



# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For The Year Ended September 30, 2008**

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

**CITY OF JACKSON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

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**May 12, 2010**

**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, 2008 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 BKD, LLP CPA's for the year ended September 30, 2008. The Independent Accountants' 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 1984 regarding grants received from the federal government. The Single Audit report was issued by Bruno & Tervalon LLP, CPA's.

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 2008 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 2008 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, a list of principal elected and appointed officials, and the 2007 Certificate of Achievement for Excellence in Financial Reporting which was awarded to the City by the Government Finance Officers Association. 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, Neighborhood Enhancement, Economic Development, Changes in City Government, Quality of Life, and Infrastructure and Transportation were the policy initiatives for FY 2008.

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 seven phase Performance Based Budget process, which closely links 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 7.1 percent with an employed labor force of 232,340. This unemployment rate compares favorably to the state's overall unemployment rate of 8.8 percent. Over the previous years, the unemployment rate has ranged from a high of 8.8 percent to a low of 5.4 percent for 2008.

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 fund balance reserve amounted to 18.1 percent of the adopted General Fund operating revenues for FY 08.

The General fund balance available for future appropriation is \$20,761,185 million, which includes \$8,614,057 million attributable to the City's General Fund reserve policy. An additional \$4,047,182 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 2008 are useful gauges of the City's debt position.

POPULATION:		184,256
BONDED DEBT PER CAPITA:	\$	598
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$	921,947,610
NET BONDED DEBT (G.O):	\$	112,535,000
RATIO OF DEBT TO ASSESSED VALUE:		11.93%

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

**BONDS OUTSTANDING**

Category	Amount Outstanding Sept. 30, 2008	Amount Outstanding Sept. 30, 2007
General Obligation	\$ 112,535	\$ 115,500
Special Obligation Bond – Pension	6,430	12,430
Tax Increment Limited Obligation	2,270	210
<b>Bonded Debt</b>	<b>\$ 121,235</b>	<b>\$ 128,140</b>
Revenue Bonds	161,345	167,670
Urban Renewal Bonds - Component Unit	15,575	28,750
<b>Total</b>	<b>\$ 298,155</b>	<b>\$ 324,560</b>

ENTERPRISE FUND – CHANGES IN NET ASSETS

Net Income (Loss)	2008	2007
Water/Sewage Disposal Fund	\$ 4,649	\$ 11,198
Madison Sewