133,739
Fines and Forfeitures:				
Court & misdemeanor fines	1,699,710	1,000,000	952,465	(47,535)
Vehicle parking fines	200,000	200,000	145,132	(54,868)
Moving traffic violations	1,400,000	1,200,000	1,200,787	787
City court costs	25,000	25,000	18,836	(6,164)
Bad check fee and Warrant fee	177,000	177,500	147,815	(29,685)
Animal control citations	1,000	1,000	718	(282)
Municipal court computer	20,000	20,000	20,151	151
Municipal court drivers impr fee	25,000	25,000	19,260	(5,740)
Expungement fee	6,000	7,000	7,150	150
Jackson collection fee	100,000	100,000	92,132	(7,868)
Miscellaneous Court Docket fee	110,000	110,000	107,828	(2,172)
Dropped charge fee	5,000	5,000	5,225	225
Cash bond - clearing account	40,000	60,000	53,722	(6,278)
Rearraignment fee	15,000	21,000	20,600	(400)
Daily storage fee-vehicle	42,500	42,500	34,340	(8,160)
Administrative fee - del cases	225,000	290,000	295,524	5,524
Parking - Boot fee	500	500	25	(475)
Contempt fee	10,000	77,000	79,691	2,691
Computerized Crime prevention	15,000	22,000	22,297	297
Municipal Court Enhancement fee	-	105,000	107,449	2,449
Jackson Enhancement fee	-	55,000	53,605	(1,395)
Drug court	2,000	2,000	375	(1,625)
Wrecker fees	115,000	115,000	96,970	(18,030)
Photo Enforcement fee	-	750,697	762,662	11,965
Total fines and forfeitures	4,233,710	4,411,197	4,244,759	(166,438)

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 152,000	\$ 152,000	\$ 153,080	\$ 1,080
Municipal Auditorium:				
Rentals	104,200	104,200	102,005	(2,195)
Concessions	3,000	3,000	2,106	(894)
Local record fee	6,000	6,000	5,268	(732)
Pistol Range rent	500	500	-	(500)
Outdoor adversting	15,000	14,555	10,972	(3,583)
Fire Water flow test fee	5,500	5,500	1,000	(4,500)
Fire Reports	8,500	8,500	9,500	1,000
Accident report fee	130,000	130,000	110,663	(19,337)
Background check fee	12,800	15,300	14,088	(1,212)
Bail bondsman applicant photo	200	750	750	-
Bail bondsman mug shot fee	200	200	225	25
Bail bondsman ID card	-	-	697	697
Fingerprinting	20,000	20,000	16,450	(3,550)
Verification of records	30,000	30,000	29,513	(487)
Fire sprinkler plans review	-	-	4,790	4,790
Rents & Royalties	15,000	15,000	10,990	(4,010)
Telecommunication Franchise Agreement	150,000	355,398	355,398	-
Tower Rentals	1,700,000	2,116,222	2,118,154	1,932
Taxicab Mugshot Fee	-	-	39	39
Arts Center:				
Admissions, rents and royalties	12,100	12,100	10,087	(2,013)
Community room rent	16,000	16,000	4,966	(11,034)
Concessions	500	500	259	(241)
Planetarium:				
Admissions,Discovery Shop, etc.	86,600	106,600	95,061	(11,539)
Senior Centers Reservation Fee	5,000	5,000	2,954	(2,046)
Smith Robertson Museum:				
Gift shop	100	100	1,485	1,385
Donations	2,500	2,500	1,272	(1,228)
Admissions, rental	6,500	6,500	5,097	(1,403)
Total admissions and rentals	<u>2,482,200</u>	<u>3,126,425</u>	<u>3,066,869</u>	<u>(59,556)</u>
Interest:				
Earned on investments	299,500	234,500	77,986	(156,514)
Earned on accounts	170,332	105,332	20,983	(84,349)
Total interest earned	<u>469,832</u>	<u>339,832</u>	<u>98,969</u>	<u>(240,863)</u>

City of Jackson
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Other Revenues:				
Public utility	\$ 5,040,000	\$ 5,190,797	\$ 5,190,797	\$ -
Franchise cable television	1,450,000	1,571,500	1,571,500	-
Water Sewer Franchise Fee	922,645	830,597	830,597	-
Nuclear power plant	1,635,134	1,635,134	1,630,143	(4,991)
In-lieu-of property tax	-	11,458	11,458	-
Sale of cemetery lots	20,000	28,000	26,475	(1,525)
Sale of fixed assets	352,050	267,396	-	(267,396)
Small animal control	3,000	6,000	5,984	(16)
Parking fee-City employees	7,000	7,500	7,002	(498)
Police	183,000	325,663	369,344	43,681
Indirect cost	2,357,913	2,357,913	2,030,495	(327,418)
Street index books	1,000	-	-	-
Sale of land	10,000	50,000	50,000	-
Hoerner Endowment	-	-	105,000	105,000
Mary Douglas Trust	-	-	20,000	20,000
Downtown Jackson Partners	-	-	25,000	25,000
Rabies vaccination	-	-	126	126
Electrical exam	100	100	275	175
Penalty on demo/grass/weeds	6,500	6,500	6,000	(500)
Cemeteries-openings/closings	25,000	25,000	21,450	(3,550)
Site plan review planning	15,000	15,000	10,244	(4,756)
Construction plan review	3,500	4,100	4,103	3
Building & Permit misc	125,000	125,000	115,276	(9,724)
Cafeteria plan-flexible spending	150,000	150,000	121,605	(28,395)
Administrative fee-payroll deductions	-	-	13,249	13,249
Sale of maps, plans, and specifications	3,500	1,500	1,468	(32)
Traffic	4,000	1,562	826	(736)
Legal/City Clerk/Finance and Management	27,000	40,000	16,751	(23,249)
Telecommunications	194,000	194,000	187,977	(6,023)
Fire Museum donations	5,000	1,100	1,100	-
Fire Department	1,000	1,000	1,260	260
Sale of CAFR, Budgets & Directories	-	-	5	5
I.D. Badge fee-city employee	500	700	705	5
Abstract fees	-	-	5,820	5,820
Settlement of insurance claim	-	45,225	45,300	75
P E G Revenue	34,200	14,200	4,946	(9,254)
Other	1,518,000	219,000	222,370	3,370
	<u>14,094,042</u>	<u>13,125,945</u>	<u>12,654,651</u>	<u>(471,294)</u>
Total other revenues				
Total revenues	<u>117,189,923</u>	<u>114,373,789</u>	<u>113,590,445</u>	<u>(783,344)</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Expenditures:				
Current Operations:				
General Government				
Administartion and Intra-governmental				
Personnel services	\$ 11,998,349	\$ 9,387,574	\$ 9,411,609	\$ (24,035)
Supplies	780,170	960,689	151,886	808,803
Other services and charges	20,631,863	20,863,502	6,339,125	14,524,377
Capital outlay	924,788	1,616,588	580,361	1,036,227
Total Department of Adminstration	34,335,170	32,828,353	16,482,981	16,345,372
Personnel				
Personnel services	1,192,162	1,114,558	1,007,230	107,328
Supplies	17,021	18,487	11,126	7,361
Other services and charges	812,214	576,334	356,578	219,756
Capital Outlay	2,200	1,174	436	738
Total Department of Personnel	2,023,597	1,710,553	1,375,370	335,183
Planning				
Personnel services	1,465,351	1,474,237	1,329,100	145,137
Supplies	65,814	69,314	36,483	32,831
Other services and charges	7,427,546	7,858,589	3,688,694	4,169,895
Capital Outlay	2,000	3,000	1,982	1,018
Total Department of Planning	8,960,711	9,405,140	5,056,259	4,348,881
Total General Government	45,319,478	43,944,046	22,914,610	21,029,436
Department of Human and Cultural Services				
Health and Welfare				
Personnel supplies	982,902	937,674	917,254	20,420
Supplies	25,124	21,074	13,516	7,558
Other services and chargers	1,227,551	1,197,296	509,749	687,547
Capital outlay	263,086	282,086	279,488	2,598
Total Health and Welfare	2,498,663	2,438,130	1,720,007	718,123
Culture and Recreation				
Personnel services	683,288	624,754	577,401	47,353
Supplies	82,469	173,569	104,232	69,337
Other services and charges	1,365,885	1,412,530	1,353,985	58,545
Capital outlay	-	13,500	12,936	564
Total Culture and Recreation	2,131,642	2,224,353	2,048,554	175,799
Total Department of Human and Cultural Services	4,630,305	4,662,483	3,768,561	893,922
Department of Public Safety				
Personnel services	45,422,465	46,550,162	45,702,396	847,766
Supplies	3,234,080	3,114,596	2,811,139	303,457
Other services and charges	5,222,620	5,240,298	4,354,434	885,864
Capital outlay	5,313,009	5,097,333	4,048,081	1,049,252
Total Department of Public Safety	59,192,174	60,002,389	56,916,050	3,086,339

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 7,049,322	\$ 7,361,880	\$ 7,146,404	\$ 215,476
Supplies	1,385,733	1,439,918	1,296,585	143,333
Other services and charges	3,486,604	2,318,535	1,982,879	335,656
Capital outlay	539,710	1,394,238	1,371,094	23,144
Total Department of Public Works	<u>12,461,369</u>	<u>12,514,571</u>	<u>11,796,962</u>	<u>717,609</u>
Current Operations				
Miscellaneous				
Other services and charges	345,000	445,082	503,505	(58,423)
Total Miscellaneous	<u>345,000</u>	<u>445,082</u>	<u>503,505</u>	<u>(58,423)</u>
Employee Benefits				
Supplies	60,000	60,000	51,014	8,986
Other services and charges	1,960,599	2,105,599	1,955,472	150,127
Total Employee Benefits	<u>2,020,599</u>	<u>2,165,599</u>	<u>2,006,486</u>	<u>159,113</u>
Total expenditures	<u>123,968,925</u>	<u>123,734,170</u>	<u>97,906,174</u>	<u>25,827,996</u>
Excess(deficiency) of revenues over expenditures	(6,779,002)	(9,360,381)	15,684,271	(25,044,652)
Other Financing Sources(Uses)				
Transfers in	1,303,447	1,229,647	500,000	729,647
Tranfers out	10,369,702	10,489,336	(14,956,538)	25,445,874
Proceeds from long term debt	2,402,228	2,994,379	2,994,379	-
Total other financing sources(uses)	<u>14,075,377</u>	<u>14,713,362</u>	<u>(11,462,159)</u>	<u>26,175,521</u>
Net change in fund balance	7,296,375	5,352,981	4,222,112	1,130,869
Fund balances at beginning of year	24,808,367	24,808,367	24,808,367	-
Fund balances at end of year	<u>\$ 32,104,742</u>	<u>\$ 30,161,348</u>	<u>\$ 29,030,479</u>	<u>\$ 1,130,869</u>

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

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budget Amount</u>		<u>Actuals Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$21,163,489	\$ 32,909,437	\$ 11,827,108	\$ (21,082,329)
Interest	-	-	4,863	4,863
Other	208,620	271,813	253,936	(17,877)
Total revenues	<u>21,372,109</u>	<u>33,181,250</u>	<u>12,085,907</u>	<u>(21,095,343)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	5,510,666	5,073,813	3,855,681	1,218,132
Supplies	1,254,383	1,163,424	659,747	503,677
Other Services and Charges	12,840,666	17,827,510	6,579,780	11,247,730
Capital Outlay	3,030,502	10,375,139	8,814,925	1,560,214
Total expenditures	<u>22,636,217</u>	<u>34,439,886</u>	<u>19,910,133</u>	<u>14,529,753</u>
Excess (deficiency) of revenues over expenditures	<u>(1,264,108)</u>	<u>(1,258,636)</u>	<u>(7,824,226)</u>	<u>6,565,590</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	663,986	751,157	733,890	(17,267)
Special Revenue Funds	71,801	71,801	-	71,801
Proceeds from long-term debt	-	-	6,999,930	6,999,930
Total other financing sources (uses)	<u>735,787</u>	<u>822,958</u>	<u>7,733,820</u>	<u>6,910,862</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(528,321)	(435,678)	(90,406)	345,272
Fund balances at beginning of year	<u>495,878</u>	<u>495,878</u>	<u>495,878</u>	<u>-</u>
Fund balances at end of year	<u>\$ (32,443)</u>	<u>\$ 60,200</u>	<u>\$ 405,472</u>	<u>\$ 345,272</u>

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

City of Jackson
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes				
Current realty taxes	\$ 3,563,982	\$ 3,943,462	\$ 3,943,461	\$ (1)
Current personal taxes	1,563,192	1,641,129	1,642,324	1,195
Delinquent taxes	54,000	41,269	41,269	-
Automobile ad valoren taxes	758,462	727,682	727,682	-
Homestead exemption	148,000	186,952	186,952	-
Interest	25,000	-	13,744	13,744
Special assessments	-	-	19,587	19,587
Other revenues	3,168,072	3,015,456	3,077,647	62,191
Total revenues	<u>9,280,708</u>	<u>9,555,950</u>	<u>9,652,666</u>	<u>96,716</u>
EXPENDITURES				
General obligation bonds				
Principal	4,430,000	4,430,000	4,265,000	165,000
Interest	5,379,225	2,364,766	5,285,223	(2,920,457)
Bank service charge	11,250	34,000	10,045	23,955
Total expenditures	<u>9,820,475</u>	<u>6,828,766</u>	<u>9,560,268</u>	<u>(2,731,502)</u>
Deficiency of revenues over (under) expenditures	(539,767)	2,727,184	92,398	2,634,786
OTHER FINANCING SOURCES (USES)				
Transfers in	227,845	-	-	-
Tilo 2007 Bond Fund	303,845	5,074,963	17,371	(5,057,592)
Total other financing sources (uses)	<u>531,690</u>	<u>5,074,963</u>	<u>17,371</u>	<u>(5,057,592)</u>
Net change in fund balances	(8,077)	7,802,147	109,769	7,692,378
Fund balances at beginning of year	<u>2,360,863</u>	<u>2,360,863</u>	<u>2,360,863</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,352,786</u>	<u>\$ 10,163,010</u>	<u>\$ 2,470,632</u>	<u>\$ 7,692,378</u>

City of Jackson
Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 1,070,000	\$ 1,070,000	\$ 905,659	\$ (164,341)
Intergovernmental Revenue	2,617,587	2,617,587	41,683	(2,575,904)
Interest	-	-	16,007	16,007
Other revenues	3,587,691	4,645,082	519,810	(4,125,272)
Total revenues	<u>7,275,278</u>	<u>8,332,669</u>	<u>1,483,159</u>	<u>(6,849,510)</u>
EXPENDITURES				
Current Operations				
Personnel services	-	-	1,300	(1,300)
Supplies	2,460,398	2,635,839	236,446	2,399,393
Other Services and Charges	8,822,663	12,195,114	6,218,139	5,976,975
Capital Outlay	3,196	3,207	-	3,207
Total expenditures	<u>11,286,257</u>	<u>14,834,160</u>	<u>6,455,885</u>	<u>8,378,275</u>
Deficiency of revenues over (under) expenditures	(4,010,979)	(6,501,491)	(4,972,726)	(1,528,765)
OTHER FINANCING SOURCES(USES)				
Transfers in	3,127,243	3,127,243	3,127,243	-
Transfers out	-	-	(500,000)	(500,000)
Proceeds from long term debt	-	-	2,075,730	(2,075,730)
Total other financing sources and uses	<u>3,127,243</u>	<u>3,127,243</u>	<u>4,702,973</u>	<u>(1,575,730)</u>
Net change in fund balances	(883,736)	(3,374,248)	(269,753)	(3,104,495)
Fund balances at beginning of year	3,154,106	3,154,106	3,154,106	-
Fund balances at end of year	<u>\$ 2,270,370</u>	<u>\$ (220,142)</u>	<u>\$ 2,884,353</u>	<u>\$ (3,104,495)</u>

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

City of Jackson
1998 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue	\$ -	\$ 75,000	\$ 75,000	\$ -
Interest	43,478	43,478	5,802	(37,676)
Total revenues	<u>43,478</u>	<u>118,478</u>	<u>80,802</u>	<u>(37,676)</u>
EXPENDITURES				
Current Operations				
Supplies	4,256	4,256	-	4,256
Other services and charges	1,355,954	1,503,954	114,929	1,389,025
Total expenditures	<u>1,360,210</u>	<u>1,508,210</u>	<u>114,929</u>	<u>1,393,281</u>
Deficiency of revenues over (under) expenditures	<u>(1,316,732)</u>	<u>(1,389,732)</u>	<u>(34,127)</u>	<u>1,355,605</u>
Net change in fund balances	(1,316,732)	(1,389,732)	(34,127)	1,355,605
Fund balances at beginning of year	<u>1,309,711</u>	<u>1,309,711</u>	<u>1,309,711</u>	<u>-</u>
Fund balances at end of year	<u>\$ (7,021)</u>	<u>\$ (80,021)</u>	<u>\$1,275,584</u>	<u>\$ 1,355,605</u>

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

City of Jackson
2003 GO Public Improvement Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue	\$ 8,252,158	\$ 7,718,419	\$ 3,056,678	\$ (4,661,741)
Interest	200,000	100,000	27,737	(72,263)
Total revenues	<u>8,452,158</u>	<u>7,818,419</u>	<u>3,084,415</u>	<u>(4,734,004)</u>
EXPENDITURES				
Current Operations				
Personnel services	41,434	41,434	4,171	37,263
Supplies	40,000	40,000	-	40,000
Other services and charges	14,169,149	12,986,599	4,444,107	8,542,492
Total expenditures	<u>14,250,583</u>	<u>13,068,033</u>	<u>4,448,278</u>	<u>8,619,755</u>
Deficiency of revenues over (under) expenditures	<u>(5,798,425)</u>	<u>(5,249,614)</u>	<u>(1,363,863)</u>	<u>3,885,751</u>
Net change in fund balances	(5,798,425)	(5,249,614)	(1,363,863)	3,885,751
Fund balances at beginning of year	<u>6,758,850</u>	<u>6,758,850</u>	<u>6,758,850</u>	<u>-</u>
Fund balances at end of year	<u>\$ 960,425</u>	<u>\$ 1,509,236</u>	<u>\$ 5,394,987</u>	<u>\$ 3,885,751</u>

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

City of Jackson
2006 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	-	-	113,182	113,182
Total revenues	-	-	113,182	113,182
EXPENDITURES				
Current Operations				
Other services and charges	11,801,656	11,801,656	10,543,370	1,258,286
Total expenditures	11,801,656	11,801,656	10,543,370	1,258,286
Deficiency of revenues over (under) expenditures	(11,801,656)	(11,801,656)	(10,430,188)	1,371,468
Net change in fund balances	(11,801,656)	(11,801,656)	(10,430,188)	1,371,468
Fund balances at beginning of year	15,936,724	15,936,724	15,936,724	-
Fund balances at end of year	<u>\$ 4,135,068</u>	<u>\$ 4,135,068</u>	<u>\$ 5,506,536</u>	<u>\$ 1,371,468</u>

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

City of Jackson
2009 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	-	-	325,113	325,113
Total revenues	-	-	325,113	325,113
EXPENDITURES				
Current Operations				
Other services and charges	-	-	11,583,763	(11,583,763)
Total expenditures	-	-	11,583,763	(11,583,763)
Deficiency of revenues over (under) expenditures	-	-	(11,258,650)	(11,258,650)
OTHER FINANCING SOURCES(USES)				
Transfers out	-	-	-	-
Payments to escrow agent	-	-	(358,958)	358,958
Issuance of GO Bonds			26,210,000	(26,210,000)
Premium on GO bond issuance	-	-	429,245	(429,245)
Total other financing sources and uses	-	-	26,280,287	(26,280,287)
Net change in fund balances	-	-	15,021,637	15,021,637
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,021,637</u>	<u>\$ 15,021,637</u>

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

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2009

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 18,038,466	\$ 792,048	\$ -	\$ 18,830,514	\$ 1,739,421
Accounts receivable, less allowances	14,927,898	4,076,342	-	19,004,240	13,635
Intergovernmental receivables	-	-	1,982,991	1,982,991	-
Other receivables	110,589	-	-	110,589	-
Due from other funds	204,334	-	-	204,334	-
Restricted Assets					
Cash and cash equivalents	19,220,058	-	-	19,220,058	-
Inventories	1,939,636	-	-	1,939,636	-
Total Current Assets	54,440,981	4,868,390	1,982,991	61,292,362	1,753,056
Noncurrent Assets:					
Restricted Assets					
Cash and cash equivalents	32,587,979	-	-	32,587,979	-
Investments	2,042,340	-	-	2,042,340	-
Deferred charges - bond costs, net of amortization	2,044,494	-	-	2,044,494	-
Total Noncurrent Assets	36,674,813	-	-	36,674,813	-
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,639,977	68,042	186,007	117,894,026	-
Water plant, distribution system and equipment	258,406,280	-	907,182	259,313,462	-
Automotive and other equipment	11,428,592	2,651,235	13,672,555	27,752,382	-
	388,862,848	2,719,277	15,215,744	406,797,869	-
Less: accumulated depreciation	(180,041,605)	(1,267,632)	(11,078,667)	(192,387,904)	-
	208,821,243	1,451,645	4,137,077	214,409,965	-
Construction in Progress	130,716,744	-	13,800	130,730,544	-
Net property, plant and equipment	339,537,987	1,451,645	4,150,877	345,140,509	-
Total Assets	\$ 430,653,781	\$ 6,320,035	\$ 6,133,868	\$ 443,107,684	\$ 1,753,056

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

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2009

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Liabilities and Fund Equity					
Current Liabilities Payable from Unrestricted Assets:					
Accounts/claims payable	\$ 3,035,986	\$ 244,459	\$ 196,548	\$ 3,476,993	\$ 766,341
Due to other funds	-	204,334	2,960,061	3,164,395	-
Compensated absences	435,479	8,898	66,488	510,865	-
Retainage payable	260,665	-	-	260,665	-
Customer deposits	3,860,805	-	-	3,860,805	-
Current portion of Long-Term Debt:					
Lease obligations	1,618,480	253,745	239,935	2,112,160	-
State Department of Environmental Quality	1,569,062	-	-	1,569,062	-
Total Current Liabilities Payable from Unrestricted Assets	<u>10,780,477</u>	<u>711,436</u>	<u>3,463,032</u>	<u>14,954,945</u>	<u>766,341</u>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	6,910,000	-	-	6,910,000	-
Total Current Liabilites Payable from Restricted Assets	<u>6,910,000</u>	<u>-</u>	<u>-</u>	<u>6,910,000</u>	<u>-</u>
Total Current Liabilities	<u>17,690,477</u>	<u>711,436</u>	<u>3,463,032</u>	<u>21,864,945</u>	<u>766,341</u>
Post Employment Benefits accrual	861,640	-	-	861,640	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Revenue bonds	151,581,366	-	-	151,581,366	-
(net of unamortized discount/premium)					
Lease obligations	2,231,470	433,695	956,186	3,621,351	-
State Department of Environmental Quality	15,427,296	-	-	15,427,296	-
Total Long-Term Debt	<u>170,101,772</u>	<u>433,695</u>	<u>956,186</u>	<u>171,491,653</u>	<u>-</u>
Total Liabilities	<u>187,792,249</u>	<u>1,145,131</u>	<u>4,419,218</u>	<u>193,356,598</u>	<u>766,341</u>
Net Assets					
Invested in capital assets, net of related debt	159,764,834	755,307	2,888,268	163,408,409	-
Restricted for debt service	3,860,805	-	-	3,860,805	-
Unrestricted	79,235,893	4,419,597	(1,173,618)	82,481,872	986,715
Total Net Assets	<u>242,861,532</u>	<u>5,174,904</u>	<u>1,714,650</u>	<u>249,751,086</u>	<u>986,715</u>
Total liabilities and net assets	<u>\$ 430,653,781</u>	<u>\$ 6,320,035</u>	<u>\$ 6,133,868</u>	<u>\$ 443,107,684</u>	<u>\$ 1,753,056</u>

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

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
As of September 30, 2009

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating Revenues:					
Sales to customers	\$ 41,439,792	\$ 10,850,397	\$ 360,476	\$ 52,650,665	\$ -
Contributions	-	-	-	-	4,355,812
Contributions - City Match	-	-	-	-	2,775,325
Other revenues	88,080	125,507	480,000	693,587	218,037
Total Operating Revenues	<u>41,527,872</u>	<u>10,975,904</u>	<u>840,476</u>	<u>53,344,252</u>	<u>7,349,174</u>
Operating Expenses:					
Personnel services	9,329,969	1,129,930	236,959	10,696,858	-
Supplies	4,057,899	186,234	541,169	4,785,302	-
Other services and charges	14,884,923	8,739,168	6,381,231	30,005,322	10,632,362
Depreciation	8,077,193	240,791	830,700	9,148,684	-
Total operating expenses	<u>36,349,984</u>	<u>10,296,123</u>	<u>7,990,059</u>	<u>54,636,166</u>	<u>10,632,362</u>
Operating income (loss)	<u>5,177,888</u>	<u>679,781</u>	<u>(7,149,583)</u>	<u>(1,291,914)</u>	<u>(3,283,188)</u>
Nonoperating revenues (expenses):					
Interest revenue	810,275	664	732	811,671	5,546
Interest and service charges on long-term debt and capitalized lease obligations	(5,710,471)	-	-	(5,710,471)	-
Loss on sale of fixed assets	(1,332,294)	-	-	(1,332,294)	-
Amortization of bond issuance cost	(214,349)	-	-	(214,349)	-
Total nonoperating revenues (expenses)	<u>(6,446,839)</u>	<u>664</u>	<u>732</u>	<u>(6,445,443)</u>	<u>5,546</u>
Income (loss) before contributions and transfers	<u>(1,268,951)</u>	<u>680,445</u>	<u>(7,148,851)</u>	<u>(7,737,357)</u>	<u>(3,277,642)</u>
Capital contributions from grants	<u>-</u>	<u>-</u>	<u>1,740,949</u>	<u>1,740,949</u>	<u>-</u>
Transfers In:					
General Fund	-	-	4,027,402	4,027,402	3,865,215
Enterprise Fund	-	-	133,473	133,473	-
Transfers Out:					
Enterprise Fund	<u>(133,473)</u>	<u>-</u>	<u>-</u>	<u>(133,473)</u>	<u>-</u>
Total Transfers In (Out)	<u>(133,473)</u>	<u>-</u>	<u>4,160,875</u>	<u>4,027,402</u>	<u>3,865,215</u>
Change in Net Assets	<u>(1,402,424)</u>	<u>680,445</u>	<u>(1,247,027)</u>	<u>(1,969,006)</u>	<u>587,573</u>
Total net assets - beginning	<u>244,263,956</u>	<u>4,494,459</u>	<u>2,961,677</u>	<u>251,720,092</u>	<u>399,142</u>
Total net assets - ending	<u>\$ 242,861,532</u>	<u>\$ 5,174,904</u>	<u>\$ 1,714,650</u>	<u>\$ 249,751,086</u>	<u>\$ 986,715</u>

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

City of Jackson
Statement of Cash Flows
Proprietary Funds
As of September 30, 2009

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 41,480,798	\$ 10,850,397	\$ 360,476	\$ 52,691,671	\$ 7,131,137
Receipts from other revenue	(902,638)	(244,254)	882,221	(264,671)	207,089
Payments to suppliers	(17,407,402)	(8,950,820)	(7,820,466)	(34,178,688)	(10,674,874)
Payments to employees	(9,329,969)	(1,129,930)	(236,959)	(10,696,858)	-
Net Cash provided by (used for)					
Operating Activities	<u>13,840,789</u>	<u>525,393</u>	<u>(6,814,728)</u>	<u>7,551,454</u>	<u>(3,336,648)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	-	-	4,160,875	4,160,875	3,865,215
Transfers Out	(133,473)	-	-	(133,473)	-
Net cash provided by noncapital financing activities	<u>(133,473)</u>	<u>-</u>	<u>4,160,875</u>	<u>4,027,402</u>	<u>3,865,215</u>
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(15,653,168)	(736,315)	(636,415)	(17,025,898)	-
Gain (loss) from sale of capital assets	(1,332,294)	-	771,442	(560,852)	-
Proceeds from capital debt	3,250,474	736,574	908,536	4,895,584	-
Principal paid on capital debt	(7,678,359)	(93,572)	(131,391)	(7,903,322)	-
Proceeds from capital contributions	-	-	1,740,949	1,740,949	-
Interest paid on capital debt	(7,666,322)	-	-	(7,666,322)	-
Net cash provided by (used for) capital and related financing activities	<u>(29,079,669)</u>	<u>(93,313)</u>	<u>2,653,121</u>	<u>(26,519,861)</u>	<u>-</u>
Cash Flow Provided by (Used for) Investing Activities:					
Disposal of capital assets	4,025,802	-	-	4,025,802	-
Purchase of investment securities	(9,037,314)	-	-	(9,037,314)	-
Proceeds from sale and maturities of investment securities	42,888,804	-	-	42,888,804	-
Interest on investments	810,275	664	732	811,671	5,546
Net Cash provided by investing activities	<u>38,687,567</u>	<u>664</u>	<u>732</u>	<u>38,688,963</u>	<u>5,546</u>
Net increase (decrease) in cash and cash equivalents	23,315,214	432,744	-	23,747,958	534,113
Cash and cash equivalents at beginning of year	<u>46,531,289</u>	<u>359,304</u>	<u>-</u>	<u>46,890,593</u>	<u>1,205,308</u>
Cash and cash equivalents at end of year	<u>\$ 69,846,503</u>	<u>\$ 792,048</u>	<u>\$ -</u>	<u>\$ 70,638,551</u>	<u>\$ 1,739,421</u>

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

City of Jackson
Statement of Cash Flows
Proprietary Funds
As of September 30, 2009

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ 5,177,888	\$ 679,781	\$ (7,149,583)	\$ (1,291,914)	\$ (3,283,188)
Depreciation Expense	8,077,193	240,791	830,700	9,148,684	-
(Increase) decrease in accounts receivable, net	(1,451,027)	(369,761)	-	(1,820,788)	(10,948)
Increase (decrease) in inventories	82,848	-	-	82,848	-
(Increase) decrease in other receivable	395,309	-	402,222	797,531	-
(Increase) decrease in deferred charges	214,349	-	-	214,349	-
(Increase) decrease in due to other funds	-	(65,000)	-	(65,000)	-
Increase (decrease) in due from other funds	65,000	-	(1,071,381)	(1,006,381)	-
Increase (decrease) in accounts payable	802,744	30,684	106,826	940,254	(42,512)
Increase (decrease) in compensated absences	435,479	8,898	66,488	510,865	-
Increase (decrease) in customer deposits	41,006	-	-	41,006	-
Total adjustments	<u>8,662,901</u>	<u>(154,388)</u>	<u>334,855</u>	<u>8,843,368</u>	<u>(53,460)</u>
Net cash provided by (used for) operating activities	<u>\$ 13,840,789</u>	<u>\$ 525,393</u>	<u>\$ (6,814,728)</u>	<u>\$ 7,551,454</u>	<u>\$ (3,336,648)</u>
 Recap of cash and cash equivalents:					
Cash and cash equivalents	\$ 18,038,466	\$ 792,048	\$ -	\$ 18,830,514	\$ 1,739,421
Restricted cash and cash equivalents	<u>51,808,037</u>	<u>-</u>	<u>-</u>	<u>51,808,037</u>	<u>-</u>
	<u>\$ 69,846,503</u>	<u>\$ 792,048</u>	<u>\$ -</u>	<u>\$ 70,638,551</u>	<u>\$ 1,739,421</u>

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

**CITY OF JACKSON
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009**

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 222,012	\$ 26,854
Investment at fair value:		
Certificate of deposit	<u>30,000</u>	<u>-</u>
Total assets	<u>\$ 252,012</u>	<u>\$ 26,854</u>
 Liabilities and Net Assets		
Liabilities:		
Payables to others	\$ <u>-</u>	\$ <u>26,854</u>
Total liabilities	<u>-</u>	<u>\$ 26,854</u>
Net Assets:		
Held in trust	<u>252,012</u>	
Total net assets	<u>252,012</u>	
Total liabilities and net assets	<u>\$ 252,012</u>	

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

**CITY OF JACKSON
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2009**

	Trust Funds
Additions:	
Interest	\$ 1,549
Other additions	169,000
Total additions	\$ 170,549
 Deductions:	
General government Trust funds	\$ 141,752
Total deductions	141,752
Change in Net Assets	28,797
Net assets at beginning of year	223,215
Net assets at end of year	\$ 252,012

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

**NOTES TO THE
FINANCIAL STATEMENTS**

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 - Summary of Significant Accounting Policies

A. REPORTING ENTITY

The City of Jackson, Mississippi (the City) is incorporated under the Laws of the State of Mississippi. The City operates under the Mayor-Council form of government with a full-time Mayor elected from the City at large and seven part-time Council members (City Council) elected from wards. The City's major operations include police and fire protection, parks and recreation, public works, public transit system, urban development and general administrative services. In addition, the City owns and operates a water and sewer system.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City is discussed below.

In evaluating the City as a reporting entity, management has addressed potential component units for which the City may or may not be financially accountable and as such, be included within the City's financial statements. The component units discussed below are included because of the significance of their operational or financial relationships with the City.

Discretely Presented Component Unit

Using the criteria above, management has determined that the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission should be reported as discretely presented component units of the City. The discretely presented component units are reported in separate columns in the government-wide statements to emphasize they are legally separate from the primary government. The following is a summary of the City's discretely presented component units.

The Jackson Redevelopment Authority (JRA) was established in 1968 under Section 43-35-1 through 235 of the Mississippi Code of 1942, as annotated. In 1970, JRA became the Parking Authority for the City under the same statute. The Mayor of the City makes appointments to a seven-member Board of Commissioners for staggered five-year terms to oversee the operations of JRA. Members may be removed from office for inefficiency, neglect of duty or misconduct in office. The City Council appropriates the administrative operating budget and must review and approve any amendments or budgetary adjustments. The City Council is responsible for designation of those urban renewal projects undertaken by JRA. The City makes annual contributions necessary to pay a portion of JRA's urban renewal bonds and has agreed to make payment of substantially all of the outstanding bonds. JRA operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type. Complete financial statements for JRA may be obtained at its administrative office located at 218 South President Street, Jackson, Mississippi 39201.

The Capital City Convention Center Commission, a non-profit corporation, was authorized to be created by House Bill 1832 during the 2004 Regular Session of the Mississippi State Legislature. The entity is governed by nine commissioners. The Mayor of the City appoints hotel/motel members for initial terms of one and three years, respectively, restaurant members for initial terms of two and four years, respectively. The Mayor appoints two members representing the business community for initial terms of one and five years, respectively. The Mayor appoints two members at large for initial terms of two and three years, respectively. One member is appointed by the Governor of Mississippi for an initial term of four years.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

The City issued \$65,000,000 of General Obligation Bonds for the development of the proposed Convention Center. The Capital City Convention Center Commission has jurisdiction and authority over all matters relating to the acquisition, construction, furnishing, equipping, erection, operation, maintenance, and promotion of a convention center. The Commission submits its budget and certain other planned actions to the City for comment prior to initiation. The Commission operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type. Complete financial statements for the Capital City Convention Center Commission may be obtained at P. O. Box 3563, Jackson, Mississippi 39207.

Related Organizations

The following four agencies are non-profit corporations established within the City of Jackson. The Mayor appoints the board members of each respective agency as confirmed by the City Council. Each agency is fiscally independent from the City of Jackson, issues its debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City of Jackson is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

Airport Authority
100 International Drive
Jackson, MS 39208

Jackson Housing Authority
2747 Livingston Road
Jackson, MS 39213

Jackson Public School District
662 South President Street
Jackson, MS 39201

Metro Jackson Convention & Visitors Bureau
921 North President Street
Jackson, MS 39202

Joint Ventures

The Jackson/Hinds Library System (the System) operates under a joint agreement between the City and Hinds County and is funded equally by the City and the County. The joint agreement was effective October 1, 1986. All buildings used by the System within the City of Jackson are owned and maintained by the City and, as such, have been included in the capital assets of governmental activities. The Jackson/Hinds Library System's financial statements may be obtained by writing to 300 North State Street, Jackson, MS 39201.

B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's water, sewer, and public transit services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

The government-wide Statement of Activities reports both the gross and net costs of each of the City's functions and business-type activities (police, fire, public works, etc.). The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, fire, public works, etc.) or a business-type activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The net costs (by function or business-type activities) are normally covered by general revenue (property, sales or gas tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect cost. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net assets resulting from the current year's activities. Separate financial statements are provided for governmental funds and proprietary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Major individual governmental funds are reported as separate columns in the fund financial statements.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 City's Proprietary Funds and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for Proprietary Funds and Internal Service Funds include the cost of sales and services, direct administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Agency funds are used to report resources in a purely custodial capacity (assets equal liabilities). So, agency funds cannot be said to have a measurement focus, however, they do use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, 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. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major government funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund.

Federal Grant Fund – This fund is used to account for proceeds of various federal grant programs.

Debt Service Fund - This fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other than debt of the Enterprise Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

Improvement Fund – This fund is used to account for revenues that are legally restricted for improvements to City facilities.

1998 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$35,000,000 issued to finance certain projects including storm drainage systems, construction of a youth detention center, and repairing buildings.

2003 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$20,000,000 issued to finance certain projects including storm drainage systems, repairing and the construction of municipal buildings, infrastructures, and other related improvements.

2006 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$65,000,000 issued to finance the acquisition, construction, equipping, and furnishing of a convention center in the City to be known as the Capital City Convention Center and other authorized costs.

2009 GO Bond Fund – This fund is used to account for proceeds of general obligation bonds of \$26,210,000 issued to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways and public parking facilities.

The City reports the following major proprietary funds:

Water/Sewage Disposal System Fund - This fund accounts for activities associated with the provision of water, sewerage and water pollution control services to individuals, organizations and other governmental units within and around the City.

Sanitation Fund – This fund accounts for activities associated with the City's sanitation and recycling service.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

Additionally, the City reports the following fund types:

Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds:

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The City has three trust funds, the Unemployment Compensation Revolving Fund, the Charitable Trust Fire and Police Fund, and the Mausoleum Trust Fund. The function of the City's principal employee benefit trust fund, the Unemployment Compensation Revolving Fund, is discussed in Note 5.A.2. The function of the Charitable Trust Fire and Police Fund is to account for contributions from the public sector which is held in trust for fire and police allowable claims. The function of the Mausoleum Trust Fund is to maintain and upkeep the Henry Mausoleum.

The purpose of the City's Agency Funds is to collect and remit to the related organizations the property taxes collected and proceeds of a special sales tax received from the State. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date generally within 90 days of the date acquired by the City. Collateral as further discussed in Note 4, is pledged by the various financial institutions to secure City funds.

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

3. Investments

Investments are recorded at fair value with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. Government.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable fair value exists, the City of Jackson, in consultation with its investment advisors and custodial bank, has determined the fair values.

4. Restricted Assets

Certain proceeds of the City's Proprietary Fund revenue bonds, as well as certain resources set aside for their payment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and trust accounts and their use is limited by applicable bond covenants. Restricted amounts in governmental activities include amounts set aside by law for state tort claims and amounts accumulated for general obligation bond debt service.

5. Inventories

Inventories are priced at cost using the weighted average method. Inventories are accounted for using the consumption method and are not charged out until used. Inventories consist of major stores of materials and supplies held at central locations. The user departments and other funds of the City are charged for the cost value of the items, as they are withdrawn from inventory.

6. Capital Assets

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value at the date received. The City's classes of capital assets and their capitalization levels are: land – cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$500, infrastructure - \$100,000, and construction in progress – based on the project's class. The cost of normal maintenance and repair that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures within governmental activities are not capitalized.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Land improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary fund assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

The City has a collection of artwork presented for public exhibition and education that is being preserved for future generations. The proceeds from the sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

7. Compensated Absences

The City accrues accumulated unpaid personal leave and associated employee-related cost when earned (or estimated to be earned) by employees up to 240 hours. For the Proprietary Funds and the government-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentation. The compensated absences liability is liquidated by the following funds: general fund, special revenue, transportation, sanitation & water/sewer.

8. Bond Discounts, Bond Premiums and Issuance Costs

In the government funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. Bond premiums and discounts are shown as an "Other Financing Sources/Uses".

In the proprietary funds and government-wide financial statements, bond discounts, bond premiums and issuance costs are deferred and amortized over the terms of the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bond payable. Issuance costs are recorded as other assets.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

9. Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near fair market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

10. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are recognized at the levy date. All property taxes are billed, collected and recognized as revenue within the same period for which they are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non-operating revenues. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses 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 enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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. In, applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provided and deferred revenue by the recipient.

11. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

12. Reserves and Designations

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. An amount reserved for debt service in the proprietary funds represents portions of fund equity that are required to be segregated in accordance with bond resolutions. Amounts reserved for state tort claims represent amounts required by state law to be segregated for these purposes. The unreserved designated fund balance of the Capital Projects Funds is appropriated for expenditures in future years. The amount designated for contingencies represents an earmarking of financial resources for the future use by the City to fund estimated loss contingencies.

13. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued):

14. Pension Expenses

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in Note 5 Section F.

15. Use of 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, liabilities, and disclosures. Actual results could differ from those estimates.

16. Future Effective Accounting Pronouncements

GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2009.

GASB issued Statement No 53, *Accounting and Financial Reporting for Derivative Instruments*. This statement is effective for periods beginning after June 15, 2009. Earlier application is encouraged. The guidance in this Statement will require governments to measure derivative instruments at fair value in their economic resources measurement focus financial statements. The changes in fair value of hedging derivative instruments do not affect investment revenue but are reported as deferrals. On the other hand, the changes in fair value of investment derivative instruments (which include ineffective hedging derivative instruments) are reported as part of investment revenue in the current reporting period. Although management has not evaluated the impact of this statement on the City's financial statements, given the nature of the County's involvement in interest rate swaps, the potential impact could be substantial.

GASB issued Statement No 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is effective for periods beginning after June 15, 2010. Early implementation is encouraged. The requirements in this Statement will change financial reporting by providing fund balance categories and classifications that are expected to be more easily understood. The fund balance disclosures will give users information necessary to understand the processes under which constraints are imposed upon the use of resources and how those constraints may be modified or eliminated. This statement is expected to have a significant effect on how the City reports its fund balances.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 2 – Reconciliation of government-wide and fund financial statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$178,259 difference are as follows (in thousands of dollars):

Bonds payable	\$ 150,048
Less: Deferred charge on refunding (to be amortized as interest expense)	1,459
Less: Issuance premium	3,118
Less: Issuance discount (to be amortized as interest expense)	(707)
Deferred bond issuance cost	(463)
Accrued interest payable	442
Capital leases payable	13,040
Claims and judgments	2,616
Compensated absences	4,316
Workers’ Compensation Benefits	<u>4,390</u>
 Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	 <u>\$ 178,259</u>

Another element of that reconciliation explains that “Internal service funds are used to account for the group benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.” The details of this \$987 difference are as follows (in thousands of dollars):

Net assets of the internal service funds	<u>\$ 987</u>
 Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	 <u>\$ 987</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$16,834 difference are as follows (in thousands of dollars):

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

**Note 2 – Reconciliation of government-wide and fund financial statements
(Continued):**

Capital outlay	\$ 26,663
Depreciation expense	<u>(9,829)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$16,834</u>

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$11,090 difference are as follows (in thousands of dollars):

Principal repayments:	
General obligation debt	\$ 4,135
Limited obligation debt	130
Special obligation debt	6,430
Other debt	<u>395</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 11,090</u>

Another element of that reconciliation states that “The activities from debt related transactions include new capital lease proceeds reported in the fund statements and retirement of prior lease.” The details of this \$13 difference are as follows (in thousands of dollars):

Debt issued or incurred:	
Capital lease financing	\$ 2,994
Principal repayments:	
Payment on capital lease	<u>(2,981)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities</i>	<u>\$ 13</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$1,145 difference are as follows (in thousands of dollars):

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

**Note 2 – Reconciliation of government-wide and fund financial statements
(Continued):**

Compensated absences	\$ 711
Workers' compensation benefits	157
Claims and judgments	112
Accrued interest	(168)
Amortization of bond premium	276
Amortization of bond discounts	(74)
Amortization of issuance costs	148
Amortization of deferred costs	<u>(17)</u>
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 1,145</u>

Another element of that reconciliation states that "Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements." The details of this \$24 difference are as follows (in thousands of dollars):

Property taxes receivable	\$ (44)
Special assessments receivable	<u>20</u>
 Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ (24)</u>

Another element of that reconciliation states that "Internal service funds are used by management to charge the costs of fleet management and management information systems to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities." The details of this \$588 difference are as follows (in thousands of dollars):

Change in net assets of the internal service funds	<u>\$ 588</u>
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 588</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 3 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

The City follows these procedures in establishing budgetary data reflected in the financial statements.

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the Finance Division of the Department of Administration by June 1 each year.
3. The Finance Division of the Department of Administration reviews the expenditure budgets, and the necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared by July 1, and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.
7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds (with the exception of the 1986 Industrial Park, the 1992 Special Assessment and the 1996 Metro Station Funds), Enterprise Funds, Internal Service Fund and Trust Funds (with the exception of the Charitable Trust Fire and Police Fund). Budgets for the Enterprise Funds are prepared on a GAAP basis but exclude depreciation and bad debt expense and include debt retirement payments. The General Fund, Debt Service Fund, Special Revenue Funds, Capital Projects Funds, Internal Service Fund and Trust Funds are prepared in accordance with GAAP. Budget and actual comparisons are presented in the accompanying financial statements for all governmental type funds for which a budget is adopted.

During the fiscal year, several adjustments are normally required to the adopted budget. The approved budget may be amended as required in accordance with the following protocol:

- a. Revenues are reviewed at least quarterly, and the projections are adjusted if warranted. These adjustments to expected revenues, if material, can precipitate adjustments to the expenditure budget.
- b. Adjustments to transfer approved expenditure budgets from one department to another or to transfer from one category to another within a department must be approved by the City Council.
- c. All new appropriations must be approved by the City Council and are normally submitted by the Mayor's Office.

The legal level of control for all budgets adopted is at the category level by funds with the exception of the General Fund, which is appropriated at the category level by department. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 3 – Stewardship, Compliance and Accountability (Continued):

The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. The Finance Division of the Department of Administration advises the Mayor whenever a requested expenditure will exceed budgeted amounts. The City Council may approve expenditures in excess of budgeted amounts in various funds or departments as appropriate, as long as total annual expenditures do not exceed available resources. Adjustments in expenditure rates, if necessary, are implemented by the City Council as required, so that the total expenditures and resources will remain in balance throughout the year.

8. Budgeted expenditure or expense amounts as originally adopted were amended by the City Council in September 2009 as provided by law, as follows (in thousands of dollars):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 123,969	\$ 123,734	\$ (235)
Special Revenue Funds	47,835	62,974	15,139
Debt Service Fund	9,820	6,829	(2,991)
Capital Projects Funds	27,500	28,847	1,347
Enterprise Funds	134,369	136,375	2,006
Internal Service Fund	11,674	11,177	(497)
	<u>\$ 355,167</u>	<u>\$ 369,936</u>	<u>\$14,769</u>

9. Unexpended appropriations lapse at year end in all funds.

B. DEFICIT FUND EQUITY

The City has no deficit fund equity by individual fund as of September 30, 2009.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds

A. DEPOSITS AND INVESTMENTS

1. Policies and Practices

The collateral for public entities' deposits in financial institutions are now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

2. Deposits – Primary government

At year end, the carrying amount of the City's deposits was \$130,337,083 and the bank balances totaled \$133,178,565. Of the bank balances, \$250,000 was insured by federal deposit insurance and \$132,928,565 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

3. Investments – Primary Government

As of September 30, 2009, the City had investments consisting of U.S. Agencies at a total fair value of \$8,060,480 with a total Portfolio Weighted Average maturity of less than one year.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to losses from rising interest rates, the City's investment policy limits investment maturities in its portfolio to no more than 12 months for U.S. Treasury obligations for all investments except bond funds. With respect to bond funds, the City can invest in obligations of U.S. federal agencies for no more than 18 months.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possessions of an outside party. Consistent with the City's investment policy, all investments above are held by a counterparty and are not insured but are backed by the U. S. government.

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
- Money market mutual funds where portfolios consist entirely of U. S. governmental and/or federal agency securities
- Bonds or direct obligations of the:
 - United States of America
 - State of Mississippi
 - County or Municipality of Mississippi
 - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

4. Cash and Investments - Component Units

The component unit's policy is to invest available funds in the following types of investments: 1) direct obligations of the U. S. of America, including such instruments as treasury bills, treasury notes and treasury bonds; 2) obligations of U. S. Government agencies that are deliverable on the Federal Reserve System; 3) Repurchase agreements in U. S. Government securities made with dealers that report to and are regulated by the Federal Reserve Bank; 4) deposits with financial institutions which are insured or are fully collateralized by qualifying securities.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). As of September 30, 2009 all of the component unit's cash deposits in excess of the amounts covered by the FDIC were covered under the collateral pool administered by the State Treasurer.

Cash equivalents are reflected at cost, which approximates fair value. These cash equivalents were uninsured, unregistered, and held by the counterparty brokerage firm. At September 30, 2009, cash equivalents of the component unit consisted of the following (amounts are expressed in thousand dollars):

Jackson Redevelopment Authority		
U. S. Treasury Bills:		
Unrestricted	\$	1,134
Restricted under bond agreements		<u>62</u>
	\$	<u><u>1,196</u></u>
Capital City Convention Center Commission		
Repurchase Agreements:		
Unrestricted	\$	<u>499</u>

B. RECEIVABLES

Receivables at September 30, 2009, for the primary government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (amounts are expressed in thousand dollars):

	General	Debt Service	Water and Sewer	Sanitation	2006 G O Bond	Federal Grant	2003 G O Bond	2009 G O Bond	Nonmajor and Other Funds	Total
Receivables:										
Accounts receivable	\$ -	\$ -	\$ 14,928	\$ 4,076	\$ -	\$ -	\$ -	\$ -	\$ 14	\$ 19,018
Intergovernmental	540	143	-	-	-	2,481	543	-	1,983	5,690
Other	<u>55,217</u>	<u>7,684</u>	<u>111</u>	<u>-</u>	<u>1</u>	<u>16</u>	<u>-</u>	<u>4</u>	<u>8,697</u>	<u>71,730</u>
Gross receivables	<u>\$ 55,757</u>	<u>\$ 7,827</u>	<u>\$ 15,039</u>	<u>\$ 4,076</u>	<u>\$ 1</u>	<u>\$ 2,497</u>	<u>\$ 543</u>	<u>\$ 4</u>	<u>\$ 10,694</u>	<u>\$ 96,438</u>

Receivables of Water and Sewer are reported net of uncollectible amounts.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES (Continued):

1. Property taxes

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Hinds, Rankin and Madison Counties bill and collect the real, personal and auto ad valorem taxes for the City of Jackson, Jackson Municipal Separate School District and the Jackson/Hinds Library System. Automobile taxes are remitted monthly and real and personal taxes are remitted on a weekly basis to the City of Jackson. Hinds County remits directly to the Jackson Municipal Separate School District taxes collected for all school funds except the Bond and Interest Fund in accordance with State law. Hinds County also remits to the City a pro rata share of road and bridge taxes collected by the County.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due on February 1 and one-fourth each on May 1 and August 1.

Tax millage levies for 2008 were collected in the current fiscal year and statutory maximum millage rates were as follows:

<u>Fund</u>	<u>Levy (in mills)</u>	<u>Purpose</u>	<u>Maximum</u>
General Fund	43.69	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	5.47	Debt retirement	None
Disability and Relief Fund	<u>5.56</u>	Retirement	None
Total City of Jackson	<u>56.72</u>		
Jackson/Hinds Library System	<u>1.31</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	68.91	Public schools	None
Special Debt Retirement Levy	1.66	Public schools	None
Special Debt Retirement Bond	3.00	Public schools	None
Special Debt Retirement	<u>1.42</u>	Public schools	None
	<u>74.99</u>		
Total mills	<u>133.02</u>		

The City levies an assessment for the Landscape Improvement fund which consists of nine cents of the gross square footage of land and building of property owners located in the downtown development district.

The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon assessed valuation of properties.

Annual tax increases for all purposes except payment of general obligation bonds and interest are limited by State law to 10% of the preceding year's receipts plus new construction.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

B. RECEIVABLES (Continued):

The State levies a 7% sales tax on retail sales and remits 18.5% of collections to the City monthly. Intergovernmental revenue of the General Fund includes \$32,301,001 of sales tax revenue.

In accordance with the Local and Private Act, since January 1, 2005 the City has levied, assessed and is collecting: (a) tax of 1% of the gross proceeds of sales of restaurants and of sales of food and beverages in the hotels and motels, within the City; (b) a tax of 3% of the gross proceeds of sales of hotel and motel rooms and lodging within the City; and (c) a tax of 3% of gross proceeds of sales at the Convention Center by caterers. The tax is primarily to be used for debt service payments on bonds issued for the construction of a convention center.

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

At the end of the current fiscal year, the various components of *deferred revenue* reported in the governmental funds were as follows:

	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 285,518
Delinquent property taxes receivable (debt service fund)	738,447
Special assessments not yet due (debt service fund)	143,478
Current year tax assessments (all funds)	67,446,989
Grant drawdowns prior to meeting all eligibility requirements	561,526
Total unearned revenue for governmental funds	<u>\$ 69,175,958</u>

C. CHANGES IN CAPITAL ASSETS

1. Primary government capital asset activity for the year ended September 30, 2009, was as follows (amounts are expressed in thousands):

	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,522	\$ 56	\$ (50)	\$ 14,528
Construction in progress	50,608	21,704	-	72,312
Total capital assets not being depreciated	65,130	21,760	(50)	86,840
Capital assets being depreciated:				
Buildings	80,123	32	-	80,155
Infrastructure	214,444	-	(198)	214,246
Automotive and equipment	70,961	5,110	(196)	75,875
Total capital assets being depreciated	365,528	5,142	(394)	370,276
Less accumulated depreciation for:				
Buildings	(19,582)	(1,497)	-	(21,079)
Infrastructure	(83,236)	(4,581)	17	(87,800)
Automotive and equipment	(62,648)	(3,751)	189	(66,210)
Total accumulated depreciation	(165,466)	(9,829)	206	(175,089)
Total capital assets being depreciated, net	200,062	(4,687)	(188)	195,187
Total governmental activities capital assets, net	\$ 265,192	\$ 17,073	\$ 238	\$ 282,027

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued):

	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	116,419	14,312	-	130,731
Total capital assets not being depreciated	<u>118,257</u>	<u>14,312</u>	<u>-</u>	<u>132,569</u>
Capital assets being depreciated:				
Buildings	119,358	31	(1,495)	117,894
Infrastructure	263,298	42	(4,027)	259,313
Automotive and equipment	25,418	2,905	(570)	27,753
Total capital assets being depreciated	<u>408,074</u>	<u>2,978</u>	<u>(6,092)</u>	<u>404,960</u>
Less accumulated depreciation for:				
Buildings	(68,930)	(2,975)	727	(71,178)
Infrastructure	(104,060)	(4,373)	866	(107,567)
Automotive and equipment	(12,178)	(1,848)	383	(13,643)
Total accumulated depreciation	<u>(185,168)</u>	<u>(9,196)</u>	<u>1,976</u>	<u>(192,388)</u>
Total capital assets being depreciated, net	<u>222,906</u>	<u>(6,218)</u>	<u>4,116</u>	<u>212,572</u>
Total business-type activities capital assets, net	<u>\$ 341,163</u>	<u>\$ 8,094</u>	<u>\$ 4,116</u>	<u>\$ 345,141</u>

2. Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General government	\$ 1,967
Public Safety	3,146
Public Works	1,770
Culture and recreation	<u>2,946</u>
Total depreciation expense – governmental activities	<u>\$ 9,829</u>
Business-Type Activities:	
Water/Sewer	\$ 8,077
Sanitation	288
Non-major business – type activities	<u>831</u>
Total depreciation expense – business-type activities	<u>\$ 9,196</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued):

3. Construction work in progress for the governmental activities of the primary government is composed of the following:

Project	Spent-to-date	Remaining Commitment
Improvement Fund	\$ 12,313,995	\$ 911,989
Community Development Block Grant	1,702,326	101,389
1982 Industrial Park Bond	189,686	-
1988 G O Public Improvement Construction Bond	116,179	-
1994 G O Public Improvement Construction Bond	10,000	-
1998 G O Public Improvement Construction Bond	18,145,500	341,728
2003 G O Public Improvement Construction Bond	19,464,134	2,686,786
2007 Tax Increment Limited Obligation Bond	2,077,735	-
2008 G O Street Construction Bond	11,583,763	4,161,264
Economic Development Initiative –		
Economic Development	159,956	20,600
Traffic – Repair and Replacement	2,068,748	315,923
Drainage – Repair and Replacement	598,000	34,681
Housing Rehab	284,377	-
Resurfacing – Repair and Replacement	3,587,706	30,034
Hawkins Field Industrial Development	9,643	-
Parks – Repair and Replacement	-	28,161
Total	<u>\$ 72,311,748</u>	<u>\$ 8,632,555</u>

4. Construction work in progress at September 30, 2009 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$130,730,544</u>	<u>\$5,473,579</u>
Total	<u>\$130,730,544</u>	<u>\$5,473,579</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

C. CHANGES IN CAPITAL ASSETS (Continued)

5. A summary of changes in capital assets for component units is as follows: (amounts are expressed in thousands)

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2009, was as follows:

Business-Type Activities:	Balance September 30, 2008	Additions	Deletions	Balance September 30, 2009
Capital assets not being depreciated:				
Land	\$ 4,303	\$ 80	\$ -	\$ 4,383
Construction in progress	25	-	-	25
Property held for sales	2,575	-	(2,575)	-
Property held for development	1,833	12	(40)	1,805
Total capital assets not being depreciated	<u>8,736</u>	<u>92</u>	<u>(2,615)</u>	<u>6,213</u>
Other capital assets:				
Land improvements	29	-	-	29
Buildings	49,159	770	-	49,929
Equipment and furniture	1,288	-	-	1,288
Total other capital assets	<u>50,476</u>	<u>770</u>	<u>-</u>	<u>51,246</u>
Less accumulated depreciation for:				
Land improvements	(29)	-	-	(29)
Buildings	(15,577)	(1,235)	-	(16,812)
Equipment and furniture	(1,285)	(2)	-	(1,287)
Total capital assets being depreciated	<u>(16,891)</u>	<u>(1,237)</u>	<u>-</u>	<u>(18,128)</u>
Total other capital assets, net	<u>33,585</u>	<u>(467)</u>	<u>-</u>	<u>33,118</u>
Total capital assets, net	<u>\$ 42,321</u>	<u>\$ (375)</u>	<u>\$ (2,615)</u>	<u>\$ 39,331</u>

Depreciation expense was charged to activities as follows:

Urban renewal projects	\$ 795
Rehabilitation loan services	2
Parking facilities	440
Total	<u>\$1,237</u>

Activity for the Capital City Convention Center Commission for the year ended September 30, 2009, was as follows:

Business-Type Activities:	Balance September 30, 2008	Additions	Deletions	Transfers	Balance September 30, 2009
Capital assets not being depreciated:					
Land	\$ 4,685	\$ 1,016	\$ -	\$ 39	\$ 5,740
Building and improvements	-	16,679	-	62,961	79,640
Equipment	5	4,087	-	-	4,092
Construction in progress	53,233	9,768	-	(63,001)	-
	<u>57,923</u>	<u>31,550</u>	<u>-</u>	<u>(1)</u>	<u>89,472</u>
Less accumulated depreciation	<u>-</u>	<u>(1,895)</u>	<u>-</u>	<u>-</u>	<u>(1,895)</u>
Total capital assets, net	<u>\$ 57,923</u>	<u>\$ 29,655</u>	<u>\$ -</u>	<u>\$ (1)</u>	<u>\$ 87,577</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Individual fund interfund receivable and payable balances as of September 30, 2009 follows (in thousands of dollars):

	Interfund Receivables	Interfund Payables
General Fund	\$ 3,174	\$ -
Water/Sewage Disposal System Fund	204	-
Sanitation Fund	-	204
Federal Grant	-	214
Nonmajor Proprietary Funds	-	2,960
Total	\$ 3,378	\$ 3,378

Summary of transfer in/transfer out within primary government (in thousands of dollars):

	Transfer In	Transfer Out
General Fund	\$ 500	\$ 14,957
Debt Service Fund	17	-
Federal Grant Fund	734	-
Improvement Fund	3,127	500
Water/Sewage Disposal System Fund	-	133
Nonmajor Governmental Funds	3,203	17
Internal Service Fund	3,865	-
Nonmajor Proprietary Funds	4,161	-
Total	\$ 15,607	\$ 15,607

Interfund transfers at September 30, 2009 consist of the following (in thousands of dollars):

\$	500	From the Improvement Fund to General Fund to subsidize operations.
	17	From the Nonmajor Governmental Fund (2007 Tax Increment Bond) to Debt Service Fund for debt service payment.
	734	From the General Fund to a Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	3,127	From the General Fund to a Major Governmental Fund (Improvement Fund) to subsidize operations.
	3,203	From the General Fund to Nonmajor Governmental Funds (Parks and Recreation and State Grant Funds) to subsidize operations.
	3,865	From the General Fund to Internal Service Fund to subsidize operations.
	4,028	From the General Fund to Nonmajor Proprietary Funds (Transportation) to subsidize operations.
	133	From the Water/Sewage Disposal System Fund to Nonmajor Proprietary Funds (Madison Sewage) to subsidize operations.
\$	15,607	

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

E. CAPITAL LEASES:

The City leases property with varying terms and options. Most leases contain a clause that states that the lease shall terminate in the event that no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancellable leases for financial reporting purposes.

The City has financed through lease agreements the acquisition of the data processing division computer system, word-processing systems for the legal division, computerized records management system and a computer-aided dispatch system for the fire and police departments, and various copying and duplicating equipment. In addition, tractors have been acquired for both the Water Maintenance and the Engineering Maintenance divisions; golf carts have been acquired for the City's golf courses and riding lawn mowers have been acquired for park maintenance. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception. Future minimum lease payments under operating leases are disclosed in the following note. At September 30, 2009, there were assets under capital lease totaling \$20,388,975 for machinery and equipment. Future minimum lease payments for capital leases are disclosed in Note 4 section G-8.

The City has reported the proceeds of capital leases related to its Proprietary Funds as inflows of cash since the City receives cash advances from the lessors and purchases the related assets.

F. OPERATING LEASES:

The City is obligated under certain noncancellable leases for land and buildings with terms remaining more than one year that are classified as operating leases. Operating leases do not give rise to property rights; therefore, the results of the lease agreements are not reflected in the City's account groups. Total lease expenditures for the rental of all land and buildings under operating leases for the year ended September 30, 2009, amounted to \$549,821. The following is a schedule by years of future minimum lease payments required under the noncancellable land and building operating leases as of September 30, 2009, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$ 469
2011	471
2012	405
2013	188
2014	188
2015 and thereafter	<u>2,580</u>
Total	<u>\$ 4,301</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2009 totaled to \$1,127,443. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT:

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are to be repaid from proprietary revenues.

The City issued \$20 million of general obligation bonds in January 2003 to provide funds for the costs of: (A) erecting, repairing, improving, and equipping municipal buildings, (B) improving streets, (C) traffic signals, (D) drainage improvements.

On August 4, 2005, the City issued \$20,960,000 in General Obligation Refunding Bonds with an average interest rate of 4.26 percent to advance refund \$20,710,000 of outstanding General Obligation Bonds, Series 1998 with an average interest rate of 5.05. The net proceeds of \$21,904,652 (after payment of \$343,777 in underwriting fees, insurance and other issuance costs) were used to purchase U. S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the General Obligation Bonds, Series 1998. As a result, the General Obligation Bonds, Series 1998 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets. A portion (\$7,490,000) of the General Obligation Bonds, Series 1998 was not refunded.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$1,401,036. This difference is being charged to operations through the year 2017. The City completed the advance refunding to reduce its total debt service payments over the next 12 years by \$816,595 and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$861,719.

On November 8, 2006, the City issued \$65,000,000 in General Obligation Bonds to provide funds (a) to purchase the City Bond to provide funds to the City in order to finance the acquisition, construction, equipping, and furnishing of a convention center in the City to be known as the Capital City Convention Center and for other authorized purposes under the Act (the "Construction Project"), and (b) to pay the Costs of Issuance of the Series 2006 Bonds and the City Bond, including the cost of the premium for the Bond Insurance Policy.

On May 1, 2009, the City issued \$5,155,000 in General Obligation Refunding Bonds with an average interest rate of 4.40 percent to refund \$5,110,000 of outstanding General Obligations Refunding Bonds, Series 2002 with an average interest rate of 4.57. The net proceeds of \$5,155,000 (after payment of \$194,550 in underwriting fees, insurance and other issuance costs) were used to pay the final debt service payment for the General Obligation Refunding Bonds, Series 2002. As a result, the General Obligation Refunding Bonds, Series 2002 bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net assets.

On January 1, 2009 the City issued \$26,210,000 General Obligation Street Resurfacing Bond. The Bonds are being issued to provide funds to (a) purchase the City Bond to provide funds to the City to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways, walkways and public parking facilities, and purchasing land therefore; and constructing bridges and culverts and (b) pay the Costs of Issuance of the Bonds and the City Bond.

At September 30, 2009, the City has no general obligation bonds considered to be defeased and outstanding.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT:

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 with principal maturing annually and interest due at various semi-annual dates. General obligation bonds currently outstanding at September 30, 2009, were as follows (in thousands of dollars):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>General Obligation Bonds:</u>					
Refunding Bonds, Series 1998	06/16/98	3.75-4.85%	07/01/14	5,490	2,935
General Obligation Bonds, Series 1998	10/01/98	4.00-5.25%	10/01/18	35,000	2,695
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	15,890
General Obligation Bonds, Refunding 2005	08/04/05	3.00-5.00%	10/01/17	20,960	17,705
General Obligation Bonds, Series 2006	11/08/06	3.60-5.00%	03/01/36	65,000	65,000
Obligation Bonds, Refunding 2009	05/01/08	3.00-5.00%	05/01/13	5,155	4,175
General Obligation Bonds, Series 2009	01/01/09	4.00-5.80%	01/01/24	26,210	<u>26,210</u>
Total General Obligation Bonds					<u>\$ 134,610</u>

2. Revenue Bonds

On October 22, 2004, the City issued \$78,085,000 of Water/Sewer System Revenue and Revenue Refunding Bonds with an average interest rate of 4.53 percent to provide construction funding of \$57,985,452 and to advance refund \$5,030,000 of outstanding Water/Sewer System Revenue Bonds, Series 1999 with an average interest rate of 6.38 percent and to advance refund \$5,895,000 of outstanding Water/Sewer System Revenue Bonds, Series 2002 with an average interest rate of 3.71. The net proceeds of \$11,567,152 (after payment of \$210,259 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the portions of the Water/Sewer System Revenue Bonds, Series 1999 and the Water/Sewer System Revenue Bonds, Series 2002 that were refunded. As a result, the portion of the Water/Sewer System Revenue Bonds, Series 1999 and the Water/Sewer System Revenue Bonds, Series 2002 that were refunded are considered to be defeased and the liability for those bonds has been removed from the Water/Sewer Proprietary Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$642,152. This difference is being charged to operations through the year 2034. The City completed the advance refunding to reduce its total debt service payments over the next 6 years by \$9,212,277 which resulted in an economic gain (difference between the present values of the old debt and the new debt service payments) of \$209,734.

On August 4, 2005, the City issued \$27,180,000 in Water/Sewer System Revenue Refunding Bonds with an average interest rate of 4.32 percent to advance refund \$25,800,000 of outstanding Water/Sewer System Revenue Bonds, Series 1999 with an average interest rate of 5.21. The net proceeds of \$27,758,429 (after payment of \$496,236 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the Water/Sewer System Revenue Bonds, Series 1999. As a result, the Water/Sewer System Revenue

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Bonds, Series 1999 bonds are considered to be defeased and the liability for those bonds has been removed from the Water/Sewer Proprietary Fund. A portion (\$5,085,000) of the Water/Sewer System Revenue Bonds, Series 1999 was not refunded. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,785,028. This difference is being charged to operations through the year 2024. The City completed the advance refunding to reduce its total debt service payments over the next 19 years by \$1,057,504 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,383,192. Revenue bonds outstanding, at September 30, 2009, were as follows (in thousands of dollars):

<u>Revenue Bonds:</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Enterprise Funds:					
Combined Water/Sewer System Bonds	07/07/99	5.00-6.75%	09/30/09	35,000	\$ -
Combined Water/Sewer System Bonds Series 2002	09/01/02	3.00-5.50%	09/01/32	50,000	42,355
Water/Sewer Revenue Refunding 2003	02/15/03	4.00-5.25%	09/01/11	40,520	8,975
Water/Sewer Revenue Refunding 2004	10/22/04	3.00-5.00%	09/01/34	78,085	77,470
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	<u>27,030</u>
Total Revenue Bonds					<u>\$ 155,830</u>

At September 30, 2009, the City had no revenue bonds considered to be defeased and outstanding.

3. Tax Increment Limited Obligation Bonds

The City issued \$2.270 million of tax increment limited obligation bonds in December 2007 to provide funds for the costs of constructing certain infrastructure improvements, site development and or site preparation in connection with the development and construction of a redevelopment project located within the City. The City entered into an Interlocal Cooperation Agreement with Hinds County, Mississippi, to provide the pledge of certain ad valorem tax revenues for the payment of the principal and interest on the bonds. As a result, the bonds are not a general obligation of the City. Limited obligation bonds outstanding at September 30, 2009, are as follows (in thousands of dollars):

<u>Limited Obligation Bonds:</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Long-Term Debt:					
Tax Increment Financing Bonds, 2007	12/28/07	4.47%	03/01/2020	2,270	2,140
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407,000	407
Tax Increment Financing Bonds, 2009	6/16/2009	3.83%	7/1/2015	375,000	375
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600,000	<u>1,600</u>
Total Limited Obligation Bonds					<u>\$ 4,522</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

4. Special Obligation Bonds

The City issued \$49.790 million of special obligation bonds in October 1997 to provide funds to make a loan to the City, the proceeds of which loan was used by the City to fund a portion of the City's unfunded actuarial accrued liability (UAAL) in the City's Disability and Relief Retirement System. Special obligation bonds outstanding at September 30, 2009, are as follows (in thousands of dollars):

<u>Special Obligation Bonds:</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General long-term debt: MS Development Bank Taxable Special Obligation Bonds, Series 1997	10/15/97	5.75-6.60%	7/01/2009	\$49,790	\$ -
Total Special Obligation Bonds					<u>\$ -</u>

5. Section 108 Loan

On July 1, 2008, the City entered into a loan guaranty assistance in an amount not to exceed the \$10,000,000 under Section 108 of the Housing and Community Development Act of 1974 for the purpose of providing assistance for the Capital City Center Revitalization Project and for development of a revolving business loan program. Under the Contract for Loan Guarantee Assistance between the City and HUD, HUD authorized the City to loan up to \$10,000,000 under the 108 Program to TCI MS Investment, Inc. for special economic development activities under 24 CFR 570.703(i)(1) and 570.203(b) and, in particular, for "site assemblage" costs for the Revitalization Project. Upon repayment of the TCI Loan, the City is authorized to use funds under the 1098 program for the Business Loan Pool.

The Revitalization Project is to consist of development of two (2) hotels, commercial and retail space, a parking garage and residential facilities to help revitalize the City's CBD while providing job creation for persons of low and moderate income through construction activities and then through the new businesses opened as part of the Revitalization Project. The Business Loan Pool is to be used to provide loan to for-profit and non-profit businesses and organizations which meet the eligibility requirements of 24 CFR 570.703, the national objective requirements of 570.208 and, if applicable, the public benefit standards of 570.209(b).

As required by the Guaranty Agreement, the City also entered into an agreement with Regions Bank to serve as custodian of original loan and security documents for the loan to TCI.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

6. Jackson Redevelopment Authority

Urban Renewal Bonds and Notes

Urban renewal bonds and notes are issued to provide funds for various rehabilitation projects. The urban renewal bonds outstanding and net of unamortized bond discount of \$406,579 at September 30, 2009, were as follows (in thousands of dollars):

<u>Urban Renewal Bonds:</u> Enterprise Funds:	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Urban Renewal Central Business District, 1986-A	08/01/86	7.20-10.25%	08/01/09	\$ 1,040	\$ -
Urban Renewal Revenue Bonds, Series 1997-A	10/01/97	4.00-5.00%	11/01/13	12,270	3,470
Urban Renewal Central Business District, 1998-A	09/01/98	4.50-6.375%	09/01/23	2,825	1,980
Urban Renewal Central Business District, 1998-B	09/01/98	6.50-8.50%	09/01/23	1,175	895
Urban Renewal Central Business District, 1998-C	09/01/98	6.50-8.50%	09/01/18	1,800	-
Urban Renewal Bonds Jackson Mall Area Project, 1998-A	11/01/98	4.10-5.70%	11/01/13	650	270
Urban Renewal Bond Central Business District, 2000-A	11/01/00	5.00-7.00%	11/01/25	2,250	1,885
Urban Renewal Note Central Business District 2006-A-1	10/01/06	3.75%	10/01/10	4,450	1,985
Urban Renewal Note, Series 2009	08/10/09	6.50%	08/01/2019	1,750	<u>1,750</u>
Total Urban Renewal Bonds and Notes					<u>\$ 12,235</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

7. A summary of long-term debt transactions for the primary government and for the component unit for the year ended September 30, 2009, was as follows (in thousands of dollars):

	Beginning Balance	Adjustment s	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:						
Bonds and loans payable:						
General obligation bonds	\$ 112,535	\$ -	\$ 26,210	\$ 4,135	\$ 134,610	\$ 5,430
Limited obligation bonds	2,270	-	2,382	130	4,522	291
Special obligation bonds	6,430	-	-	6,430	-	-
State issued bonds	856	-	-	285	571	285
State revolving loan MDA	534	-	-	37	497	37
Miss. Development Bank Loan	737	35	2,075	-	2,847	38
Section 108 Loan	-	-	7,000	-	7,000	-
Less deferred amounts:						
For issuance discount	(781)	-	-	(74)	(707)	-
On refunding	1,248	-	359	148	1,459	-
For issuance premium	2,965	-	429	276	3,118	-
Total bonds payable	<u>126,794</u>	<u>35</u>	<u>38,455</u>	<u>11,367</u>	<u>153,917</u>	<u>6,081</u>
Capital leases	13,027	-	2,994	2,981	13,040	3,009
Claims and judgments	2,728	-	45	157	2,616	640
Workers' Compensation Benefits	4,233	-	2,006	1,849	4,390	2,080
Compensated absences	3,605	-	1,120	409	4,316	216
	<u>23,593</u>	<u>-</u>	<u>6,165</u>	<u>5,396</u>	<u>24,361</u>	<u>5,945</u>
Total Governmental Activity	<u>\$ 150,387</u>	<u>\$ 35</u>	<u>\$ 44,620</u>	<u>\$ 16,763</u>	<u>\$ 178,279</u>	<u>\$ 12,026</u>
Business-type activities:						
Bonds and loans payable:						
Revenue bonds	\$ 161,345	\$ -	\$ -	\$ 5,515	\$ 155,830	\$ 6,910
Less deferred amounts:						
For issuance premiums	5,204	-	-	626	4,578	-
On refunding	(1,919)	-	-	-	(1,919)	-
Total bonds payable	<u>164,630</u>	<u>-</u>	<u>-</u>	<u>6,141</u>	<u>158,489</u>	<u>6,910</u>
Capital leases	1,716	-	4,896	877	5,735	2,112
State Revolving Loan (DEQ)	18,508	-	-	1,511	16,997	1,569
Compensated absences	-	-	526	15	511	21
	<u>20,224</u>	<u>-</u>	<u>5,422</u>	<u>2,403</u>	<u>23,243</u>	<u>3,702</u>
Total Business-type activities	<u>\$ 184,854</u>	<u>\$ -</u>	<u>\$ 5,422</u>	<u>\$ 8,544</u>	<u>\$ 181,732</u>	<u>\$ 10,612</u>
Component Unit – Jackson Redevelopment Authority						
Urban Renewal bonds	\$ 11,125	\$ -	\$ -	\$ 2,590	\$ 8,535	\$ 1,215
Urban Renewal notes	4,450	-	1,750	2,465	3,735	2,049
Less deferred amounts:						
For issuance premiums	315	-	-	315	-	-
On refunding	(61)	-	-	(26)	(35)	-
Component Unit – Capital City Convention Center Commission						
Promissory Note	400	-	-	-	400	-
Total Component Unit	<u>\$ 16,229</u>	<u>\$ -</u>	<u>\$ 1,750</u>	<u>\$ 5,344</u>	<u>\$ 12,635</u>	<u>\$ 3,264</u>
Total Long-Term Debt	<u>\$ 351,470</u>	<u>\$ 35</u>	<u>\$ 51,792</u>	<u>\$ 30,651</u>	<u>\$ 372,646</u>	<u>\$ 25,902</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

8. The City's legal debt margin for the issuance of general obligation bonds was \$101,253,874 at September 30, 2009.

9. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$416,365 for the component unit as of September 30, 2009, including interest, by source of retirement are as follows (in thousands of dollars):

Debt Service Fund (Special Tax Levy)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2010	\$ 6,405	\$ 5,430	\$11,835
2011	6,223	5,715	11,938
2012	5,986	6,380	12,366
2013	5,709	6,770	12,479
2014	5,256	8,845	14,101
2015 – 2019	22,047	27,570	49,617
2020 – 2024	15,061	26,490	41,551
2025 – 2029	9,770	14,800	24,570
2030 – 2034	5,583	21,545	27,128
2035 – 2039	563	11,065	11,628
Total	<u>\$ 82,603</u>	<u>\$134,610</u>	<u>\$ 217,213</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Fiscal Year	Limited Obligation Bonds		Total
	Interest	Principal	
2010	\$ 210	\$ 291	\$ 12,336
2011	186	325	12,449
2012	172	343	12,881
2013	157	367	13,003
2014	140	383	14,624
2015 – 2019	437	1,949	52,003
2020 – 2024	67	864	42,482
2025 – 2029	-	-	24,570
2030 – 2034	-	-	27,128
2035 – 2039	-	-	11,628
Total	<u>\$ 1,369</u>	<u>\$ 4,522</u>	<u>\$ 223,104</u>

General Fund (General Fund Revenues)

Fiscal Year	Jackson Redevelopment Authority Bonds		Obligation Under Capital Leases		Total
	Interest	Principal	Interest	Principal	
2010	\$ 150	\$ 960	\$ 474	\$ 3,009	\$ 4,593
2011	102	1,005	360	2,724	4,191
2012	51	1,060	263	2,026	3,400
2013	12	480	193	1,559	2,244
2014	-	-	138	924	1,062
2015 – 2019	-	-	231	2,614	2,845
2020 – 2024	-	-	9	184	193
Total	<u>\$ 315</u>	<u>\$ 3,505</u>	<u>\$ 1,668</u>	<u>\$ 13,040</u>	<u>\$18,528</u>

The City has unconditionally and irrevocably agreed to grant and contribute to the Jackson Redevelopment Authority from the General Fund of the City sums sufficient to pay the principal of and interest on the bonds issued by the Jackson Redevelopment Authority for urban renewal purposes, as the same shall mature and become due. The City has designated proceeds from Community Development Block Grants to service approximately 39% of the Jackson Redevelopment Authority bond requirements. Principal and interest maturities for 2009 were paid by contributions from the General Fund of \$1,798,870.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Enterprise Funds - Water/Sewage Disposal System Fund (Water/Sewer Revenue)

Revenue Bonds

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2010	\$ 7,617	\$ 6,910
2011	7,284	6,085
2012	6,996	4,245
2013	6,818	4,425
2014	6,637	4,605
2015 – 2019	29,680	26,530
2020 – 2024	22,494	33,695
2025 – 2029	14,435	30,475
2030 – 2034	<u>6,019</u>	<u>38,860</u>
Total	<u>\$ 107,980</u>	<u>\$ 155,830</u>

Obligations Under
Capital Lease

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2010	\$ 165	\$ 2,112
2011	100	1,670
2012	49	1,407
2013	18	129
2014	14	134
2015 – 2019	<u>13</u>	<u>283</u>
Total	<u>\$ 359</u>	<u>\$ 5,735</u>

State Revolving Loan

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2010	\$ 554	\$ 1,569	\$ 18,927
2011	502	1,629	17,270
2012	440	1,692	14,829
2013	374	1,757	13,521
2014	307	1,825	13,522
2015 – 2019	833	5,490	62,829
2020 – 2024	200	2,448	58,837
2025 – 2029	21	587	45,518
2030 – 2034	<u>-</u>	<u>-</u>	<u>44,879</u>
Total	<u>\$ 3,231</u>	<u>\$ 16,997</u>	<u>\$290,132</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

<u>Fiscal Year</u>	<u>Jackson Redevelopment Authority</u> <u>Notes Payable, Urban Renewal</u> <u>Notes and Bonds</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2010	\$ 417	\$ 2,304	\$ 2,721
2011	366	332	698
2012	348	356	704
2013	329	376	705
2014	308	401	709
2015 – 2019	1,226	2,931	4,157
2020 – 2024	347	1,740	2,087
2025 – 2029	<u>19</u>	<u>325</u>	<u>344</u>
Total	<u>\$ 3,360</u>	<u>\$ 8,765</u>	<u>\$ 12,125</u>

There are a number of requirements contained in various revenue bond ordinances. The City is in compliance with all significant requirements.

10. Annual Maturities Requirements

The annual requirements to amortize all debt outstanding for the City and the component unit as of September 30, 2009, including interest of \$416,365 for the component unit are as follows (in thousands of dollars):

<u>Fiscal Year</u>	<u>City of</u> <u>Jackson</u>	<u>Jackson</u> <u>Redevelopment</u> <u>Authority</u>
2010	\$ 34,746	\$ 3,831
2011	32,803	1,805
2012	29,999	1,815
2013	28,276	1,197
2014	29,208	710
2015 and thereafter	<u>372,911</u>	<u>6,587</u>
Total	<u>\$ 527,943</u>	<u>\$ 15,945</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

11. Industrial Revenue Bonds

Long-term debt does not include amounts for Industrial Revenue Bonds issued under authority of Section 57-3-1 through Section 57-3-33 of the Mississippi Code of 1972, as annotated. Industrial Revenue Bonds are issued to provide funds for direct financing leases to aid industries which manufacture, process, or assemble agricultural or manufactured products or any industry engaged in storing or warehousing products of agriculture, mining, or industry. These leases are administered by trustees with terms that provide for transfer of title of property after all bonds are paid in full.

Bonds issued under provisions of the above-mentioned law do not constitute an indebtedness of the municipality within the meaning of any state constitutional provision or limitation, or never give rise to the pecuniary liability of the municipality or a charge against its general credit or taxing powers, and such fact is plainly stated in the face of the bonds. The City has \$3,650,000 of the obligations outstanding as of September 30, 2009.

<u>Fiscal Year</u>	<u>Industrial Revenue Bonds</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2010	<u>1,280</u>	<u>3,650</u>	<u>4,930</u>
Total	<u>\$ 1,280</u>	<u>\$ 3,650</u>	<u>\$ 4,930</u>

12. Interest Rate Swap

On March 31, 2004, the City and the Mississippi Development Bank (collectively “the City”) executed a confirmation with RFPC, LLC (a subsidiary of Rice Financial Products Company) (the “2004 Swap Counterparty”), in connection with the execution of an Interest Rate Swap Agreement (the “2004 Swap Agreement”) in order to reduce the debt service costs associated with certain outstanding obligations of the City. The swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project) issued to fund certain water and sewer improvements for the City. The notional amount of the swap is \$49,105,000. The City received a savings pre-payment of \$119,235 from the 2004 Swap Counterparty.

Under the 2004 Swap Agreement the City receives a fixed rate from the 2004 Swap Counterparty, and in return pays a fixed rate less an Adjustment Factor. The Adjustment Factor exposes the City to changes in the ratio between the tax-exempt BMA Index and LIBOR. Payments on the swap are exchanged semiannually. The swap became effective on April 1, 2005 and will terminate on April 1, 2024. An early termination of the swap transaction may result in the City making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2009, the fair value of the transaction was a liability of \$2,736,952 for the City, which is not recorded, in the financial statements.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 4 – Detailed notes on all funds (Continued):

G. LONG-TERM DEBT (Continued):

Risks Associated with the 2004 Swap Agreement

Credit Risk – The City's swap relies on the performance of the 2004 Swap Counterparty. The City is exposed to the risk that the 2004 Swap Counterparty is unable to fulfill its obligations to the City. The obligations of the 2004 Swap Counterparty to the City are guaranteed by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's and Fitch, respectively.

Basis Risk – The City pays fixed rates on the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project).

Interest Rate Risk – The City is exposed to changes in relationships between tax-exempt and taxable interest rates that may be affected by changes in the marginal tax rate, the elimination of tax preferences or other major changes to current tax law including, but not limited to, implementation of a flat tax or value-added tax.

Termination Risk – The 2004 Swap Agreement does not contain any extraordinary termination events or triggers that would expose the City to significant termination risk. If the 2004 Swap Counterparty fails to meet its obligations to the City, these obligations will be met by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's and Fitch, respectively. If the third party guarantor suffers a loss of creditworthiness, the 2004 Swap Counterparty shall find an acceptable replacement guarantor. If such replacement guarantor is not available or if the City fails to meet its obligations to the 2004 Swap Counterparty, the termination provisions in the 2004 Swap Agreement will apply. The City may be liable for a payment equal to the fair market value of the swap if a termination occurs prior to April 1, 2024 and that fair market value is negative.

Note 5 – Other Information

A. RISK MANAGEMENT

1. Workers Compensation Benefits

The City maintains a self-funded workers compensation plan accounted for in the General Fund. Commercial insurance is obtained to protect the City from excess losses greater than \$1,000,000 per individual claim for police and fire employees. Commercial insurance is obtained to protect the City from excess losses greater than \$400,000 per individual claim for all other employees. Benefits paid to employees during fiscal year 2009 were \$2,006,486.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and includes provisions for estimated claims adjustment expenses.

2. Unemployment Benefits

The City also maintains an Unemployment Compensation Revolving Fund (Employee Benefit Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$7,000 paid each employee during the preceding year. As of September 30, 2009, the required amounts were funded. Claims totaled \$141,752 during fiscal year 2009. Estimates of the liability for unpaid claims are based on patterns of claims payments.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

A. RISK MANAGEMENT (Continued):

3. Group Benefits

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employer medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$7,349,174 and employee benefit costs were \$10,632,362 during fiscal year 2009. Claims incurred but not reported at September 30, 2009, in the Employees' Group Benefit Fund are provided for in the fund balance of that fund based primarily upon an actuary's estimate.

4. Tort Liability

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City of Jackson may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, House Bill 417 established the Mississippi Tort Claims Board. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivision to purchase liability insurance or to self insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

The City of Jackson is in compliance by using method number three as indicated above. The 2009 fiscal year budget had the monies necessary to establish the reserve fund at the required funding level. Estimates of the liability for unpaid claims are actuarially determined.

For the past three years, the settlement amount for claims against the City has not exceeded the amount of insurance coverage maintained by the City.

The following table provides a reconciliation of changes in the liabilities for claims for years ended September 30, 2009 and 2008:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
2009:				
Beginning Balance	\$ 560,380	\$ 2,728,926	\$ -	\$ 4,232,769
Current Year Claims/Changes in Estimates	10,632,362	45,476	141,752	2,006,486
Claims Payments	11,957,910	157,512	141,752	1,849,578
Ending Balance	<u>\$ 765,168</u>	<u>\$ 2,616,890</u>	<u>\$ -</u>	<u>\$ 4,389,677</u>
2008:				
Beginning Balance	\$ 651,732	\$ 2,962,156	\$ -	\$ 4,455,892
Current Year Claims/Changes in Estimates	11,053,971	167,415	104,565	1,764,859
Claims Payments	12,266,083	400,645	104,565	1,987,982
Ending Balance	<u>\$ 560,380</u>	<u>\$ 2,728,926</u>	<u>\$ -</u>	<u>\$ 4,232,769</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

A. RISK MANAGEMENT (Continued):

5. Other Risks

The City of Jackson is exposed to various other risks of loss related to theft of, damage to and destructions of assets; errors and omissions; and natural disasters. The City purchases commercial insurance policy covering employee dishonesty up to \$100,000 per employee with a \$1,000 deductible. The City carries casualty insurance in the amount of \$300,000,000 with a \$5,000 deductible to protect against damage to property caused by natural disaster or other casualties. Amounts of settlements have not exceeded insurance coverage in the past three years.

B. COMMITMENTS

During fiscal year 1993, the City entered into a revolving loan agreement with the Department of Environmental Quality (DEQ) for loans to the Jackson Water/Sewage Disposal System Fund. The City has pledged sales tax reimbursements from the State of Mississippi to repay the DEQ loans. The outstanding balance of the revolving loans at September 30, 2009, was \$16,996,358.

C. SUBSEQUENT EVENT

On June 9, 2010, the City of Jackson approved to issue general obligation refunding/restructuring bonds.

On June 23, 2010, the City of Jackson approved a \$200,000,000 master plan development spanning three city blocks in front of the Convention Center, with later phases of the master plan to include a 120-room extended stay hotel, 200-unit residential apartments, a 50,000 square foot office building, 50,000 square feet of boutique services and support retail, additional parking and other support facilities.

D. CONTINGENT LIABILITIES:

Litigation

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$2,616,890 for which it is probable a loss has been incurred and are subject to reasonable estimation are recognized in the financial statements in the governmental funds. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect.

E. JOINT VENTURES

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2009 (in thousands of dollars):

Jackson/Hinds Library System

Total assets	<u>\$ 1,551</u>	
Total liabilities	<u>\$ 202</u>	
Total fund equity	<u>\$ 1,348</u>	
Total revenues	<u>\$ 3,968</u>	(1)
Total expenditures	<u>\$ 3,940</u>	
Net increase (decrease) in fund balance	<u>\$ 28</u>	
 Total debt	 <u>\$ -</u>	

(1) The percentage share of the joint venture applicable to the City of Jackson is fifty percent (50%).

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM:

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing pension plan and an agent multi-employer pension plan as described below:

Public Employees' Retirement System

1. Plan Description and Provisions

Substantially all City of Jackson full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Section 21-29-201 of the Mississippi Code of 1942 as annotated, and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

2. Description of Funding Policy

PERS members are required to contribute 7.25% of their annual covered salary and the City of Jackson is required to contribute at an actuarially determined rate. The current rate is 12.00% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

Annual Pension Cost. For 2009, the City's annual pension cost of \$8,005,792 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2008, actuarial valuation using the entry age actuarial cost method. PERS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2009 was 25 years.

Three-Year Trend Information for PERS
(Dollar amounts in Thousands)

<u>Fiscal</u> <u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>Of APC</u> <u>Contributed</u>
9/30/07	7,696	100%
9/30/08	7,614	100%
9/30/09	8,006	100%

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (Continued):

Disability and Relief- Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Jackson contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At September 30, 2009, the date of the most recent actuarial verification, there were 5 participating municipal employers and 678 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

2. Basis of Accounting

MRS uses the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed, investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments for MRS are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit rating. Mortgage securities are valued on the basis of future principal and interest payments and counted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates market or fair value. For individual investments where no readily ascertainable market value exists, the Public Employees' Retirement System, in consultation with their investment advisors and custodial bank, has determined the fair values.

3. Funding Status and Progress

The actuarial accrued liability is a measure intended to (i) help users assess the plan's funding status on a going-concern basis, and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. For the years ending September 30, 1994, and prior, the actuarial value of assets was equal to book value. Beginning with the September 30, 1995, actuarial valuation, the actuarial value of assets will be determined on a market related basis that recognizes 20% of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the system's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

As of September 30, 2009, the most recent actuarial valuation date, the plan was 59.5% funded. The actuarial accrued liability for benefits was \$133 million and the actuarial value of assets was \$79.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$53.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$191,000, and the ratio of the UAAL to the covered payroll was 28.242%.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

4. Annual Pension Cost and Net Pension Asset

The net pension obligation or asset represents the cumulative difference since the effective date of the statement between City's annual pension cost calculated pursuant to GASB 27 and the employer's contribution to the plan, including the pension liability or asset at transition. For purposes of transition, funding deficiencies which occurred prior to October 1, 1987 are not required to be considered but to do so is acceptable. However, information on fiscal years prior to October 1, 1987 is not available although considerable funding deficiencies occurred to that point. As a result of the transition rules under GASB Statement No. 27, the net pension obligation is considerably less than if the calculation were made considering all applicable years of the plan. Consequently, although the City has an unfunded actuarial accrued liability of \$53,943 as of September 30, 2009, the City has recorded a net pension asset of \$13,790 in the accompanying government wide statements in the governmental activities.

The City's annual pension cost and net pension asset for the current year calculated pursuant to GASB 27 is as follows (amounts are expressed in thousands):

Annual required pension contribution	\$ (5,006)
Interest on net pension asset	1,502
Adjustments to annual required contribution	<u>(1,759)</u>
Annual pension cost	(5,263)
Contributions made	<u>282</u>
Decrease in net pension asset	(4,981)
Net pension asset beginning of year	18,580
Prior period adjustment	<u>191</u>
Net assets-beginning of year as adjusted	<u>18,771</u>
Net pension asset end of year	<u>\$ 13,790</u>

As the result of the issuance of \$49,790 of general obligation bonds in 1997, the City's contribution to the plan has been limited since that date to matching contributions on employee withholdings. Since 2001, the City's unfunded actuarial accrued liability related to MRS has grown considerably and the annual required contribution for fiscal 2010 is projected to be approximately \$5,006. The City's plans are to continue the present contribution level to the plan through fiscal 2010. At that point the 1997 general obligation bonds will have been retired and tax millage presently used for bond payments amounting to approximately \$6.0 million will be diverted toward making annual contributions to the plan. Projections of cash flow for the plan indicate contributions of approximately \$ 6.0 million in 2010 and growing to approximately \$7.9 million through 2019 will be necessary to meet the City's obligations under the plan.

In 2009, the City recorded an adjustment of \$191,273 to include the understated amount for the decrease in the net pension asset.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

In 1997, the City issued \$49,790,000 of General Obligation Bonds and contributed the proceeds to the MRS plan to provide for a similar reduction in the unfunded actuarial accrued liability. As a result of this contribution, the City has not recognized a net pension obligation (NPO) in its financial statements.

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of September 30, 2009. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% to 6.0% per year compounded annually, attributable to inflation and seniority/merit. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded liability is being amortized over a closed 30 year period with 25 years remaining as of September 30, 2009. At September 30, 2009, the unfunded actuarial accrued liability was determined as follows:

<u>Actuarial Accrued Liability</u>	<u>(In Thousands of Dollars)</u>
Retirees and beneficiaries currently receiving benefits	\$131,651
Active members	1,431
Vested terminated members not yet receiving benefits	<u> -</u>
Total actuarial accrued liability	133,082
Actuarial Value of Assets	<u>79,139</u>
Unfunded actuarial accrued liability	<u>\$ 53,943</u>

During the year ended September 30, 2009 the plan experienced an estimated net change of \$(2,457) in the Actuarial Accrued Liability.

5. Funding Policy

The schedule of funding progress presented as required supplementary information following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The funding policy for MRS provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. In developing the annual required contribution shown below, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on an open basis as a level dollar amount over a period of 40 years. The City's active MRS members contribute ten percent of their base salaries to the plan. This difference has historically resulted in the actual contribution being less than the annual required contribution.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

6. Annual Pension Cost

During the year ended September 30, 2009, contributions totaling approximately \$301,882 (\$280,482 employer and \$21,400 employee) were made in accordance with contribution requirements determined by the actuarial valuation of the system as of September 30, 2008. The employer contributions consisted of approximately \$39,510 for normal cost and administrative expenses and \$240,972 for amortization of the unfunded actuarial accrued liability. In addition to the above contributions, the City has levied a special tax for the retirement of bonds issued to provide funding for City's pension obligation for the year ended September 30, 2009. This consisted of 5.56 mills on property valuation used to pay debt service of \$6,854,380.

7. Contributions Required and Contributions Made (Continued):

Three-Year Trend Information for MRS
(Dollar amounts in Thousands)

Fiscal Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage Of APC <u>Contributed</u>	Net Pension Asset <u>(NPO)</u>
9/30/07	\$ 3,403	6.9%	22,154
9/30/08	3,574	7.2%	18,580
9/30/09	4,981	7.9%	13,790

G. OTHER POSTEMPLOYMENT BENEFITS

Effective for the 2009 fiscal year, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of other postemployment benefits (OPEB) expenses/expenditures and related liabilities (assets), note disclosures, and required supplementary information. This Statement requires recognition of the cost of other postemployment benefits during the periods when employees render their services and disclosure about actuarially accrued liabilities related to past services and the status and progress of funding the benefits. The requirements of GASB statement No. 45 were implemented prospectively beginning October 1, 2007.

Plan Description

The City's OPEB plan provides post employment healthcare coverage, including dental benefits to eligible individuals. Eligible individuals include all regular, full-time employees of the City, as well as permanent part-time employees who work at least 20 hours per week, and their spouses and dependent children. Employees must have earned at least 25 years of service with the City in order to be eligible for retiree healthcare coverage. Coverage continues at the election of the retiree until age 65. Retirees must pay the required monthly premium for either single or family coverage, as applicable. As of September 30, 2009, 202 retirees are eligible to receive benefits under the plan. The plan was established under authority of the City Council and may be amended or abolished by council action.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS (continued):

Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. Since 2008 was the initial year of implementation for GASB 45, there was no calculation for the OPEB obligation at September 30, 2009. The ARC was calculated as part of the actuarial valuation performed by an outside actuary consultant. The following table shows the components of the government's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total OPEB Plan</u>
Annual Required Contribution	\$6,580,680	\$ 983,320	\$7,564,000
Interest on net OPEB obligation	-	-	-
Adjustment to ARC	<u>-</u>	<u>-</u>	<u>-</u>
Annual OPEB cost (expense)	6,580,680	983,320	7,564,000
Less: Contributions made	<u>(814,320)</u>	<u>(121,680)</u>	<u>(936,000)</u>
Increase in net OPEB obligation	5,766,360	861,640	6,628,000
Net OPEB obligation beginning	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB obligation end of year	<u>\$5,766,360</u>	<u>\$ 861,640</u>	<u>\$6,628,000</u>

Trend Information for OPEB Plan:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/08	\$7,564,000	12%	\$6,628,000
9/30/09	\$7,564,000	12%	\$6,628,000

CITY OF JACKSON
Notes to Financial Statements
September 30, 2009

Note 5 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS (continued):

Funding status and funding progress:

The City funds the plan on a pay-as-you-go basis. As of September 30, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$52,430,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

Actuarial methods and assumptions

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

In the September 30, 2009 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 5.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate rate of 6 percent after ten years. The city's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at September 30, 2009 was 15 years.

Note 6 – Prior Period Adjustment

In 2009, the Capital City Convention Center Commission which is a component unit of the City of Jackson, recorded an adjustment in the amount of \$696,748 to reflect prior year assets and liabilities not previously reported.

CITY OF JACKSON
Required Supplementary Information
Employees' Retirement Systems
Schedule of Funding Progress
September 30, 2009

DISABILITY AND RELIEF - MUNICIPAL RETIREMENT SYSTEMS PENSION PLAN

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
9/30/2007	98,151	135,551	37,400	72.4	222	16,846.8
9/30/2008	91,928	130,625	38,697	70.4	219	17,669.9
9/30/2009	79,139	133,082	53,943	59.5	191	28,242.4

SCHEDULE OF FUNDING PROGRESS
for the OPEB PLAN

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
10/1/2008	-	52,430	52,430	0.00%	69,894	75.0

NON-MAJOR
GOVERNMENTAL FUNDS

Nonmajor Governmental Funds

Special Revenue Funds

Parks and Recreation Fund

To account for the operation and maintenance of all City-owned parks. Financing is provided by a 2-Mill annual property tax levy, admissions, fees and concessions. Appropriations are made from General Fund sources to the extent that such tax levy and other revenues are not sufficient to finance expenditures.

State Grant Fund

To account for proceeds of state grants or loans other than those grants or loans for Enterprise Fund or Capital Projects Fund items.

Disability and Relief Fund

To account for the receipt of revenues, principally tax levies, and payments of bond principal and interest related to bonds issued to provide reductions in the accrued actual liability related to pensions of retired and disabled police and fireman employed prior to April 1, 1976.

Capital Projects Funds

Industrial Park Bond Fund, 1982-A

To account for proceeds of general obligation bonds of \$3,000,000 to establish an industrial park.

1988 Construction Bond Fund

To account for proceeds of general obligation bonds of 43,325,000 issued to finance certain projects including constructing and improving streets, storm drainage systems, parks and municipal buildings, and purchasing fire fighting equipment.

G.O. Capital Improvement Fund 1994

To account for proceeds of general obligation bonds of \$7,850,000 issued to finance the improvement and extension of the storm drainage system of the city, the construction, improvement or paving of streets, sidewalks and walkways and the purchase of land therefore and the purchase of firefighting equipment and apparatus, construction of housing for the same and the purchase of land there.

1996 Tax Increment Limited Obligation Metro Station Construction

To account for proceeds of general obligation bonds of \$1,650,000 issued to finance the costs of constructing various infrastructure improvements including, but not limited to, the construction and reconstruction of streets and utilities and the acquisition of land in connection therewith and other costs incidental to the construction.

2007 Tax Increment Limited Obligation Bond Fund

To account for bond proceeds issued to finance the costs of infrastructure improvements to the Lowe's project.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the River Hills project.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the Paul Moak project.

2009 Tax Increment Financing Revenue Bond

To account for bond proceeds issued to finance the costs of infrastructure improvements to the Fondren project.

City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2009

Special Revenue

	<u>Parks and Recreation</u>	<u>State Grant</u>	<u>Disability and Relief</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 1,246,896	\$ 220,367	\$ 5,131	\$ 1,472,394
Accounts Receivable	-	-	-	-
Other Receivable	2,305,758	3,966	6,386,283	8,696,007
Total Current Asset	<u>\$ 3,552,654</u>	<u>\$ 224,333</u>	<u>\$ 6,391,414</u>	<u>\$ 10,168,401</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 32,116	\$ -	\$ -	\$ 32,116
Unearned Revenue	2,293,644	-	6,385,061	8,678,705
Other Liabilities	12,439	-	-	12,439
Total liabilities	<u>2,338,199</u>	<u>-</u>	<u>6,385,061</u>	<u>8,723,260</u>
FUND BALANCES				
Unreserved	1,214,455	224,333	6,353	1,445,141
Total fund balances	<u>1,214,455</u>	<u>224,333</u>	<u>6,353</u>	<u>1,445,141</u>
Total Liabilities and Fund balances	<u>\$ 3,552,654</u>	<u>\$ 224,333</u>	<u>\$ 6,391,414</u>	<u>\$ 10,168,401</u>

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

Capital Projects

1982 Industrial Park Bond	1988 Construction Bond	1994 GO Bond Capital Improvement	1996 Metro Station	2007 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	Total	Total Nonmajor Governmental Funds
\$ 53,786	\$ 9,551	\$ 42,962	\$ 11,416	\$ -	\$ -	\$ -	\$ 6,754	\$ 124,469	\$ 1,596,863
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	226	159	123	508	8,696,515
<u>\$ 53,786</u>	<u>\$ 9,551</u>	<u>\$ 42,962</u>	<u>\$ 11,416</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 159</u>	<u>\$ 6,877</u>	<u>124,977</u>	<u>\$ 10,293,378</u>
\$ -	\$ 270	\$ 13,838	\$ -	\$ -	\$ -	\$ -	\$ -	14,108	\$ 46,224
-	-	-	-	-	-	-	-	-	8,678,705
-	-	-	-	-	-	-	-	-	12,439
-	270	13,838	-	-	-	-	-	14,108	8,737,368
53,786	9,281	29,124	11,416	-	226	159	6,877	110,869	1,556,010
53,786	9,281	29,124	11,416	-	226	159	6,877	110,869	1,556,010
<u>\$ 53,786</u>	<u>\$ 9,551</u>	<u>\$ 42,962</u>	<u>\$ 11,416</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 159</u>	<u>\$ 6,877</u>	<u>\$ 124,977</u>	<u>\$ 10,293,378</u>

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2009

	<u>Special Revenue</u>			
	<u>Parks and Recreation</u>	<u>State Grant</u>	<u>Disability and Relief</u>	<u>Total</u>
REVENUES				
General property taxes	\$ 2,328,570	\$ -	\$ 6,470,604	\$ 8,799,174
Intergovernmental	121,537	166,646	190,028	478,211
Admissions, fees, rentals and concessions	257,144	-	-	257,144
Interest	5,188	184	4,912	10,284
Other	7,336	-	21,180	28,516
Total revenues	<u>2,719,775</u>	<u>166,830</u>	<u>6,686,724</u>	<u>9,573,329</u>
EXPENDITURES				
Current Operations:				
Personnel Services	3,755,887	-	-	3,755,887
Supplies	575,273	87,689	-	662,962
Other Services and Charges	996,456	20,935	142,456	1,159,847
Capital Outlay	137,470	64,596	-	202,066
Debt Service:				
Principal	-	-	6,430,000	6,430,000
Interest and service charges	53,190	-	425,372	478,562
Total expenditures	<u>5,518,276</u>	<u>173,220</u>	<u>6,997,828</u>	<u>12,689,324</u>
Excess (deficiency) of revenues over expenditures	<u>(2,798,501)</u>	<u>(6,390)</u>	<u>(311,104)</u>	<u>(3,115,995)</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	2,981,974	90,757	130,057	3,202,788
Proceeds of tax increment bonds	-	-	-	-
Transfers out:				
Debt Service Fund	-	-	-	-
Total other financing sources	<u>2,981,974</u>	<u>90,757</u>	<u>130,057</u>	<u>3,202,788</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	183,473	84,367	(181,047)	86,793
Fund balances at beginning of year	<u>1,030,982</u>	<u>139,966</u>	<u>187,400</u>	<u>1,358,348</u>
Fund balances at end of year	<u>\$ 1,214,455</u>	<u>\$ 224,333</u>	<u>\$ 6,353</u>	<u>\$ 1,445,141</u>

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

Capital Projects

1982 Industrial Park Bond	1988 Construction Bond	1994 GO Bond Capital Improvement	1996 Metro Station	2007 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,799,174
-	-	-	-	-	-	-	-	-	478,211
-	-	-	-	-	-	-	-	-	257,144
218	42	189	-	22	-	4	-	475	10,759
6,857	-	-	-	-	-	-	-	6,857	35,373
<u>7,075</u>	<u>42</u>	<u>189</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>7,332</u>	<u>9,580,661</u>
-	-	-	-	-	-	-	-	-	3,755,887
-	-	-	-	-	-	-	-	-	662,962
-	-	-	-	-	406,774	1,599,845	368,123	2,374,742	3,534,589
-	-	-	-	-	-	-	-	-	202,066
-	-	-	-	-	-	-	-	-	6,430,000
-	-	-	-	-	-	-	-	-	478,562
-	-	-	-	-	406,774	1,599,845	368,123	2,374,742	15,064,066
<u>7,075</u>	<u>42</u>	<u>189</u>	<u>-</u>	<u>22</u>	<u>(406,774)</u>	<u>(1,599,841)</u>	<u>(368,123)</u>	<u>(2,367,410)</u>	<u>(5,483,405)</u>
-	-	-	-	-	-	-	-	-	3,202,788
-	-	-	-	-	407,000	1,600,000	375,000	2,382,000	2,382,000
-	-	-	-	(17,371)	-	-	-	(17,371)	(17,371)
-	-	-	-	(17,371)	407,000	1,600,000	375,000	2,364,629	5,567,417
7,075	42	189	-	(17,349)	226	159	6,877	(2,781)	84,012
46,711	9,239	28,935	11,416	17,349	-	-	-	113,650	1,471,998
<u>\$ 53,786</u>	<u>\$ 9,281</u>	<u>\$ 29,124</u>	<u>\$ 11,416</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 159</u>	<u>\$ 6,877</u>	<u>\$ 110,869</u>	<u>\$ 1,556,010</u>

City of Jackson
Parks and Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 2,343,926	\$ 2,343,926	\$ 2,328,570	\$ (15,356)
Intergovernmental	185,000	190,135	121,537	(68,598)
Admissions, fees, rentals and concessions	301,391	301,391	257,144	(44,247)
Interest	16,200	16,200	5,188	(11,012)
Other	6,100	6,100	7,336	1,236
Total revenues	<u>2,852,617</u>	<u>2,857,752</u>	<u>2,719,775</u>	<u>(137,977)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,151,795	3,875,300	3,755,887	119,413
Supplies	820,936	808,448	575,498	232,950
Other Services and Charges	1,243,526	1,297,402	996,456	300,946
Capital Outlay	265,903	195,230	137,245	57,985
Debt Service:				
Principal	-	-	-	-
Interest and service charges	-	-	53,190	(53,190)
Total expenditures	<u>6,482,160</u>	<u>6,176,380</u>	<u>5,518,276</u>	<u>658,104</u>
Excess (deficiency) of revenues over expenditures	<u>(3,629,543)</u>	<u>(3,318,628)</u>	<u>(2,798,501)</u>	<u>520,127</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	3,424,929	2,981,974	2,981,974	-
Total other financing sources (uses)	<u>3,424,929</u>	<u>2,981,974</u>	<u>2,981,974</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(204,614)	(336,654)	183,473	520,127
Fund balances at beginning of year	<u>1,030,982</u>	<u>1,030,982</u>	<u>1,030,982</u>	<u>-</u>
Fund balances at end of year	<u>\$ 826,368</u>	<u>\$ 694,328</u>	<u>\$ 1,214,455</u>	<u>\$ 520,127</u>

City of Jackson
State Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 417,223	\$ 429,219	\$ 166,646	(262,573)
Interest	-	-	184	184
Total revenues	<u>417,223</u>	<u>429,219</u>	<u>166,830</u>	<u>(262,389)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	120,755	1,235	-	1,235
Supplies	44,016	112,150	87,689	24,461
Other Services and Charges	161,623	314,046	20,935	293,111
Capital Outlay	<u>99,583</u>	<u>92,423</u>	<u>64,596</u>	<u>27,827</u>
Total expenditures	<u>425,977</u>	<u>519,854</u>	<u>173,220</u>	<u>346,634</u>
Excess (deficiency) of revenues over expenditures	<u>(8,754)</u>	<u>(90,635)</u>	<u>(6,390)</u>	<u>84,245</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	<u>8,754</u>	<u>90,635</u>	<u>90,757</u>	<u>122</u>
Total other financing sources (uses)	<u>8,754</u>	<u>90,635</u>	<u>90,757</u>	<u>122</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	84,367	84,367
Fund balances at beginning of year	<u>139,966</u>	<u>139,966</u>	<u>139,966</u>	-
Fund balances at end of year	<u>\$ 139,966</u>	<u>\$ 139,966</u>	<u>\$ 224,333</u>	<u>\$ 84,367</u>

City of Jackson
Disability and Relief Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 6,710,267	\$ 6,710,267	\$ 6,470,604	\$ (239,663)
Intergovernmental	-	-	190,028	190,028
Interest	12,000	12,000	4,912	(7,088)
Other	21,893	21,893	21,180	(713)
Total revenues	<u>6,744,160</u>	<u>6,744,160</u>	<u>6,686,724</u>	<u>(57,436)</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	148,737	148,737	142,456	6,281
Debt Service:				
Principal	6,430,000	6,430,000	6,430,000	-
Interest and service charges	425,480	425,480	425,372	108
Total expenditures	<u>7,004,217</u>	<u>7,004,217</u>	<u>6,997,828</u>	<u>6,389</u>
Excess (deficiency) of revenues over expenditures	<u>(260,057)</u>	<u>(260,057)</u>	<u>(311,104)</u>	<u>51,047</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in:				
General Fund	238,304	130,057	130,057	-
Total other financing sources (uses)	<u>238,304</u>	<u>130,057</u>	<u>130,057</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(21,753)	(130,000)	(181,047)	51,047
Fund balances at beginning of year	<u>187,400</u>	<u>187,400</u>	<u>187,400</u>	<u>-</u>
Fund balances at end of year	<u>\$ 165,647</u>	<u>\$ 57,400</u>	<u>\$ 6,353</u>	<u>\$ 51,047</u>

City of Jackson
1982 Industrial Park Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 218	\$ 218
Other	-	-	6,857	6,857
Total revenues	<u>-</u>	<u>-</u>	<u>7,075</u>	<u>7,075</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	46,083	46,083	-	46,083
Total expenditures	<u>46,083</u>	<u>46,083</u>	<u>-</u>	<u>46,083</u>
Deficiency of revenues over (under) expenditures	<u>(46,083)</u>	<u>(46,083)</u>	<u>7,075</u>	<u>53,158</u>
Net change in fund balances	(46,083)	(46,083)	7,075	53,158
Fund balances at beginning of year	<u>46,711</u>	<u>46,711</u>	<u>46,711</u>	<u>-</u>
Fund balances at end of year	<u>\$ 628</u>	<u>\$ 628</u>	<u>\$ 53,786</u>	<u>\$ 53,158</u>

City of Jackson
1988 Construction Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 42	\$ 42
Total revenues	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>42</u>	<u>42</u>
Net change in fund balances	-	-	42	42
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>9,239</u>	<u>(9,239)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,281</u>	<u>\$ 9,281</u>

City of Jackson
1994 GO Bond Capital Improvement Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 189	\$ 189
Total revenues	<u>-</u>	<u>-</u>	<u>189</u>	<u>189</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	41,075	41,075	-	41,075
Total expenditures	<u>41,075</u>	<u>41,075</u>	<u>-</u>	<u>41,075</u>
Deficiency of revenues over (under) expenditures	<u>(41,075)</u>	<u>(41,075)</u>	<u>189</u>	<u>41,264</u>
Net change in fund balances	(41,075)	(41,075)	189	41,264
Fund balances at beginning of year	<u>28,935</u>	<u>28,935</u>	<u>28,935</u>	<u>-</u>
Fund balances at end of year	<u>\$ (12,140)</u>	<u>\$ (12,140)</u>	<u>\$ 29,124</u>	<u>\$ 41,264</u>

City of Jackson
1996 Metro Station Construction Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>11,416</u>	<u>(11,416)</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,416</u>	<u>\$ 11,416</u>

City of Jackson
2007 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 22	\$ 22
Total revenues	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
OTHER FINANCING SOURCES (USES)				
Transfers out:				
Debt Service Fund	-	-	(17,371)	17,371
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(17,371)</u>	<u>17,371</u>
Net change in fund balances	-	-	(17,349)	(17,349)
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>17,349</u>	<u>17,349</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Jackson
2009 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	407,000	406,774	226
Total expenditures	<u>-</u>	<u>407,000</u>	<u>406,774</u>	<u>226</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>(407,000)</u>	<u>(406,774)</u>	<u>226</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Proceeds from Tax Increment Bonds	-	407,000	407,000	-
Total other financing sources (uses)	<u>-</u>	<u>407,000</u>	<u>407,000</u>	<u>-</u>
Net change in fund balances	-	-	226	226
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 226</u>	<u>\$ 226</u>

City of Jackson
2009 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 4	\$ 4
Total revenues	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	1,600,000	1,599,845	155
Total expenditures	<u>-</u>	<u>1,600,000</u>	<u>1,599,845</u>	<u>155</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>(1,600,000)</u>	<u>(1,599,841)</u>	<u>159</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Proceeds from Tax Increment Bonds	-	1,600,000	1,600,000	-
Total other financing sources (uses)	<u>-</u>	<u>1,600,000</u>	<u>1,600,000</u>	<u>-</u>
Net change in fund balances	-	-	159	159
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159</u>	<u>\$ 159</u>

City of Jackson
2009 Tax Increment Financing Bond Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	-	-	-	-
Total revenues	-	-	-	-
EXPENDITURES				
Current Operations:				
Other services and charges	-	375,000	368,123	6,877
Total expenditures	-	375,000	368,123	6,877
Deficiency of revenues over (under) expenditures	-	(375,000)	(368,123)	6,877
OTHER FINANCING SOURCES(USES)				
Transfers in	-	-	-	-
Proceeds from Tax Increment Financing Bond	-	375,000	375,000	-
Total other financing sources and uses	-	375,000	375,000	-
Net change in fund balances	-	-	6,877	6,877
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,877</u>	<u>\$ 6,877</u>

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

**NON-MAJOR
ENTERPRISE FUNDS**

Nonmajor Proprietary

Madison Sewage Disposal System Fund

To account for costs of construction, operation and maintenance of the East Madison County Sewage Disposal System. The City of Ridgeland, Mississippi will be responsible for the service contracts with Madison County participating in the system.

Transportation Fund

To account for operational costs of the City's transit system. Deficiencies in revenues over expenses are financed by the City.

City of Jackson
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Funds
As of September 30, 2009

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalent	\$ -	\$ -	\$ -
Intergovernmental Receivable	-	1,982,991	1,982,991
Total Current Asset	<u>-</u>	<u>1,982,991</u>	<u>1,982,991</u>
Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	186,007	186,007
Water plant, distribution system and equipment	496,492	410,690	907,182
Automotive and other equipment	-	13,672,555	13,672,555
	496,492	14,719,252	15,215,744
Less: accumulated depreciation	<u>(178,571)</u>	<u>(10,900,096)</u>	<u>(11,078,667)</u>
	317,921	3,819,156	4,137,077
Construction in progress	<u>13,800</u>	<u>-</u>	<u>13,800</u>
Net property, plant and equipment	<u>331,721</u>	<u>3,819,156</u>	<u>4,150,877</u>
Total Assets	<u>\$ 331,721</u>	<u>\$ 5,802,147</u>	<u>\$ 6,133,868</u>

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

City of Jackson
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Funds
As of September 30, 2009

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 4,764	\$ 191,784	\$ 196,548
Due to other funds	-	2,960,061	2,960,061
Compensated absences	-	66,488	66,488
Current portion of long term debt:			
Lease Obligations	-	239,935	239,935
Total current liabilities	<u>4,764</u>	<u>3,458,268</u>	<u>3,463,032</u>
Long Term Debt (less amounts classified as current liabilities):			
Lease obligations	-	956,186	956,186
Total long-term debt	-	956,186	956,186
Total liabilities	<u>4,764</u>	<u>4,414,454</u>	<u>4,419,218</u>
NET ASSETS			
Invested in Capital Assets, net of related debt	331,721	2,623,035	2,954,756
Restricted for debt service	-	-	-
Unrestricted	(4,764)	(1,235,342)	(1,240,106)
Total Net Assets	<u>326,957</u>	<u>1,387,693</u>	<u>1,714,650</u>
Total liabilities and net assets	<u>\$ 331,721</u>	<u>\$ 5,802,147</u>	<u>\$ 6,133,868</u>

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

City of Jackson
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2009

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Operating Revenues:			
Sales to Customers	\$ -	\$ 360,476	\$ 360,476
Other Revenue	-	480,000	480,000
Total Operating revenues	<u>-</u>	<u>840,476</u>	<u>840,476</u>
Operating Expenses:			
Personnel Services	27,952	209,007	236,959
Supplies	-	541,169	541,169
Other services and charges	57,923	6,323,308	6,381,231
Depreciation	11,267	819,433	830,700
Total operating expenses	<u>97,142</u>	<u>7,892,917</u>	<u>7,990,059</u>
Operating Income (loss)	<u>(97,142)</u>	<u>(7,052,441)</u>	<u>(7,149,583)</u>
Nonoperating Revenues (Expenses):			
Interest revenue	<u>-</u>	<u>732</u>	<u>732</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>732</u>	<u>732</u>
Loss before contributions and transfers	<u>(97,142)</u>	<u>(7,051,709)</u>	<u>(7,148,851)</u>
Capital contributions from grants	<u>-</u>	<u>1,740,949</u>	<u>1,740,949</u>
Operating Transfers In:			
General Fund	-	4,027,402	4,027,402
Enterprise Funds	133,473	-	133,473
Total transfers in (out)	<u>133,473</u>	<u>4,027,402</u>	<u>4,160,875</u>
Change in Net Assets	36,331	(1,283,358)	(1,247,027)
Total net assets - beginning	<u>290,626</u>	<u>2,671,051</u>	<u>2,961,677</u>
Total net assets - ending	<u><u>\$ 326,957</u></u>	<u><u>\$ 1,387,693</u></u>	<u><u>\$ 1,714,650</u></u>

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

City of Jackson
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor Funds
For the year ended September 30, 2009

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ -	\$ 360,476	\$ 360,476
Receipts from other revenue	-	882,221	882,221
Payments to suppliers	(62,873)	(7,757,593)	(7,820,466)
Payments to employees	(27,952)	(209,007)	(236,959)
Net cash used for			
Operating activities	<u>(90,825)</u>	<u>(6,723,903)</u>	<u>(6,814,728)</u>
Cash Flows from Noncapital Financing Activities			
Transfers In	<u>133,473</u>	<u>4,027,402</u>	<u>4,160,875</u>
Net cash provided by noncapital financing activities)	<u>133,473</u>	<u>4,027,402</u>	<u>4,160,875</u>
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(42,648)	(593,767)	(636,415)
Proceeds from sales of capital assets	-	771,442	771,442
Proceeds from capital debt	-	908,536	908,536
Principal paid on capital debt	-	(131,391)	(131,391)
Interest paid on capital debt			
Proceeds from capital contributions	<u>-</u>	<u>1,740,949</u>	<u>1,740,949</u>
Net cash provided by capital and related financing activities	<u>(42,648)</u>	<u>2,695,769</u>	<u>2,653,121</u>
Cash Flow Provided by Investing Activities:			
Interest on investments	<u>-</u>	<u>732</u>	<u>732</u>
Net cash provided by investing activities	<u>-</u>	<u>732</u>	<u>732</u>
Net increase (decrease) in cash and cash equivalents	-	-	-
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating loss	\$ (97,142)	\$ (7,052,441)	\$ (7,149,583)
Depreciation expense	11,267	819,433	830,700
(Increase) decrease in other receivable	-	402,222	402,222
Increase (decrease) in due to other funds	-	(1,071,381)	(1,071,381)
Increase (decrease) in accounts payable	(4,950)	178,264	173,314
Total adjustments	<u>6,317</u>	<u>328,538</u>	<u>334,855</u>
Net cash provided by operating activities	<u>\$ (90,825)</u>	<u>\$ (6,723,903)</u>	<u>\$ (6,814,728)</u>

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

Fiduciary Funds

Unemployment Compensation Revolving Fund

To account for money held in trust to fund unemployment claims pursuant to State law.

Charitable Trust Fire and Police Fund

To account for contributions from the public sector which are held in trust for police and fire allowable claims.

Mausoleum Trust Fund

To account for funds to be used for maintenance and upkeep of the Henry Mausoleum located in Kernaghan Cemetery.

Tax Collections

To account for receipt of tax collections for and subsequent payment to the Jackson/Hinds Library System, Jackson Municipal Separate School District, Capital City Community Convention Center, and Jackson Convention & Visitors Bureau.

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 211,038	\$ 8,731	\$ 2,243	\$ 222,012
Investment at fair value: Certificate of deposit	-	-	30,000	30,000
Total assets	\$ <u>211,038</u>	\$ <u>8,731</u>	\$ <u>32,243</u>	\$ <u>252,012</u>
Liabilities and Net Assets				
Liabilities:				
Payables to others	\$ -	\$ -	\$ -	\$ -
Total liabilities	-	-	-	-
Net Assets:				
Held in trust	<u>211,038</u>	<u>8,731</u>	<u>32,243</u>	<u>252,012</u>
Total net assets	<u>211,038</u>	<u>8,731</u>	<u>32,243</u>	<u>252,012</u>
Total liabilities and net assets	\$ <u>211,038</u>	\$ <u>8,731</u>	\$ <u>32,243</u>	\$ <u>252,012</u>

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>Unemployment Compensation Revolving Fund</u>	<u>Charitable Trust Fire and Police Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
Additions:				
Interest	\$ 932	\$ 248	\$ 369	\$ 1,549
Other additions	<u>169,000</u>	<u>-</u>	<u>-</u>	<u>169,000</u>
Total additions	<u>169,932</u>	<u>248</u>	<u>369</u>	<u>170,549</u>
Deductions:				
General government Trust funds	<u>141,752</u>	<u>-</u>	<u>-</u>	<u>141,752</u>
Total deductions	<u>141,752</u>	<u>-</u>	<u>-</u>	<u>141,752</u>
Change in Net Assets	28,180	248	369	28,797
Net assets at beginning of year	<u>182,858</u>	<u>8,483</u>	<u>31,874</u>	<u>223,215</u>
Net assets at end of year	<u>\$ 211,038</u>	<u>\$ 8,731</u>	<u>\$ 32,243</u>	<u>\$ 252,012</u>

**CITY OF JACKSON
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009**

	<u>ASSETS</u>		<u>LIABILITIES</u>	
	Cash and Cash Equivalents	Total Assets	Other Liabilities	Total Liabilities
Capital City Community Convention Center				
Balance at October 1, 2008	\$ 9,786	\$ 9,786	\$ 9,786	\$ 9,786
Additions	4,256,885	4,256,885	4,256,885	4,256,885
Deductions	<u>4,256,399</u>	<u>4,256,399</u>	<u>4,256,399</u>	<u>4,256,399</u>
Balance at September 30, 2009	<u>\$ 10,272</u>	<u>\$ 10,272</u>	<u>\$ 10,272</u>	<u>\$ 10,272</u>
Jackson Convention & Visitors Bureau				
Balance at October 1, 2008	\$ 130	\$ 130	\$ 130	\$ 130
Additions	3,203,957	3,203,957	3,203,957	3,203,957
Deductions	<u>3,203,957</u>	<u>3,203,957</u>	<u>3,203,957</u>	<u>3,203,957</u>
Balance at September 30, 2009	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 130</u>
Jackson/Hinds Library System				
Balance at October 1, 2008	\$ -	\$ -	\$ -	\$ -
Additions	1,427,719	1,427,719	1,427,719	1,427,719
Deductions	<u>1,427,719</u>	<u>1,427,719</u>	<u>1,427,719</u>	<u>1,427,719</u>
Balance at September 30, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Jackson Municipal Separate School District				
Balance at October 1, 2008	\$ -	\$ -	\$ -	\$ -
Additions	9,579,021	9,579,021	9,579,021	9,579,021
Deductions	<u>9,562,569</u>	<u>9,562,569</u>	<u>9,562,569</u>	<u>9,562,569</u>
Balance at September 30, 2009	<u>\$ 16,452</u>	<u>\$ 16,452</u>	<u>\$ 16,452</u>	<u>\$ 16,452</u>
Total - All Agency Funds:				
Balance at October 1, 2008	\$ 9,916	\$ 9,916	\$ 9,916	\$ 9,916
Additions	18,467,582	18,467,582	18,467,582	18,467,582
Deductions	<u>18,450,644</u>	<u>18,450,644</u>	<u>18,450,644</u>	<u>18,450,644</u>
Balance at September 30, 2009	<u>\$ 26,854</u>	<u>\$ 26,854</u>	<u>\$ 26,854</u>	<u>\$ 26,854</u>

CAPITAL ASSETS

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)
SEPTEMBER 30, 2009 AND 2008

	2009	2008
Governmental funds capital assets:		
Land	\$ 14,528,418	\$ 14,521,418
Buildings	80,155,452	80,122,887
Automotive and equipment:	75,873,947	70,960,561
Infrastructure	214,244,644	214,444,522
Construction in progress	72,311,747	50,608,592
Total governmental funds capital assets	\$ 457,114,208	\$ 430,657,980

Investment in governmental funds capital assets by source:

Assets prior to 1985 not segregated by sources	\$ 14,002,713	\$ 14,002,713
General Fund revenues	83,514,444	78,761,372
Special Revenue Fund revenues	93,403,588	88,343,358
Special Assessment bonds	2,120,876	1,962,957
General Obligation bonds	220,332,595	204,185,626
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	38,861,353	38,523,316
State grants	52,261	52,261
County grants	430,949	430,948
Total governmental funds capital assets	\$ 457,114,208	\$ 430,657,980

(1) This schedule presents only the capital asset balances (excluding accumulated depreciation) related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
SEPTEMBER 30, 2009

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,957,843	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 14,002,712
General Government:						
Planning	486,406	43,001	39,349	331,205	2,563,694	3,463,655
Code Services	-	-	-	774,309	-	774,309
Telecommunication	-	4,554,834	8,943	116,018	-	4,679,795
Data Processing / Information System	-	2,400	-	5,817,515	-	5,819,915
Vehicle Pool Fund	-	-	-	884,211	-	884,211
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	146,335	-	146,335
Purchasing	-	-	-	50,452	-	50,452
Finance and Management	-	2,299,392	133,238	260,633	-	2,693,263
Personnel	-	-	-	220,931	-	220,931
Municipal Court Services	-	-	-	1,449,028	712,767	2,161,795
Vehicle Maintenance	-	5,816	-	709,806	-	715,622
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	586,406	6,905,443	181,530	10,892,720	3,276,461	21,842,560
Urban Development and Housing:						
Neighborhood Enhancement Task	-	-	-	11,125	-	11,125
Redevelopment Projects	87,578	-	-	69,874	-	157,452
Post Office Project	500	-	-	-	-	500
Union Station	-	15,044,796	243,000	-	-	15,287,796
Total urban development and housing	88,078	15,044,796	243,000	80,999	-	15,456,873
Health and Welfare:						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	501,563	-	752,907
Day Care Services	-	281,849	16,109	239,348	-	537,306
Senior Centers/Community Centers	-	1,271,615	-	33,582	-	1,305,197
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	15,645	1,876	25,364	-	42,885
Total health and welfare	46,245	1,820,453	17,985	814,686	-	2,699,369

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2009

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Automotive and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Public Safety:						
Fire Department	\$ 75,000	\$ 5,300,973	\$ 3,550,734	\$ 16,403,399	\$ 601,394	\$ 25,931,500
Police Department	123,992	6,037,047	856,190	30,467,018	12,125,554	49,609,800
Small Animal Control	-	1,366,367	-	17,746	-	1,384,113
Juvenile Justice	-	431,482	4,502,506	86,199	-	5,020,187
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
Total public safety	<u>198,992</u>	<u>14,428,748</u>	<u>8,909,430</u>	<u>47,322,239</u>	<u>12,726,948</u>	<u>83,586,357</u>
Public Works:						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	-	5,174,727	-	6,780,866
Traffic Engineering	-	17,215	18,476	2,350,720	1,348,718	3,735,129
Traffic Signals	-	-	442,038	337,813	9,974,563	10,754,414
Care and Maintenance of Public Buildings	-	6,567,689	429,703	219,264	2,848,217	10,064,873
Custodial Services	-	-	-	131,612	-	131,612
Public Works Deputy Dir/Adm	-	-	-	29,844	-	29,844
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	126,133,471	322,493	33,080,846	159,891,088
Storm Drainage	-	-	69,621,367	166,142	4,634,142	74,421,651
Bridges	-	-	23,032	-	-	23,032
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	<u>939,551</u>	<u>7,734,200</u>	<u>196,780,246</u>	<u>8,877,294</u>	<u>51,886,486</u>	<u>266,217,777</u>
Culture and Recreation:						
Planetarium	-	827,314	-	493,349	34,963	1,355,626
Jackson Zoological Park	-	3,000,000	-	465,125	-	3,465,125
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks and Recreation	225,820	16,643,300	7,386,535	2,697,380	282,503	27,235,538
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	-	156,099	2,454,157	8,321,189
Smith Robertson Cultural Center	-	1,238,810	185,738	47,088	14,015	1,485,651
City Auditorium and Art Center	-	3,849,374	511,131	64,922	1,636,214	6,061,641
Total culture and recreation	<u>225,820</u>	<u>31,275,489</u>	<u>8,112,453</u>	<u>3,935,163</u>	<u>4,421,852</u>	<u>47,970,777</u>

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2009

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Automotive and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Miscellaneous:						
City Council/Mayor	\$ -	\$ 402,665	\$ -	\$ 397,764	\$ -	\$ 800,429
City Clerk	-	-	-	179,611	-	179,611
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	272,048	-	289,335
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
	<u>1,485,483</u>	<u>2,946,324</u>	<u>-</u>	<u>905,977</u>	<u>-</u>	<u>5,337,784</u>
Total miscellaneous						
	<u>1,485,483</u>	<u>2,946,324</u>	<u>-</u>	<u>905,977</u>	<u>-</u>	<u>5,337,784</u>
Total governmental funds capital assets	<u>\$ 14,528,418</u>	<u>\$ 80,155,452</u>	<u>\$ 214,244,644</u>	<u>\$ 75,873,947</u>	<u>\$ 72,311,747</u>	<u>\$ 457,114,208</u>

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY(1)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Governmental Funds Capital Assets October 1, 2008	Additions	Deductions	Governmental Funds Capital Assets September 30, 2009
General Government:				
Planning	\$ 1,715,556	\$ 413,923	\$ 59,044	\$ 2,070,435
Code Services	664,300	1,982	1,850	664,432
Information Systems	878,053	58,381	10,632	925,802
Transportation	10,192,613	-	-	10,192,613
Data Processing	1,575,952	-	-	1,575,952
Vehicle Pool	175,800	138,160	-	313,960
Telecommunications	10,301,909	18,678	1,800	10,318,787
Office Services	1,669	-	-	1,669
Purchasing	50,839	-	-	50,839
Finance and Management	7,685,645	-	5,199	7,680,446
Personnel	133,131	-	1,850	131,281
Municipal Court Services	1,944,945	-	-	1,944,945
Vehicle Maintenance	1,561,184	54,964	-	1,616,148
Total general government	<u>36,881,596</u>	<u>686,088</u>	<u>80,375</u>	<u>37,487,309</u>
Urban Development and Housing:				
Redevelopment Projects	272,751	-	-	272,751
Union Station	13,448,496	-	-	13,448,496
Total urban development and housing	<u>13,721,247</u>	<u>-</u>	<u>-</u>	<u>13,721,247</u>
Health and Welfare:				
Senior Services	830,210	26,222	-	856,432
Day Care Services	1,181,186	10,714	-	1,191,900
Senior Centers/Community Centers	630,024	-	-	630,024
Human and Cultural Services	1,368,867	899	20,996	1,348,770
Total health and welfare	<u>4,010,287</u>	<u>37,835</u>	<u>20,996</u>	<u>4,027,126</u>

(Continued)

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Governmental Funds Capital Assets October 1, 2008	Additions	Deductions	Governmental Funds Capital Assets September 30, 2009
Public Safety:				
Fire Department	\$ 30,080,038	\$ 399,945	\$ 21,234	\$ 30,458,749
Police Department	43,571,567	3,275,050	27,709	46,818,908
Small Animal Control	1,714,102	-	-	1,714,102
Juvenile Justice	11,693,078	-	-	11,693,078
Communication Center	4,120,964	-	-	4,120,964
Public Safety Garage	230,776	-	-	230,776
	<u>91,410,525</u>	<u>3,674,995</u>	<u>48,943</u>	<u>95,036,577</u>
Total public safety				
Public Works:				
Cemeteries	356,014	-	-	356,014
Engineering	3,635,654	895,858	-	4,531,512
Traffic Engineering	10,772,250	3,268,747	199,878	13,841,119
Public Works Administration	-	3,040	49,132	(46,092)
Care and Maintenance of Public Buildings	10,500,276	2,335,230	-	12,835,506
Custodial Services	131,717	150	-	131,867
Pest Control	10,452	-	-	10,452
Central Sup[ply]	709,337	-	-	709,337
Streets	138,762,371	14,659,694	1,669	153,420,396
Storm Drainage	60,224,259	769,141	2,305	60,991,095
Soil Conservation	482,909	-	-	482,909
	<u>225,585,239</u>	<u>21,931,860</u>	<u>252,984</u>	<u>247,264,115</u>
Total public works				
Culture and Recreation:				
Planetarium	4,779,879	-	5,050	4,774,829
Jackson Zoological Park	3,515,393	-	-	3,515,393
Municipal Art Building	75,838	-	-	75,838
Parks and Recreation	17,831,242	138,308	10,475	17,959,075
Library	10,243,823	384,830	-	10,628,653
Smith Robertson Cultural Center	2,689,369	26,950	-	2,716,319
City Auditorium and Art Center	13,243,924	-	-	13,243,924
	<u>52,379,468</u>	<u>550,088</u>	<u>15,525</u>	<u>52,914,031</u>
Total culture and recreation				

CITY OF JACKSON
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
 BY FUNCTION AND ACTIVITY (CONTINUED)
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2009

	Governmental Funds Capital Assets <u>October 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	Governmental Funds Capital Assets <u>September 30, 2009</u>
Miscellaneous:				
City Council/Mayor	\$ 6,380,035	\$ 18,898	\$ 14,879	\$ 6,384,054
City Clerk	62,926	-	4,097	58,829
Legal	189,412	2,814	2,998	189,228
Mayor's Action Line	13,227	-	5,553	7,674
Internal Audit	<u>24,018</u>	<u>-</u>	<u>-</u>	<u>24,018</u>
Total miscellaneous	<u>6,669,618</u>	<u>21,712</u>	<u>27,527</u>	<u>6,663,803</u>
Total governmental funds capital assets	\$ <u><u>430,657,980</u></u>	\$ <u><u>26,902,578</u></u>	\$ <u><u>446,350</u></u>	\$ <u><u>457,114,208</u></u>

STATISTICAL SECTION

This part of the City of Jackson's comprehensive annual financial report presents detail information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents	Page
Financial Trends	114
These schedules contain trend information to help the reader understand how the City of Jackson's financial performance and well-being have changed over time.	
Revenue Capacity	119
These schedules contain information to help the reader assess the City of Jackson's most significant local revenue source, the property tax.	
Debt Capacity	123
These schedules present information to help the reader assess the affordability of the City of Jackson's current levels of outstanding debt and the city's ability to issue additional debt in the future.	
Demographic and Economic Information	128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City of Jackson's financial activities take place.	
Operating Information	130
These schedules contain service and infrastructure data to help the reader understand how the information in the City of Jackson's financial report relates to the services the city provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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City of Jackson
Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental activities										
Invested in capital assets, net of related debt	\$ 180,607	\$ 197,359	\$ 196,018	\$ 168,144	\$ 131,159	\$ 113,083	\$ 95,360	\$ 34,608	\$ -	\$ -
Restricted	32,587	28,617	5,730	4,169	4,296	5,787	(476)	5,612	28,845	13,903
Unrestricted	(32,604)	(37,367)	24,635	33,779	40,415	53,370	17,445	37,289	27,879	53,390
Total governmental activities net assets	<u>\$ 180,590</u>	<u>\$ 188,609</u>	<u>\$ 226,383</u>	<u>\$ 206,092</u>	<u>\$ 175,870</u>	<u>\$ 172,240</u>	<u>\$ 112,329</u>	<u>\$ 77,509</u>	<u>\$ 56,724</u>	<u>\$ 67,293</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 163,408	\$ 156,309	\$ 147,013	\$ 135,512	\$ 80,995	\$ 128,208	\$ 122,710	\$ 141,800	\$ 88,326	\$ 89,235
Restricted	3,861	3,820	3,765	3,661	3,643	3,581	(125,132)	150,412	27,768	35,873
Unrestricted	82,482	91,591	94,972	94,115	136,958	85,831	217,427	(54,152)	95,675	86,673
Total business-type activities net assets	<u>\$ 249,751</u>	<u>\$ 251,720</u>	<u>\$ 245,750</u>	<u>\$ 233,288</u>	<u>\$ 221,596</u>	<u>\$ 217,620</u>	<u>\$ 215,005</u>	<u>\$ 238,060</u>	<u>\$ 211,769</u>	<u>\$ 211,781</u>
Primary government										
Invested in capital assets, net of related debt	\$ 344,015	\$ 353,668	\$ 343,031	\$ 303,656	\$ 212,154	\$ 241,291	\$ 218,070	\$ 176,408	\$ 88,326	\$ 89,235
Restricted	36,448	32,437	9,495	7,830	7,939	9,368	(125,608)	156,024	56,613	49,776
Unrestricted	49,878	120,621	120,621	127,894	177,373	139,201	234,872	(16,863)	123,554	140,063
Total primary government net assets	<u>\$ 430,341</u>	<u>\$ 440,329</u>	<u>\$ 472,133</u>	<u>\$ 439,380</u>	<u>\$ 397,466</u>	<u>\$ 389,860</u>	<u>\$ 327,334</u>	<u>\$ 315,569</u>	<u>\$ 268,493</u>	<u>\$ 279,074</u>

Source: Statement of Net Assets.

City of Jackson
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Expenses	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Governmental activities:										
General government	44,790	69,721	49,147	\$ 29,179	\$ 33,311	\$ 30,021	\$ 30,228	\$ 28,337	\$ -	\$ -
Public safety	55,996	53,664	62,576	29,109	53,193	59,495	51,657	54,196	-	-
Public works	31,518	25,301	15,993	35,819	23,972	19,657	16,815	10,156	-	-
Human and cultural services	14,170	14,890	13,067	17,004	14,069	10,829	11,994	6,655	-	-
Employee benefits	2,149	1,765	2,180	1,836	3,257	2,329	3,359	3,275	-	-
Interest on long-term debt	5,389	5,917	5,647	4,731	9,307	5,965	6,254	8,674	-	-
Total governmental activities expenses	154,012	171,258	148,610	117,678	137,109	128,296	120,307	111,293	-	-
Business-type activities:										
Water/Sewer	42,275	45,279	39,904	41,184	39,663	39,299	44,396	37,671	-	-
Transportation	7,990	7,685	6,852	6,589	6,167	6,117	5,740	5,782	-	-
Sanitation	10,296	10,299	10,931	9,893	8,979	9,205	9,075	9,135	-	-
Total business-type activities expenses	60,561	63,263	57,687	57,666	54,809	54,621	59,211	52,588	-	-
Total primary government expenses	214,573	234,521	206,297	\$ 175,344	\$ 191,918	\$ 182,917	\$ 179,518	\$ 163,881	\$ -	\$ -
Program Revenues										
Governmental activities:										
Charges for services:										
General government	6,334	4,525	7,422	3,139	5,562	3,101	6,805	6,379	\$ -	\$ -
Public Safety	2,824	3,135	2,806	3,003	7,993	5,662	3,582	550	-	-
Public Works	1,469	1,393	1,147	1,698	7,038	2,682	766	490	-	-
Human and cultural services	1,575	2,813	1,667	1,481	2,524	2,036	742	629	-	-
Employee benefits	-	-	-	-	-	901	223	42	-	-
Operating grants and contributions	16,681	18,436	12,968	22,969	12,720	4,611	12,574	10,402	-	-
Capital grants and contributions	6,188	7,912	1,771	5,955	2,034	12,774	10,873	16,272	-	-
Total governmental activities program revenues	35,071	38,214	27,781	38,245	37,871	31,767	35,565	34,764	-	-
Business-type activities:										
Charges for services:										
Water/Sewer	41,440	47,468	43,847	42,262	39,023	40,809	43,628	48,071	-	-
Transportation	360	397	426	448	423	475	525	595	-	-
Sanitation	10,850	11,981	10,476	9,113	8,016	9,031	7,669	7,740	-	-
Operating grants and contributions	694	832	1,378	4,391	4,137	1,947	1,626	10,843	-	-
Capital grants and contributions	1,741	1,534	5,133	-	-	-	-	-	-	-
Total business-type activities program revenue	55,085	62,212	61,260	56,214	51,599	52,262	53,448	67,249	-	-
Total primary government program revenues	90,156	100,426	89,041	\$ 94,459	\$ 89,470	\$ 84,029	\$ 89,013	\$ 102,013	\$ -	\$ -

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Net (expense)/revenue										
Governmental activities	(118,941)	(133,044)	(120,829)	(79,433)	(99,238)	(96,529)	(84,742)	(76,529)	\$ -	\$ -
Business-type activities	(5,476)	(1,051)	3,573	(1,452)	(3,210)	(2,359)	(5,763)	14,661	-	-
Total primary government net expenses	<u>\$(124,417)</u>	<u>\$(134,095)</u>	<u>\$(117,256)</u>	<u>\$ (80,885)</u>	<u>\$(102,448)</u>	<u>\$(98,888)</u>	<u>\$ (90,505)</u>	<u>\$(61,868)</u>	<u>\$ -</u>	<u>\$ -</u>
General Revenues and Other Charges in										
Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 71,298	\$ 65,845	\$ 65,037	\$ 61,945	\$ 59,529	\$ 60,675	\$ 63,955	\$ 59,076	\$ -	\$ -
Sales taxes	33,598	37,298	40,453	40,849	36,197	36,593	35,097	35,899	-	-
Franchise taxes	9,234	9,062	8,936	10,144	8,818	8,460	10,692	5,834	-	-
Unrestricted grants and contributions	-	-	-	-	-	-	292	348	-	-
Investment earnings	616	3,021	5,251	1,864	1,042	964	-	-	-	-
Gain on sale of capital assets	-	478	198	301	3,189	27	94	79	-	-
Miscellaneous	203	106	20	25	494	3,034	-	7,823	-	-
Transfers	(4,027)	(4,613)	(4,369)	(5,473)	(4,288)	(3,513)	(4,512)	(2,282)	-	-
Total governmental activities	<u>110,922</u>	<u>111,197</u>	<u>115,526</u>	<u>109,655</u>	<u>104,981</u>	<u>106,240</u>	<u>105,618</u>	<u>106,777</u>	<u>-</u>	<u>-</u>
Business-type activities:										
Investment earnings	812	2,352	4,470	4,615	2,823	1,353	1,424	1,079	-	-
Gain on sale of capital assets	(1,332)	56	50	55	77	42	(21,867)	(6)	-	-
Miscellaneous	-	-	-	-	-	-	-	1,644	-	-
Transfers	4,027	4,613	4,369	5,473	4,288	3,513	4,512	2,282	-	-
Total business-type activities	<u>3,507</u>	<u>7,021</u>	<u>8,889</u>	<u>10,143</u>	<u>7,188</u>	<u>4,908</u>	<u>(15,931)</u>	<u>4,999</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 114,429</u>	<u>\$ 118,218</u>	<u>\$ 124,415</u>	<u>\$ 119,798</u>	<u>\$ 112,169</u>	<u>\$ 111,148</u>	<u>\$ 89,687</u>	<u>\$ 111,776</u>	<u>\$ -</u>	<u>\$ -</u>
Changes in Net Assets										
Governmental activities	\$ 8,019	\$ 21,847	\$ 5,303	\$ (30,222)	\$ (5,743)	\$ (9,711)	\$ (20,876)	\$ (30,248)	\$ -	\$ -
Business-type activities	1,969	(5,970)	(12,462)	(8,691)	(3,978)	(2,549)	21,694	(19,660)	-	-
Total primary government	<u>\$ 9,988</u>	<u>\$ 15,877</u>	<u>\$ (7,159)</u>	<u>\$ (38,913)</u>	<u>\$ (9,721)</u>	<u>\$ (12,260)</u>	<u>\$ 818</u>	<u>\$ (49,908)</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Statement of Activities

Note: Data for years 1999-2001 is currently not available.

City of Jackson
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2009	53,256	32,301	1,572	31	274	87,434
2008	48,769	35,428	1,477	31	282	85,987
2007	44,240	35,838	1,442	31	304	81,855
2006	41,324	37,993	1,398	31	302	81,048
2005	40,509	35,673	1,406	31	267	77,886
2004	41,660	35,882	1,152	31	261	78,986
2003	41,660	35,097	1,376	31	249	78,413
2002	38,285	35,685	1,836	30	250	76,086
2001	34,347	35,641	1,436	29	236	71,689
2000	34,438	36,452	1,243	32	225	72,390

Source: General Fund Budget and Actual Statement

City of Jackson
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General fund										
Reserved	\$ 4,133	\$ 4,047	\$ 3,869	\$ 3,622	\$ 3,435	\$ 3,094	\$ 3,564	\$ 3,954	\$ 3,896	\$ 4,103
Unreserved	24,897	20,761	11,835	12,041	9,535	14,678	14,961	11,834	10,550	15,051
Total general fund	<u>\$ 29,030</u>	<u>\$ 24,808</u>	<u>\$ 15,704</u>	<u>\$ 15,663</u>	<u>\$ 12,970</u>	<u>\$ 17,772</u>	<u>\$ 18,525</u>	<u>\$ 15,788</u>	<u>\$ 14,446</u>	<u>\$ 19,154</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74	\$ 21,135	\$ 4,822
Unreserved, reported in:										
Special revenue funds	4,735	5,008	5,162	4,794	4,481	5,907	8,378	8,410	(10,432)	7,696
Capital project funds	27,310	24,119	59,292	12,063	22,926	34,404	41,263	25,174	30,373	30,643
Permanent funds	2,471	2,361	2,521	1,529	1,785	1,293	451	1,902	3,814	4,978
Total all other governmental funds	<u>\$ 34,516</u>	<u>\$ 31,488</u>	<u>\$ 66,975</u>	<u>\$ 18,386</u>	<u>\$ 29,192</u>	<u>\$ 41,604</u>	<u>\$ 50,092</u>	<u>\$ 35,560</u>	<u>\$ 44,890</u>	<u>\$ 48,139</u>

Source: Governmental Funds - Balance Sheet

City of Jackson
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Revenues										
Taxes	\$ 69,315	\$ 62,702	\$ 63,606	\$ 60,221	\$ 59,078	\$ 59,979	\$ 60,412	\$ 56,654	\$ 54,783	\$ 54,824
Licenses and permits	3,453	4,198	3,167	2,968	2,199	2,673	2,353	2,544	2,564	2,712
Intergovernmental	55,498	62,448	56,783	63,338	59,769	55,620	62,596	66,481	53,734	56,809
Charges for services	3,324	3,456	3,032	3,150	3,446	3,155	2,857	2,814	2,457	1,737
Fines	4,245	3,602	3,106	3,202	3,123	3,123	3,007	3,325	3,684	3,849
Investment earnings	616	3,020	5,252	1,865	1,042	964	904	1,452	3,806	4,004
Special assessments	19	-	14	14	17	26	38	270	170	241
Miscellaneous	13,526	13,331	13,374	15,950	17,307	13,621	15,085	13,669	12,145	14,416
Total revenues	149,996	152,757	148,334	150,708	145,981	139,161	147,252	147,209	133,343	138,592
Expenditures										
General government	38,847	63,330	45,471	28,359	30,352	30,396	23,412	21,475	31,242	25,737
Public safety	53,215	53,572	58,926	58,984	56,471	59,173	53,767	50,775	47,378	48,910
Economic and physical development	-	-	-	-	-	-	-	-	1,843	2,369
Planning and Development	-	-	-	-	-	-	-	-	-	-
Culture and recreation	12,299	12,835	13,177	16,550	13,686	9,496	11,770	6,464	2,158	4,963
Public Works	36,742	26,302	17,243	30,012	20,855	25,557	27,004	43,638	17,867	37,540
Employee Benefits	2,149	1,765	2,180	1,836	3,327	2,846	3,547	3,193	2,110	7,538
Health and Welfare	-	-	-	-	-	-	-	-	-	6,744
Capital Outlay	15,311	1,379	9,040	2,049	15,617	1,053	1,080	1,170	2,651	-
Debt service										
Principal	10,731	14,330	13,830	13,190	12,912	11,500	13,300	41,960	11,945	8,370
Interest	5,789	6,419	6,314	4,584	4,150	5,977	6,262	7,011	7,346	5,063
Other chargers	-	-	-	-	334	-	-	-	-	-
Miscellaneous	504	556	705	760	504	962	9,017	7,610	16,803	243
Total expenditures	175,587	180,488	166,886	156,324	158,208	146,960	149,159	183,296	141,343	147,477
Excess of revenues over (under) expenditures	(25,591)	(27,731)	(18,552)	(5,616)	(12,227)	(7,799)	(1,907)	(36,087)	(8,000)	(8,885)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Other financing sources (uses)										
Transfer in	7,581	6,584	6,565	4,116	4,296	7,174	17,328	15,753	1,028	(553)
Transfer out	(15,474)	(15,012)	(14,354)	(13,443)	(12,212)	(13,453)	(23,381)	(20,728)	(6,586)	(3,939)
Proceeds from capital leases	-	-	1,119	47	1,846	4,839	5,204	4,477	-	-
Proceeds from long-term note	12,070	2,208	186	6,783	750	-	-	31,173	3,114	2,104
Proceeds from refunding bonds	-	-	-	-	22,248	-	-	-	-	-
Proceeds from GO Bonds	-	5,155	66,117	-	-	-	-	-	-	-
Proceeds of tax increment bonds	2,382	-	-	-	-	-	-	-	-	-
Sales of Bonds	-	-	-	-	-	-	20,000	-	-	-
Issuance of GO Bonds	26,210	267	-	-	(21,914)	-	-	-	-	-
Payments to refunded bond escrow agent	(359)	(124)	-	-	-	-	-	-	-	-
Premium on GO bond issue	430	-	-	-	-	-	-	-	-	-
Proceeds from Tax Increment Bonds	-	2,270	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>32,840</u>	<u>1,348</u>	<u>59,633</u>	<u>(2,497)</u>	<u>(4,986)</u>	<u>(1,440)</u>	<u>19,151</u>	<u>30,675</u>	<u>30,675</u>	<u>(2,388)</u>
Net change in fund balances	<u>\$ 7,249</u>	<u>\$ (26,383)</u>	<u>\$ 41,081</u>	<u>\$ (8,113)</u>	<u>\$ (17,213)</u>	<u>\$ (9,239)</u>	<u>\$ 17,244</u>	<u>\$ (5,412)</u>	<u>\$ 22,675</u>	<u>\$ (11,273)</u>
Debt service as a percentage of noncapital expenditures	10.4%	14.6%	14.5%	12.8%	12.4%	13.5%	15.1%	36.5%	15.8%	10.0%

City of Jackson
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
2009	\$53,256	\$32,301	\$1,572	\$31	\$274	\$87,434
2008	62,702	35,428	1,447	31	282	99,890
2007	63,606	35,838	1,442	31	304	101,221
2006	60,221	37,993	1,398	31	302	99,945
2005	59,079	35,673	1,406	31	267	202,442
2004	59,979	35,882	1,152	31	261	199,890
2003	60,411	35,097	1,376	31	249	298,898
2002	56,653	35,685	1,836	30	250	297,195
2001	54,783	35,641	1,436	29	236	396,062
2000	54,824	36,452	1,243	32	225	391,649

Source: Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance

City of Jackson
Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years (2)

Fiscal Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value		
2009	\$ 790,601,910	6,190,265,033	423,164,849	1,988,646,047	1,213,766,759	8,178,911,080	56.72	10%,15%,and 30%
2008	658,357,211	5,139,019,840	452,411,093	2,076,697,273	1,110,768,304	7,215,717,113	56.75	10%,15%,and 30%
2007	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	56.75	10%,15%,and 30%
2006	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	54.75	10%,15%,and 30%
2005	646,330,913	5,049,924,236	450,491,882	2,058,904,287	1,096,822,795	7,108,828,523	54.75	10%,15%,and 30%
2004	647,107,272	5,064,263,293	449,595,540	2,056,352,200	1,096,702,812	7,120,615,493	54.75	10%,15%,and 30%
2003	645,275,896	5,058,517,697	450,036,558	2,047,883,870	1,095,312,454	7,106,401,567	54.75	10%,15%,and 30%
2002	648,515,478	5,082,209,647	457,215,511	2,072,729,643	1,105,730,989	7,154,939,290	54.45	10%,15%,and 30%
2001	572,009,657	4,514,020,527	456,399,511	2,158,493,493	1,028,409,168	6,672,514,020	51.95	10%,15%,and 30%
2000	559,692,098	4,407,089,183	468,776,459	2,194,620,657	1,028,468,557	6,601,709,840	51.95	10%,15%,and 30%

(1) Ad valorem tax property assessments within the City and the Jackson Municipal Separate School District are fixed at ten percent (10%) of appraised value for homeowner occupied real property, and fifteen percent (15%) of appraised value for all other real and personal property for Fiscal Years 1987-1996. State law required a reappraisal of all property in Mississippi in order to obtain an equitable and uniform appraisal in proportion to current market value, and property was assessed at fifteen percent (15%) beginning in Fiscal Year 1985. The assessed value for motor vehicles and for property owned by public service corporations is determined by an assessment schedule prepared each year by the State of Mississippi Tax Commission, and is set at approximately thirty percent (30%) of appraised value for Fiscal Year 1989 and thereafter.

(2) Includes automotive valuation.

There was an error in reporting the fiscal year 2006 assessed and estimated taxable property. This error is corrected in fiscal year 2007.

SOURCE: Hinds, Rankin and Madison County Tax Collectors

**CITY OF JACKSON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

Fiscal Year	City of Jackson			Overlapping Rates					Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	County Debt Service & Operating County Millage	Operating Millage	Debt Service Millage	Total School Millage	Special Districts	
2009	51.25	5.47	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2008	52.28	4.47	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2007	47.23	9.52	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2006	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85
2005	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85
2004	45.23	9.52	54.75	37.54	68.91	6.79	75.70	1.28	169.27
2003	45.23	9.52	54.75	37.54	68.91	6.79	75.70	1.28	169.27
2002	44.23	10.22	54.45	37.41	68.91	7.09	76.00	1.28	169.14
2001	41.23	10.72	51.95	35.41	68.27	7.02	75.29	1.28	163.93
2000	41.23	10.72	51.95	35.41	66.71	7.58	74.29	1.28	162.93

Source: Hinds County Tax Collectors, Jackson Public School District, and Jackson/Hinds Library System

**City of Jackson
Principal Property Taxpayers
September 30, 2009
(amounts expressed in thousands)**

Taxpayer	2009			2000		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bell South	\$ 62,077	2	6.04%	\$ 67,178	1	7.55%
Entergy	75,825	1	7.38%	46,357	2	5.21%
Atmos Energy	11,115	5	1.08%	-		
Jackson HMA	7,462	6	0.73%	-		
AT& T	-		-	23,747	3	2.67%
Trustmark National Bank	-		-	-		
Parkway Properties	14,880	4	1.45%	-		
Central MS Health Systems	-		-	14,272	4	1.60%
Jackson Medical Offices	-		-	-		
Wal-Mart/Sam's Wholesale Club	6,496	7	0.63%	4,967	8	0.56%
McCarty Holman, Inc.	-		-	4,792	9	0.54%
Deposit Guaranty National Bank	-		-	-		
Metrocenter	-		-	5,084	7	0.57%
Southern Farm Bureau Insurance Company	-		-	-		
Home Depot	-		-	4,350	10	0.49%
Gulf South Pipeline Company LP	25,367	3	2.47%			
Delphi Auto Systems LLC	6,136	8	0.60%			
Illinois Central Railroad	6,117	9	0.60%			
Eaton Aerospace LLC	5,244	10	0.51%			
Mississippi Valley Gas Company	-		-	7,864	5	0.88%
McRae's	-		-	5,888	6	0.66%
Totals	\$ 177,855		17.32%	\$ 184,499		20.75%

Source: Hinds County

City of Jackson
Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

<u>Fiscal Year Ended September 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2009	\$ 61,363	\$ 59,302	96.6%	\$ 376	\$ 59,978	97.7%
2008	55,175	53,501	97.0	212	53,712	97.3
2007	55,147	54,276	98.4	306	54,582	99.0
2006	52,019	50,928	97.9	996	51,924	99.8
2005	53,925	52,750	97.8	270	53,020	98.3
2004	51,710	50,606	97.9	301	50,907	98.4
2003	55,845	53,807	96.4	445	54,252	97.1
2002	53,295	50,401	94.6	250	50,651	95.0
2001	49,078	47,661	97.1	748	48,408	98.6
2000	48,399	47,335	97.8	1,345	48,679	100.6
1999	48,585	46,765	96.3	16	46,782	96.3
1998	48,128	45,908	95.4	193	46,101	95.8

The total tax levy does not include automobile ad valorem taxes.

Beginning Fiscal Year 1988, the majority of school taxes collected were remitted directly to the Jackson Municipal Separate School District by Hinds County, the collecting agency.

City of Jackson
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	Governmental Activities			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Sewer Bonds	General Obligation Bonds	Capital Leases			
2009	134,610	-	13,053	155,830	-	5,722	309,215	5.07%	1,678
2008	112,535	-	13,027	161,345	-	1,716	288,623	4.63%	1,566
2007	115,500	-	14,013	167,670	-	2,272	299,455	5.11%	1,625
2006	58,715	-	16,009	173,700	-	1,379	249,803	4.35%	1,356
2005	66,525	-	12,601	179,250	-	1,417	259,793	4.89%	1,410
2004	73,195	-	14,105	115,995	-	2,550	205,845	3.88%	1,117
2003	80,180	-	12,179	121,400	630	3,442	217,831	4.31%	1,182
2002	69,365	-	9,085	132,226	1,205	4,117	215,998	4.27%	1,172
2001	76,735	180	6,616	88,226	1,730	3,718	177,205	3.77%	962
2000	85,905	350	5,764	93,895	2,205	4,144	192,263	4.25%	1,043
1999	94,015	510	6,476	98,314	2,640	2,128	204,083	4.54%	1,010
1998	65,670	665	4,436	67,683	3,040	306	141,800	3.25%	702

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics on page 130 for personal income and population data.

City of Jackson
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2009	\$ 1,027,088	\$ 134,610	\$ 2,471	\$ 132,139	12.87%	\$ 718.15
2008	921,948	112,535	2,257	110,278	11.96%	599.34
2007	920,291	115,500	2,521	112,979	12.28%	614.02
2006	908,925	58,715	1,529	57,186	6.29%	310.79
2005	918,235	66,525	1,785	64,740	7.05%	351.36
2004	903,200	73,195	1,293	71,902	7.96%	390.23
2003	960,332	80,180	451	79,729	8.30%	432.71
2002	904,380	69,365	1,902	67,463	7.46%	366.14
2001	895,371	76,735	3,814	72,921	8.14%	395.76
2000	889,245	85,905	4,978	80,927	9.10%	439.21
1999	878,548	94,015	5,947	88,068	10.02%	435.85

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Assessed Value and Estimated Actual of Taxable Property on page 121 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 130.

City of Jackson
Direct and Overlapping Governmental Activities Debt
As of September 30, 2009
(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hinds County	\$ 47,960	76.57%	\$ 36,723
Jackson Public Schools	144,950	100.00%	144,950
Subtotal, overlapping debt			<u>181,673</u>
 City of Jackson direct debt	 134,610	 100.00%	 134,610
 Total direct and overlapping debt			 <u><u>\$ 316,283</u></u>

Sources: Assessed value data used to estimate applicable percentages by City of Jackson, Hinds County, and Jackson Public Schools.

Note: Overlapping governments are those that coincide with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Jackson. This process recognizes that, when considering the City of Jackson ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is with the government's boundaries and dividing it by the county's total taxable assessed value.

City of Jackson
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Debt limit	\$ 175,386	\$ 160,093	\$ 160,138	\$ 158,399	\$ 159,636	\$ 159,437	\$ 158,886	\$ 160,907	\$ 152,180	\$ 150,270
Total net debt applicable to limit	<u>74,132</u>	<u>43,375</u>	<u>50,710</u>	<u>59,120</u>	<u>67,345</u>	<u>74,400</u>	<u>81,745</u>	<u>71,255</u>	<u>78,925</u>	<u>87,405</u>
Legal debt margin	<u>\$ 101,254</u>	<u>\$ 116,718</u>	<u>\$ 109,428</u>	<u>\$ 99,279</u>	<u>\$ 92,291</u>	<u>\$ 85,037</u>	<u>\$ 77,141</u>	<u>\$ 89,652</u>	<u>\$ 73,255</u>	<u>\$ 62,865</u>
Total net debt applicable to the limit as a percentage of the debt limit										

Legal Debt margin Calculation for Fiscal Year 2009

Assessed value	\$ 1,225,898
Less Homestead Exemption	<u>\$ (56,659)</u>
Total assessed value	\$ 1,169,239
Debt limit (15% of total assessed value)	175,386
Debt application to limit:	
Bond indebtedness	229,962
Less: Amount set aside for repayment of revenue bond debt	<u>(155,830)</u>
Total net debt applicable to limit	<u>\$ 74,132</u>
Legal debt margin	<u>\$ 101,254</u>

Note: Under state finance law, the City of Jackson's outstanding general obligation debt should not exceed 15 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

City of Jackson
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Sewer Revenue Bonds						Special Assessment Bonds (1)			
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage
				Principal	Interest			Principal	Interest	
2009	\$ 41,440	\$ 27,837	\$ 13,603	\$ 4,265	\$ 4,295	1.59	\$	\$	\$	\$
2008	47,468	29,410	18,058	8,330	5,601	1.30				
2007	44,180	22,830	21,350	6,030	8,510	1.47	-	-	-	-
2006	45,495	23,985	21,510	5,550	8,787	1.50	-	-	-	-
2005	41,166	22,387	18,779	7,095	5,924	1.44	-	-	-	-
2004	40,012	23,394	16,618	5,405	6,651	1.38	-	-	-	-
2003	44,387	21,903	22,484	6,555	6,587	1.71	-	-	-	-
2002	44,453	20,609	23,844	5,410	4,425	2.42	154	180	9	20.00
2001	33,524	21,411	12,113	5,175	4,680	1.23	170	170	18	9.44
2000	33,964	20,111	13,853	4,960	5,242	1.36	141	160	26	6.15
1999	35,802	19,202	16,600	4,030	3,135	2.32	130	155	33	4.70

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest or depreciation.

(1) No principal or interest payments were scheduled for fiscal years 2003-2008 for Special Assessment Bonds.

**City of Jackson
Demographic and Economic Statistics
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (3)</u>	<u>Median Age (4)</u>	<u>Education Level in Years of Formal Schooling (2)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2009	184,256	6,104,770	33,132	31.9	12	30,600	7.9%
2008	184,256	6,238,540	33,858	31.0	12.3	31,000	6.5%
2007	184,256	5,860,815	31,808	31.9	12.3	31,000	5.0%
2006	184,256	5,744,549	31,177	31.9	12.3	32,403	4.4%
2005	184,256	5,308,231	28,809	31.0	12.3	32,000	8.3%
2004	184,256	5,308,231	28,809	34.3	12.3	31,580	4.5%
2003	184,256	5,053,774	27,428	34.2	12.3	31,508	5.0%
2002	184,256	5,053,774	27,428	34.2	12.3	31,240	5.5%
2001	184,256	4,699,634	25,506	34.2	12.3	31,436	4.5%
2000	184,256	4,522,011	24,542	34.0	12.3	31,400	5.1%
1999	202,062	4,491,232	22,227	33.7	12.3	31,400	3.5%
1998	202,062	4,362,923	21,592	32.3	12.3	32,071	4.4%

Data Sources

- (1) Mississippi Census Bureau
- (2) Jackson Public Schools Program Evaluation
- (3) Bureau of Labor Statistics
- (4) Mississippi Census Bureau

**City of Jackson
Principal Employers
Current Year and Nine Years Ago**

Employer	2009			2000		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Mississippi	31,556	1	17.13%			
University of Mississippi	8,000	2	4.34%			
U.S. Government	5,500	3	2.98%			
Jackson Public School District	4,814	4	2.61%			
Baptist Health Systems	2,875	5	1.56%			
St. Dominic Health Services	2,600	6	1.41%			
City of Jackson, Mississippi	2,323	7	1.26%			
Jackson State University	1,667	8	0.90%			
AT&T	1,300	9	0.71%			
Central MS Medical Center	1,200	10	0.65%			
	<u>61,835</u>		<u>33.56%</u>			

Source: MetroJackson Chamber of Commerce 2009

Note: Data for 2000 is currently not available.

City of Jackson
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years

Function	<u>Full-time Equivalent Employees by Function</u>									
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
General government	219	255	250	300	304.5	299.5	311	304	379	384
Public safety										
Police										
Officers	-	500	425	468	490	490	458	429	429	416
Civilians	-	299	291	174	284	284	296	296	296	321
Fire										
Firefighters and officers	354	362	351	356	353	631	376	367	394	384
Civilians	11	11	7	8	12	11	13	13	18	18
Public works	466	606	552	625	645	606	608	648	673	687
Culture and Recreation	319	218	381	424	436.5	452.5	465	454	530	565.5
Planning and Development	91	70	80	77	88	90	96	101	101	102.5
Total	1460	2321	2337	2432	2613	2864	2623	2612	2820	2878

Source: City of Jackson Budget Office.
(1) The dashes indicate data that is not available.

**City of Jackson
Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Police										
Parking violations	11,076	13,223	14,832	20,490	25,994	24,970	27,937	22,092	30,586	38,438
Traffic violations	47,146	38,429	25,314	30,061	36,837	47,324	48,587	41,682	37,945	36,369
Fire										
Number of calls answered	11,577	7,644	7,342	12,259	12,856	12,602	12,823	-	-	-
Inspections (3)	4,510	3,241	4,500	4,086	4,626	3,727	4,229	5,518	-	-
Highways and streets										
Street resurfacing (miles)	68.3	8.3	5.6	7.1	5.9	9.5	16.0	6.3	13.3	19.8
Potholes repaired (2)	3,619	4,154	3,626	4,011	5,014	5,724	2,194	-	-	-
Sanitation										
Refuse collected (tons/day)	5,058	5,848	2,398.4	1,447.8	1,420.7	3,612.3	3,401.0	4,233.3	2,343.0	1,459.3
Recyclables collected (tons/day)(1)	80.16	109.88	90.77	99.68	85.95	-	-	-	-	-
Culture and recreation										
Community center admissions (3)	90	34	101	95	115	168	-	-	-	-
Water										
New connections	670	334	530	602	399	501	517	515	594	592
Average daily consumption (thousands of gallons) (3)	-	21,080	21,530	20,630	21,160	21,250	23,700	24,120	25,290	-
Wastewater										
Average daily sewage treatment (thousands of gallons)	-	44,650	42,100	47,200	46,100	52,400	45,600	43,900	37,300	38,400

Source: Various City of Jackson departments.

(1) The City of Jackson Sanitation Division implemented their recycling program in March 2005.

(2) The City of Jackson Streets Division implemented a new system of reporting potholes. Therefore data for fiscal years 1999-2002 is not available.

(3) The dashes indicate data that is not available.

City of Jackson
Capital Asset Statistics by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Public safety										
Police stations	6	5	5	5	5	5	5	5	5	5
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,431	1,428	1,428	1,428	1,428	1,428	1,435	1,435	1,435	1,425
Traffic signals	334	333	333	332	332	332	-	-	-	-
Culture and recreation										
Parks	54	54	54	54	54	54	54	54	54	52
Swimming pools	9	9	9	9	9	9	9	9	9	9
Tennis courts	61	61	61	61	61	61	61	61	61	61
Community centers	10	10	10	10	10	10	10	10	10	10
Water										
Water mains (miles)	-	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,214	1,214
Fire hydrants	-	7,500	7,500	7,500	-	-	-	-	-	-
Maximum daily capacity (thousands of gallons)	-	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000
Sewer										
Sanitary sewers (miles)	-	911	911	909	909	909	909	909	906	906
Storms sewers (miles)	-	460	460	460	460	460	460	460	450	450

Source: Various City of Jackson departments.
(1) The dashes indicate data that is not available.

SINGLE AUDIT

**CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIALS
SEPTEMBER 30, 2009**

1) Company: Bryson Insurance Agency
Limits of liability: Honesty Blanket
Position Bond Coverage

Position	Coverage per each	Term of bond
All employees except City Council (7)	\$100,000	03/28/08 - 03/28/09
Mayor, City Administrative Officer, Director of Administration, Chief of Police, Deputy Chief of Police, City Clerk, Deputy Clerk (8)		03/28/09 - 03/28/10

2) Company: Porter's Insurance Agency
Bryson Insurance Agency
Boyles Moak Brickell Marchetti
Statewide General Insurance

Limits of liability: Surety Bond coverage as follows:

Position	Coverage per each	Term of bond
City Council (7)	\$100,000	07/04/08 - 07/04/09 07/04/09 - 07/04/10
Mayor	\$100,000	07/04/08 - 07/04/09 07/04/09 - 07/04/10
City Administrative Officer	\$50,000	07/04/08 - 07/04/09 07/04/09 - 07/04/10
City Clerk	\$50,000	05/01/08 - 05/01/09 05/01/09 - 05/01/10
Director of Administration	\$50,000	08/14/08 - 08/14/09 08/14/09 - 08/14/10
Chief of Police	\$50,000	07/05/08 - 07/05/09 07/05/09 - 07/05/10
Deputy Chief of Police	\$25,000	04/01/08 - 04/01/09 04/01/09 - 04/01/10
Deputy Clerk (6)	\$50,000	04/01/08 - 04/01/09 04/01/09 - 04/01/10
Deputy Clerk	\$50,000	08/22/08 - 08/22/09 08/22/09 - 08/22/10
Deputy Clerk	\$50,000	02/01/08 - 02/01/09 02/01/09 - 02/01/10



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

**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 Harvey Johnson, Jr.
and Honorable Members of the City Council
Jackson, Mississippi

We have audited 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 City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2009, which collectively comprise the City of Jackson, Mississippi's basic financial statements and have issued our report thereon dated July 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Jackson, Mississippi's internal control over financial reporting as a basis for designing our auditing procedures 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 of Jackson, Mississippi's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Jackson, Mississippi's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 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 2009-1 and 2009-2 in the schedule of findings and questioned costs to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jackson, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Jackson, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit City of Jackson, Mississippi's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the Mayor, City Council, and management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Burns, Riley, White & Co.
July 30, 2010



**BANKS, FINLEY,
WHITE & CO.**

CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS**

To the Honorable Mayor Harvey Johnson, Jr., and
Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2009, and have issued our report thereon dated July 30, 2010. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the basic financial statements disclosed material instances of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

1. Finding

The City of Jackson did not obtain surety bond coverage for deputy city clerk positions and deputy police chief positions as required by the state statute.

Recommendation

The City should comply with Section 21-15-23, Miss. Code Ann. (1972) and Section 45-5-9, Miss. Code Ann. (1972) which requires that surety bond coverage be maintained in an amount that meets state legal requirements for key personnel positions.

City of Jackson, Mississippi's Response

Administrative changes occurring during the fiscal year coupled with the procurement process delayed the acquisition of the surety bonds. The City will implement procedures that will provide timely administrative changes to the personnel responsible for securing surety bonds for city employees.

This report is intended solely for the information of the Mayor, City Council, management others within the organization, Office of the State Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.
July 30, 2010

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
U.S. Department of Health and Human Services			
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers (Central MS Planning and Development District - Pass Through)			
Title III-B Outreach	93.044	377-J-25	10,000
Title III-B Transportation	93.044	377-J-25	11,777
SUBTOTAL CFDA NUMBER 93.044			<u>21,777</u>
Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through)			
Congregate Nutrition Program (Non-cash)	93.045	378-J-25	69,738
Congregate Nutrition Program -ARRA (Non-cash)	93.707	378-J-25A	24,670
SUBTOTAL CFDA NUMBER 93.045			<u>94,408</u>
(State of MS Office of Child Nutrition - Pass Through)			
Child Care Development Block Grant	93.575	625Q681A	63,384
Child Care Development Block Grant	93.575	625Q691A	860,727
SUBTOTAL CFDA NUMBER 93.575			<u>924,111</u>
(Mississippi Development Authority - Pass Through)			
Urban Enterprise Grant	93.585	EZ03-EZ/EC-URBAN	104,988
SUBTOTAL CFDA NUMBER 93.585			<u>104,988</u>
Title XX-Social Services Block Grant (Central MS Planning and Development District - Pass Through)			
Transportation	93.667	396-C-25	80,223
Home Delivered Meals (Non-cash)	93.667	396-C-25	151,622
SUBTOTAL CFDA NUMBER 93.667			<u>231,845</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>1,377,129</u>
U.S. Department of Housing and Urban Development			
Community Development Block Grant	14.218	B-06-MC-28-0003	261,982
Community Development Block Grant	14.218	B-07-MC-28-0003	2,579,124
Community Development Block Grant	14.218	B-08-MC-28-0003	1,149,814
SUBTOTAL CFDA NUMBER 14.218			<u>3,990,920</u>
Community Development Block Grant/States Program and Non Entitlement Grants	14.228	R-103-221-01-KED	10,000
SUBTOTAL CFDA NUMBER 14.228			<u>10,000</u>
Emergency Shelter Grants Program	14.231	S-05-MC-28-0002	3
Emergency Shelter Grants Program	14.231	S-07-MC-28-0002	58,828
Emergency Shelter Grants Program	14.231	S-08-MC-28-0002	71,859
SUBTOTAL CFDA NUMBER 14.231			<u>130,690</u>
HOME Investment Partnership Program	14.239	M-01-MC-28-0200	95,000
HOME Investment Partnership Program	14.239	M-02-MC-28-0200	12,788
HOME Investment Partnership Program	14.239	M-03-MC-28-0200	0
HOME Investment Partnership Program	14.239	M-04-MC-28-0200	0
HOME Investment Partnership Program	14.239	M-05-MC-28-0200	0
HOME Investment Partnership Program	14.239	M-06-MC-28-0200	861,635
HOME Investment Partnership Program	14.239	M-08-MC-28-0200	58,593
SUBTOTAL CFDA NUMBER 14.239			<u>1,028,016</u>
Neighborhood Stabilization Program	14.256	B-08-MN-28-0001	30,131
SUBTOTAL CFDA NUMBER 14.241			<u>30,131</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H07-07-F001	677,811
Housing Opportunities for Persons with AIDS	14.241	MS-H08-08-F001	238,526
SUBTOTAL CFDA NUMBER 14.241			<u>916,337</u>
Brownfields Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-02-SP-MS-0352	36,990
Brownfields Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-03-SP-MS-0402	760
SUBTOTAL CFDA NUMBER 14.251			<u>37,750</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>6,143,844</u>

The accompanying notes are an integral part of this schedule. See auditor's report on supplementary schedules.

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
U.S. Department of Justice			
(Mississippi Department of Public Safety - Pass Through)			
Juvenile Accountability Incentive Block Grant	16.523	04JB2191	\$ 29,898
Juvenile Accountability Incentive Block Grant	16.523	05JB2191	36,082
SUBTOTAL CFDA NUMBER 16.523			65,980
Direct Programs:			
Community Capacity Development Office	16.595	07-WS-Q7-0063	61,659
Community Capacity Development Office	16.595	08-WS-QX-0150	78,313
SUBTOTAL CFDA NUMBER 16.595			139,972
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.753	2005DDBX1170	1,395,517
SUBTOTAL CFDA NUMBER 16.753			1,395,517
Congressionally Recommended Awards	16.580	2006RGCX0017	784,625
SUBTOTAL CFDA NUMBER 16.580			784,625
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005DJBX0981	25,913
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007DJBX0570	127,085
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008DJBX0627	19,239
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009DJBX1159	2,159
SUBTOTAL CFDA NUMBER 16.738			174,396
Public Safety Partnership & Community Policing Grant	16.710	95ULWX0025	159,498
SUBTOTAL CFDA NUMBER 16.710			159,498
Developing, Testing And Demonstrating New Programs	16.541	2005-JL-FX-0262	52,721
Developing, Testing And Demonstrating New Programs	16.541	2006-JL-FX-0079	119,110
SUBTOTAL CFDA NUMBER 16.541			171,831
TOTAL U.S. DEPARTMENT OF JUSTICE			2,891,819
U.S. Environmental Protection Agency			
Direct Programs:			
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	BF-96486207	28,063
SUBTOTAL CFDA NUMBER 66.818			28,063
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			28,063
U.S. Office of National Drug Control Policy			
(MS Gulf Coast HIDTA - Pass Through)			
High Intensity Drug Trafficking Area (HIDTA)	07.999	I8PGCP540Z	27,333
High Intensity Drug Trafficking Area (HIDTA)	07.999	I9PGCP540Z	12,732
SUBTOTAL CFDA NUMBER 07.999			40,065
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY			40,065

The accompanying notes are an integral part of this schedule. See auditor's report on supplementary schedules.

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Department of Transportation</u>			
Federal Transit Authority			
Direct Programs:			
Federal Transit Formula Grants	20.507	MS-03-00-12	\$ -
Federal Transit Formula Grants	20.507	MS-03-00-14	137,716
Federal Transit Formula Grants	20.507	MS-90-X0-70	28,783
Federal Transit Formula Grants	20.507	MS-90-X0-72	15,504
Federal Transit Formula Grants	20.507	MS-90-X0-81	1,258,990
SUBTOTAL CFDA NUMBER 20.507			1,440,993
Federal Transit Capital Investment Grants	20.500	MS-03-00-13	-
Federal Transit Capital Investment Grants	20.500	MS-04-00-03	299,956
SUBTOTAL CFDA NUMBER 20.500			299,956
Highway Planning and Construction (Woodrow Wilson)	20.205	NHS-7281-00(001) 105016/701000	313,152
Highway Planning and Construction (West County Line)	20.205	DHP-7305-00(005) 105014/801000	2,355,392
SUBTOTAL CFDA NUMBER 20.205			2,668,544
(Mississippi Department of Transportation-Pass Through) Urban Youth Corps Grant	20.000	STP-9999-00(911) 105590/313000	22,591
SUBTOTAL CFDA NUMBER 20.000			22,591
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			4,432,084
<u>U.S. Department of Labor</u>			
Older Americans Act (Central Mississippi Planning and Development District - Pass Through)			
Senior Community Service Employment Program (Title V)	17.235	398-G-25	37,521
(Senior Service America, Inc. - Pass Through)			
Senior Community Service Employment Program (Title V)	17.235	AD-16177-07-60-A-24	499,035
Senior Community Service Employment Program (Title V)	17.235	AD-18755-09-60-A-24	151,238
Senior Community Service Employment Program (ARRA)	17.235	AD-18413-09-60-A-24	33,340
SUBTOTAL CFDA NUMBER 17.235			721,134
TOTAL U.S. DEPARTMENT OF LABOR			721,134
<u>U.S. Department of Agriculture</u>			
Direct Program:			
(Natural Resource Conservation Service - Pass Through)			
Conservation Technical Assistance Grant	10.000	68-4423-08-1362/06-1631	483,779
SUBTOTAL CFDA NUMBER 10.000			483,779
Food and Nutrition Service (MS Department of Education - Pass Through)			
Child and Adult Care Food Program	10.558	V0000718080	275,013
SUBTOTAL CFDA NUMBER 10.558			275,013
Summer Food Service Program for Children	10.559	V0000718080	53,181
SUBTOTAL CFDA NUMBER 10.559			53,181
(Central Mississippi Planning and Development District - Pass Through)			
Commodity Supplemental Food Program	10.565	378-J-25	21,101
Commodity Supplemental Food Program-ARRA	10.565	378-J-25A	7,775
Commodity Supplemental Food Program	10.565	396-C-25	38,532
SUBTOTAL CFDA NUMBER 10.565			67,408
TOTAL U.S. DEPARTMENT OF AGRICULTURE			879,381

The accompanying notes are an integral part of this schedule. See auditor's report on supplementary schedules.

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
U.S. Department of Homeland Security			
Mississippi Department of Public Safety (Pass-Through)			
Homeland Security Grant Program	97.067	05MM225	79,372
Homeland Security Grant Program	97.067	06MM225	226,362
Homeland Security Grant Program	97.067	07MM221	15,735
Homeland Security Grant Program	97.067	07HS221	58,053
Homeland Security Grant Program	97.067	07LE221	38,641
Homeland Security Grant Program	97.067	06CC221	12,213
SUBTOTAL CFDA NUMBER 97.067			430,376
Mississippi Emergency Management Agency (Pass-Through)			
Disaster Grants - Public Assistance	97.036	FEMA-1604-DR-MS	179,935
Mississippi Emergency Management Agency (Pass-Through)			
Disaster Grants - Public Assistance	97.036	FEMA-1764-DR-MS	152,135
SUBTOTAL CFDA NUMBER 97.036			332,070
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			762,446
Mississippi Commission for Volunteer Service			
AMERICORPS			
AMERICORPS	94.006	06AC059003	170,691
AMERICORPS	94.006	09AC094696	12,415
SUBTOTAL CFDA NUMBER 94.006			183,106
TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE			183,106
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 17,459,071
The accompanying notes are an integral part of this schedule. See auditor's report on supplementary schedules.			
State of MS Commission on Environmental Quality			
(Department of Environmental Quality)			
The City of Jackson has the following loans payable to the Department of Environmental Quality at September 30, 2009 which were used for sewer improvements and to construct pollution control facilities.			
Capitalization Grants for Clean Water State Revolving Funds 4% note dated September 30, 1992	66.458	SRF-C280785-01-0	\$ 2,239,986
Capitalization Grants for Clean Water State Revolving Funds 4.5% note dated January 30, 1995	66.458	SRF-C280785-02-1	760,674
Capitalization Grants for Clean Water State Revolving Funds 1.75% note dated July 1, 2003	66.458	SRF-C280886-01-1	1,624,774
Capitalization Grants for Clean Water State Revolving Funds 3.0% note dated June 1, 2003	66.458	SRF-C280785-04-2	4,123,294
Capitalization Grants for Clean Water State Revolving Funds 4.5% note dated September 30, 1994 as amended March 1996	66.458	SRF-C280785-03-1	1,257,560
Capitalization Grants for Clean Water State Revolving Funds 3.75% note dated September 1, 1999	66.458	SRF-C280838-01-1	4,113,968
Capitalization Grants for Clean Water State Revolving Funds 2.50% note dated January 30, 2008	66.458	SRF-C280738-01-1	2,876,102
TOTAL DEPARTMENT OF ENVIRONMENTAL QUALITY			\$ 16,996,358

City of Jackson
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2009

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
U.S. Department of Housing and Urban Development			
<p>The City of Jackson has the following loans payable to the U.S. Department of Housing and Urban Development at September 30, 2009. The funds were used to stimulate renewal and economic development activities in the Capital Center Development Area</p>			
Community Development Block Grant - Section 108 Loan Guarantees variable/fixed rate note dated September 15, 2008	14.248	B-07-MC-28-0003	\$ 6,999,930
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>\$ 6,999,930</u>

CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2009

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant Activity of the City of Jackson and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE 2 - CONTINGENCY

The City has responsibility for expending grant funds in accordance with specific instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the City.

Any unexpended grant funds at the end of the grant period may be refundable or carried over to the following period at the discretion of the funding sources. Notwithstanding the audits by independent certified public accountants, all costs included in this report remain subject to audit by the agencies providing financial support within the limits of the Single Audit Act of 1996, as amended. The determination as to whether costs will be allowable or unallowable under the grants will be made by representatives of the funding sources having authority to make and enforce contracts.

NOTE 3 - SUB-RECIPIENTS

Of the federal expenditures presented in the schedule, the City of Jackson provided federal awards to sub recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant – Entitlement Grants	14.218	\$ 544,377
Home Investment Partnership Program	14.239	851,433
Emergency Shelter Grant Program	14.231	130,686
Housing Opportunities for Persons With Aids	14.241	907,799
Urban Enterprise Grant	93.585	<u>104,988</u>
Total		<u>\$ 2,539,283</u>



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of The City Council
Jackson, Mississippi

Compliance

We have audited the compliance of the City of Jackson, Mississippi (the City), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. City of Jackson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jackson, Mississippi's management. Our responsibility is to express an opinion on the City of Jackson, Mississippi's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jackson, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Jackson, Mississippi's compliance with those requirements.

As described in item(s) 2009-4 through 2009-13 in the accompanying schedule of findings and questioned costs, City of Jackson, Mississippi did not comply with requirements regarding Reporting, Eligibility, Procurement & Suspension & Debarment, Sub Recipient Monitoring and Special Tests and Provisions, that are applicable to its Section 108 Loan Guarantee Program, Community Development Block Grant, Home Investment Partnership Program, Federal Transit Formula Grant and Senior Community Service Employment Program. Compliance with such requirements is necessary, in our opinion, for City of Jackson, Mississippi to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Jackson, Mississippi complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The Management of the City of Jackson, Mississippi is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Jackson, Mississippi's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Jackson, Mississippi's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-13 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2009-3 through 2009-12 to be significant deficiencies.

City of Jackson, Mississippi's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit City of Jackson, Mississippi's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information of the Mayor, City Council, and management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co
July 30, 2010

CITY OF JACKSON, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2009

Section 1: Summary of Auditor's Results

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the basic financial statements. | Unqualified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |

Federal Awards:

- | | | |
|----|---|-----------|
| 4. | Type of auditor's report issued on compliance with major federal programs | Qualified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 6. | Any audit findings reported as required by Section __.510(a) of OMB Circular A-133? | Yes |
| 7. | Federal programs identified as major programs: | |

CFDA #14.218 U. S. Department of Housing and Urban Development
 Community Development Block Grant

CFDA #14.239 U. S. Department of Housing and Urban Development
 Home Investment Partnership Program

CFDA #14.241 U. S. Department of Housing and Urban Development
 Housing Opportunities for Persons with AIDS

CFDA #14.248 U. S. Department of Housing and Urban Development
 Section 108 Loan Guarantees

CFDA #16.580 U. S. Department of Justice
 Congressionally Recommended Awards

CFDA #16.753 U. S. Department of Justice
 Edward Byrne Memorial State and Local Law Enforcement
 Assistance Discretionary Grants Program

CFDA #17.235 U.S. Department of Labor
Senior Community Service Employment Program
Senior Community Service Employment Program (ARRA)

CFDA #20.507 U. S. Department of Transportation
Federal Transit Formula Grant

CFDA #20.205 U. S. Department of Transportation
Highway Planning And Construction

CFDA #66.458 U. S. Environmental Protection Agency – Office of Water
Capitalization Grants for Clean Water State Revolving Funds

CFDA #93.575 U. S. Department of Health and Human Services
Child Care Development Fund

8. The dollar threshold used to distinguish between type A and type B programs: \$523,772
9. The City of Jackson did not qualify as a low-risk auditee.

Section 2: Findings Relating to the Financial Statements Audit

MAINTAINING FIXED ASSET RECORDS

2009-1

Statement of Condition

Fixed assets are being maintained on two different systems, with some assets being reported on both systems.

The City's process for review and closing of CIP is not adequately defined.

Based upon our review of depreciation schedules provided to us by a third party vendor, we found that some asset depreciation amounts were computed incorrectly.

Cause of Condition

The City has not provided for a single computerized system designed to accumulate asset cost and calculate depreciation expense. Additionally, there is no adequate process in place to systematically provide for the review and closing of CIP in an adequate manner.

Effect of Condition

The financial statements might be materially misstated and the errors would not be detected by management.

Criteria

The city is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in capital assets.

Auditor's Recommendation

The City should convert to a single computerized capital asset system. This will eliminate a significant amount of manual record keeping duties, make operations more efficient and provide more accurate information with which to make business decisions regarding fixed assets. Further, the City should formalize the review and closing process for CIP to ensure projects are handled properly once completed.

WATER/SEWER ACCOUNTS RECEIVABLE

2009-2

Statement of Condition

The allowance for doubtful accounts calculation is based on inaccurate information for water and sewer accounts. The reports utilized in the calculation include credit balances for former customers that have received their final bill. These credit balances are included in current receivables which result in lower aging amounts due to the net effect of the former customer credits. Additionally, the City's estimate of the allowance for doubtful accounts does not consider historical collections based on the various aging categories.

Cause of Condition

The City has not designed internal control procedures for appropriate review and reconciliation of accounts receivable.

Effect of Condition

The financial statements might be materially misstated and the errors would not be detected by management.

Criteria

The city is responsible for establishing and maintaining effective internal control over financial reporting. Internal controls should allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements in accounts receivable.

Auditor's Recommendation

The City should consider historical collections for the various receivable aging categories when determining uncollectible allowances. Additionally, credit balances of former customers should be removed from accounts receivable and be reflected as a liability of the City to help prevent inaccurate allowance determinations.

Section 3: Major Federal Awards Program Findings and Questioned Costs

Finding 2009-03 – SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA#: Home Investment Partnership Program/ 14.239

Statement of Condition

During the special test of Maximum Per Unit Subsidy, we noted that the City did not have a policy in place to calculate the after rehabilitation value of homes that were rehabilitated.

Cause of Condition

Code inspectors relied on the average square foot rate used by general contractors.

Effect of Condition

The after rehabilitation value exceeded HOME guidelines.

Criteria

The OMB Circular A-133 compliance supplement states that “The per unit investment of HOME funds may not exceed the Federal Housing Administration (FHA) mortgage limits in Subsection 221 (d)(3) of the National Housing Act, including any area-wide high cost exceptions approved by HUD”.

Auditor’s Recommendation

The City should immediately adopt a policy which establishes limits on the after rehabilitation value of projects utilizing HOME funds. This policy should ensure that HOME subsidies begin provided are not more than necessary to provide affordable housing and are properly supported.

Finding 2009-04 - MONITORING

Grant Program/CFDA#: Section 108 Loan Guarantee Program/14.248

Statement of Condition

The City does not have a formal monitoring process in place to ensure adherence to the “Special Loan Conditions and Additional Covenants” stipulated for the third-party borrower of the Section 108 Loan Guarantee Program.

Cause of Condition

The City did not provide proper oversight of the ongoing requirements and responsibilities of the third-party borrower.

Effect of Condition

Required reports and financial information were submitted late by the third party borrower.

Criteria

The "Special Loan Conditions and Additional Covenants" included in section 4 and section 5 of the loan agreement between the City and the Third Party.

Auditor's Recommendation

The City of Jackson should immediately develop a monitoring system for the Section 108 Loan Guarantee Program that ensures that the Third Party borrower adheres to the Special Loan Conditions and Additional Covenants that are included and were agreed to in the Loan Agreement.

Finding 2009-05 – SUSPENSION AND DEBARMENT

Grant Program/CFDA#: Federal Transit Formula Grant/ 20.507

Statement of Condition

During the suspension and debarment testing, we noted that the City entered into a contract with a contractor for the amount of \$311,184 in which no documentation was maintained to support the fact that the contractor had not been suspended or debarred or otherwise excluded from receiving the contract.

Cause of Condition

Failure to document that a search was performed to ascertain that the contractor was not suspended or debarred.

Effect of Condition

Non-compliance with grant requirements.

Criteria

The OMB Circular A-133 Compliance Supplement states that entities are prohibited from contracting with or making sub-awards under covered transactions involving federal funds to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all non-procurement transactions (e.g., sub-awards to sub recipients).

Auditor's Recommendation

We recommend that the City strengthen internal administrative controls as it relates to the testing for suspension and debarment on contracts involving federal funds by requiring the retention of documentation verifying that a search for suspension and debarment was performed.

Finding 2009-06 – REPORTING

Grant Program/CFDA#: Senior Community Service Employment Program/ 17.235

Statement of Condition

During our testing of the Senior Service Program Monthly Financial Reports for timely submission to the grantor, we noted five (5) instances in which the Monthly Report of Costs and the Monthly Non-Federal Report of Costs were not submitted within thirty (30) days after the reporting month.

Cause of Condition

Internal administrative controls have not been implemented to ensure that monthly financial reports are submitted in a timely manner to the funding source.

Effect of Condition

Failure to submit monthly reports in a timely manner.

Criteria

Pursuant to the requirements of OMB Circular A-133 Part III Subpart C – Auditees, paragraph.300, which states that applicants will establish and maintain internal control over Federal Programs that provide reasonable assurances that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal Programs. In addition, Senior Service America, Inc. policies and procedures manual requires Monthly Reports of Cost and Monthly Non-Federal Reports of Costs to be submitted within 30 days of the reported month.

Auditor's Recommendation

We recommend that the City adhere to the grantor's reporting requirements regarding the submission of the Monthly Report of Costs and Monthly Non-Federal Report of Costs within thirty (30) days after the reporting month for all federal award programs.

Finding 2009-07 – ELIGIBILITY

Grant Program/CFDA#: Senior Community Service Employment Program/ 17.235

Statement of Condition

During our testing of eligibility for the Senior Service Program, we noted four (4) instances in which the calculation of income by the City for determining eligibility of Senior Aide Enrollees was incorrect.

Cause of Condition

Lack of compliance with the established policies and procedures of Senior Service of America for determining enrollee eligibility.

Effect of Condition

The income calculation for four (4) enrollees was calculated incorrectly.

Criteria

Senior Service America, Inc. policies and procedures manual.

Auditor's Recommendation

We recommend that the City adhere to Senior Service America's policies and procedures by ensuring the criteria for age and income is met by all applicants for participation in the program. In addition, the City should ensure that the applicant's income is calculated correctly based on the federal poverty guidelines.

Finding 2009-08 – SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA#: Senior Community Service Employment Program/ 17.235

Statement of Condition

According to the City's Senior Service Program contract agreement, the program is required to meet the following programmatic goals:

1. Transition at least 31 of such persons into unsubsidized employment during the program year.
2. Achieve 76% in total number of paid hours of community service
3. Achieve an average of 2.6 most-in-need characteristics per total number of participants served.
4. Achieve entered employment level of 55%
5. Of those entered employment, retain 75%
6. Of those who are retained, achieve \$6,529 in average earnings.

We reviewed program documentation to verify those goals and determined that three (3) of the goals identified above were not met by the Senior Service Program.

Cause of Condition

Progress of the Senior Service Program was not sufficiently monitored to ensure goals of the Program were met in accordance with Senior Service Program requirements.

Effect of Condition

Programmatic goals were not met.

Criteria

Senior Service America, Inc. policies and procedures manual which requires Senior Service Programs to meet certain goals in accordance with their contract agreement.

Auditor's Recommendation

We recommend that the City's Senior Service Program adhere to the requirements as outlined in their contract agreement with Senior Services America, Inc.

Finding 2009-9 – SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA#: Community Development Block Grant/ 14.218

Statement of Condition

During our test of rehabilitated homes under the CDBG Program, we noted the following:

1. One (1) home did not have an environmental review on file
2. Three (3) homes did not have an updated builder's license, contractor's privilege license and contractor's liability insurance on file.

Cause of Condition

Weakness of internal administrative controls in monitoring the process of rehabilitating homes.

Effect of Condition

Required documentation missing from files or not up to date.

Criteria

Pursuant to the requirements of OMB Circular A-133 Part III Subpart C – Auditees, paragraph.300, which states that applicants will establish and maintain internal control over Federal Programs that provide reasonable assurances that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal Programs.

Auditor's Recommendation

The City should strengthen internal administrative control procedures to ensure that environmental reviews, final certification inspections and updated licenses and insurance documents of contractors are maintained on file in accordance with the CDBG/HOME Comprehensive Rehabilitation guidelines and HUD Compliance Requirements.

Finding 2009-10 – SUB RECIPIENT MONITORING

Grant Program/CFDA#: Community Service Block Grant/ 14.218

Statement of Condition

City of Jackson CDBG Sub recipients are required to submit Monthly Status Reports, detailing their progress, within five (5) days after the end of each month.

We tested Monthly Status Reports for ten (10) sub recipients and noted nineteen (19) instances in which reports were not submitted to the City in a timely manner. Also, the test revealed that a date of submission could not be determined from a review of reports submitted by some Sub recipients.

Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

Monthly status reports were not submitted in a timely manner.

Criteria

Pursuant to the requirements of OMB Circular A-133 Part III Subpart C – Auditees, paragraph.300, which states that applicants will establish and maintain internal control over Federal Programs that provide reasonable assurances that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal Programs.

Auditor's Recommendation

The City should strengthen internal administrative control procedures to ensure that sub recipients submit monthly status reports within the prescribed time period and also ensure that all reports submitted clearly indicate the date of submission.

Finding 2009-11 – SUB RECIPIENT MONITORING

Grant Program/CFDA#: Community Service Block Grant/ 14.218

Statement of Condition

City of Jackson CDBG Sub recipients are required to submit Monthly Status Reports, detailing their progress, within five (5) days after the end of each month. In addition, the City is required to monitor the performance of CDBG sub recipients against goals and performance standards and sub recipients are required to submit to the City a copy of their annual audit(s) within 180 days after their fiscal year end (if required).

We tested Monthly Status Reports for ten (10) sub recipients and noted nineteen (19) instances in which reports were not submitted to the City in a timely manner. Also, the test revealed that a date of submission could not be determined from a review of reports submitted by some Sub recipients.

A review of sub recipient monitoring reports and audit reports revealed three (3) instances in which annual audit reports were not submitted within 180 days after the fiscal year end.

Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

Monthly status reports and sub recipient audit reports were not submitted in a timely manner.

Criteria

Pursuant to the requirements of OMB Circular A-133 Part III Subpart C – Auditees, paragraph.300, which states that applicants will establish and maintain internal control over Federal Programs that provide reasonable assurances that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal Programs.

Auditor's Recommendation

The City should strengthen internal administrative control procedures to ensure that sub recipients submit monthly status reports and audit reports within the prescribed time period and also ensure that all reports submitted clearly indicate the date of submission.

Finding 2009-12 – REPORTING

Grant Program/CFDA#: Community Service Block Grant/ 14.218; Home Investment Partnership Program/14.239; Housing Opportunities for Persons with Aids/14.241; Section 108 Loan Guarantee Program/14.248; Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program/16.753; Congressionally Recommended Awards/16.580; Federal Transit Formula Grants/20.507; Highway Planning and Construction/20.205; Senior Community Service Employment Program/17.235; Capitalization Grants for Clean Water State Revolving Funds/66.458

Statement of Condition

The City of Jackson did not ensure that its Single Audit was completed within nine (9) months of its fiscal year end.

Cause of Condition

The City failed to provide for a timely Single Audit.

Effect of Condition

The organization's Single Audit was filed late.

Criteria

OMB Circular A-133 Subpart C- Auditees, section .320 requires that the deadline for submission of audits and the reporting packages to the central clearinghouse is nine (9) months from the organization's fiscal year end.

Auditor's Recommendation

The City should adopt internal administrative controls to ensure that when a Single Audit is required, the proper steps are taken to provide for a timely audit.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2009**

2007-2 FINDING NO. 2 – SECTION 2

Current Status: Not Corrected

2008-1 FINDING NO. 1 – SECTION 2

Current Status: Corrected

2008-2 FINDING NO. 2 – SECTION 2

Current Status: Corrected

2008-3 FINDING NO. 3 – SECTION 2

Current Status: Partially corrected, repeated as finding 2009-1

2008-4 FINDING NO. 4 – SECTION 2

Current Status: Corrected

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2009**

2008-5 FINDING NO. 5 – SECTION 2

Current Status: Not Corrected, repeated as finding 2009-2

2008-6 FINDING NO. 6 – SECTION 2

Current Status: Corrected

2008-7 FINDING NO. 7 – SECTION 2

Current Status: Corrected

2008-8 FINDING NO. 8 – SECTION 2

Current Status: Corrected

2008-9 FINDING NO. 9 – SECTION 3

Current Status: Corrected

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED
YEAR ENDED SEPTEMBER 30, 2009**

2008-10 FINDING NO. 10 – SECTION 3

Current Status: Corrected

2008-11 FINDING NO. 11 – SECTION 3

Current Status: Corrected

2008-12 FINDING NO. 12 – SECTION 3

Current Status: Corrected

2008-13 FINDING NO. 13 – SECTION 3

Current Status: Not corrected, repeated as finding No. 2009-12

2008-14 FINDING NO. 14 – SECTION 3

Current Status: Corrected

2008-15 FINDING NO. 15 – SECTION 3

Current Status: Corrected



CORRECTIVE ACTION PLAN

07/30/2010

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The City of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2009.

Name and address of independent public accounting firm: Banks, Finley, White & Company
308 Highland Park Cove, Ridgeland, MS 39157

Audit period: Year Ended September 30, 2009

The findings from the September 30, 2009 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule, Section 1 of the schedule, Summary of Audit Results, does not include findings and is not addressed.

2. FINDINGS – FINANCIAL STATEMENT AUDIT

Finding No. 2009-1 MAINTAINING FIXED ASSET RECORDS

Recommendation: The City should convert to a single computerized capital asset system. This will eliminate a significant amount of manual record keeping duties, make operations more efficient and provide more accurate information with which to make business decisions regarding fixed assets. Further, the City should formalize the review and closing process for CIP to ensure projects are handled properly once completed.

Action Taken: The City will convert to a single computerized capital asset system which will require the hiring of additional staff. The City's process for review and closing of CIP will involve the contractor confirming the completion of the project as well as the Department of Public Works confirming the completion of the project.

Finding No. 2009-2 WATER/SEWER ACCOUNTS RECEIVABLE

Recommendation: The City should consider historical collections for the various receivable aging categories when determining uncollectible allowances. Additionally, credit balances of former customers should be removed from accounts receivable and be reflected as a liability of the City to help prevent inaccurate allowance determinations.

Action Taken: The City will consider historical collections in determining uncollectible allowances and will adjust credit balances reflected in accounts receivable.

3. FINDINGS – MAJOR FEDERAL AWARDS PROGRAM FINDINGS AND QUESTIONED COSTS

Finding No. 2009-3 SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA #: Home Investment Partnership Program/14.239

Recommendation: The City should immediately adopt a policy which establishes limits on the after rehabilitation value of projects utilizing HOME funds. This policy should ensure that HOME subsidies begin provided are not more than necessary to provide affordable housing and are properly supported.

Action Taken: In the past, it appears that incorrect usage of computing post rehabilitated homes was based on general contractor quotes of average square footage cost of a new home. Having discovered the problem earlier, this office is already in the process of trying to deliver an improved calculation process. We have made contact with Multiple Listing Service (MLS) of Jackson regarding possibly subscribing to that service for the use of their comparable system. Once a MLS comparable is completed for a certain sold property, this would allow us to price the rehabbed home within the category of an average similar home, in similar condition and similar community. Thus, we do not have a definite policy at this time, but are in the process of developing one.

Finding No. 2009-4 MONITORING

Grant Program/CFDA#: Section 108 Loan Guarantee Program/14.248

Recommendation: The City of Jackson should immediately develop a monitoring system for the Section 108 Loan Guarantee Program that ensures that the Third Party borrower adheres to the Special Loan Conditions and Additional Covenants that are included and were agreed to in the Loan Agreement.

Action Taken: The City will develop a monitoring system that will assure that the third party borrower complies, on a timely basis, with all required reports and financial information specified in the “Special Loan Conditions and Additional Covenants”.

Finding No. 2009-5 SUSPENSION AND DEBARMENT

Grant Program/CFDA#: Federal Transit Formula Grant/20.507

Recommendation: We recommend that the City strengthen internal administrative controls as it relates to the testing for suspension and debarment on contracts involving federal funds by requiring the retention of documentation verifying that a search for suspension and debarment was performed.

Action Taken: The City will strengthen its internal administrative controls as it relates to the administration of Federal Transit Administration grants by obtaining adequate training as needed and by maintaining sufficient staff to effectively administer federal grants. The City will require all contractors that receive federal transit funds to certify that they have not been suspended or debarred from receiving the contract. The City will verify that the contractor’s certification is true and correct and will keep the verification on file.

Finding No. 2009-6 REPORTING

Grant Program/CFDA#: Senior Community Service Employment Program/17.235

Recommendation: We recommend that the City adhere to the grantor's reporting requirements regarding the submission of the Monthly Report of Costs and Monthly Non-Federal Report of Costs within thirty (30) days after the reporting month for all federal award programs.

Action Taken: In order to ensure that financial reports are submitted within (30) days after the reporting period, the Microsoft Outlook will be used to alert the City in advance of financial reporting deadlines. If a reporting extension is needed, the City will obtain written approval from the funding agency.

Financial reports were submitted after the deadline pending closeout of the prior grant. The SA1 and SA2 for the outstanding reporting periods were submitted after the prior year grant closeout had been submitted.

Finding No. 2009-7 ELIGIBILITY

Grant Program/CFDA#: Senior Community Service Employment Program/17.235

Recommendation: We recommend that the City adhere to Senior Service America's policies and procedures by ensuring the criteria for age and income is met by all applicants for participation in the program. In addition, the City should ensure that the applicant's income is calculated correctly based on the federal poverty guidelines.

Action Taken: The project office will examine documents more thoroughly to ensure the accuracy of the calculations. The project office attempts to maintain a high standard of processing documentation and adhering closely to the policies and procedures of Senior Service America.

Finding No. 2009-8 SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA#: Senior Community Service Employment Program/17.235

Recommendation: We recommend that the City's Senior Service Program adhere to the requirements as outlined in their contract agreement with Senior Services America, Inc.

Action Taken: During the program year, SSAI placed emphasis on spending as much of project budget as possible. As a result, some of the initial performance goals as stated in the contract agreement were compromised. For example, some participants that may have been placed in unsubsidized employment were retained in order to spend down the remaining budget.

If a new directive from the funding agency reduces City's ability to meet performance measures contained in the contract agreement; the City will notify the funding agency in writing and request assistance.

Finding No. 2009-9 SPECIAL TESTS AND PROVISIONS

Grant Program/CFDA#: Community Development Block Grant/14.218

Recommendation: The City should strengthen internal administrative control procedures to ensure that environmental reviews, final certification inspections and updated licenses and insurance documents of contractors are maintained on file in accordance with the CDBG/HOME Comprehensive Rehabilitation guidelines and HUD Compliance Requirements.

Action Taken: The housing office is in the process of addressing its back-log of environmental reviews to ensure that one is contained in each file. Also, the rehab office recently developed an all inclusive check list to ensure all relative items will be included in each file prior to closeout.

Contractor files are maintained in a separate location, and will be updated annually in the month of August to ensure that they do possess current builder's license, privilege license and liability insurance. Also, per our bid award procedures, the selected contractor will be subject to re-certification of his/her credentials prior to initiating each job. Rehab contractors are also scrutinized by utilization of the debar list.

Finding No. 2009-10 SUB RECIPIENT MONITORING

Grant Program/CFDA#: Community Development Block Grant/14.218

Recommendation: The City should strengthen internal administrative control procedures to ensure that sub recipients submit monthly status reports within the prescribed time period and also ensure that all reports submitted clearly indicate the date of submission.

Action Taken: The City of Jackson's Development Assistance Division of the Office of Housing and Community Development does require all of its subrecipients to submit monthly status reports to ensure compliance with federal regulations. Each subrecipient is also required to submit a copy of its annual audit to the City within 180 days after their fiscal year end. This is a requirement of our office and is not a violation of HUD guidelines or regulations.

The Development Assistance Division has established procedures to require that all monthly status reports be date stamped by the office coordinator or administrative assistant to verify date of submission. All subrecipients' monthly status reports are required to be signed and dated by the executive director of the reporting agency.

The Development Assistance Division has also taken measures to strengthen its internal administrative control procedures by developing a "Sub-recipient Audit Report Tracking Form" which will be used as an additional monitoring tool.

Finding No. 2009-11 SUB RECIPIENT MONITORING

Grant Program/CFDA#: Community Development Block Grant/14.218

Recommendation: The City should strengthen internal administrative control procedures to ensure that sub recipients submit monthly status reports and audit reports within the prescribed time period and also ensure that all reports submitted clearly indicate the date of submission.

Action Taken: The City of Jackson's Development Assistance Division of the Office of Housing and Community Development does require all of its subrecipients to submit monthly status reports to ensure compliance with federal regulations. Each subrecipient is also required to submit a copy of its annual audit to the City within 180 days after their fiscal year end. This is a requirement of our office and is not a violation of HUD guidelines or regulations.

The Development Assistance Division has established procedures to require that all monthly status reports be date stamped by the office coordinator or administrative assistant to verify date of submission. All subrecipients' monthly status reports are required to be signed and dated by the executive director of the reporting agency.

The Development Assistance Division has also taken measures to strengthen its internal administrative control procedures by developing a "Sub-recipient Audit Report Tracking Form" which will be used as an additional monitoring tool.

Finding No. 2009-12 REPORTING

Grant Program/CFDA#: Community Service Block Grant/ 14.218; Home Investment Partnership Program/14.239; Housing Opportunities for Persons with Aids/14.241; Section 108 Loan Guarantee Program/14.248; Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program/16.753; Congressionally Recommended Awards/16.580; Federal Transit Formula Grants/20.507; Highway Planning and Construction/20.205; Senior Community Service Employment Program/17.235; Capitalization Grants for Clean Water State Revolving Funds/66.458

Recommendation: The City should adopt internal administrative controls to ensure that when a Single Audit is required, the proper steps are taken to provide for a timely audit.

Action Taken: The City entered into a new contract with external auditors to prepare the FY 2009 audit. The FY 2008 audit was pending finalization and completion. This caused a delay in commencing the FY 2009 audit. Since both audits are now complete, future year end audits will be completed within the stipulated required period after the City's fiscal year end as required by the audit contract.

If the U. S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-2209.

Sincerely yours,


Lee Unger,
Director of Administration

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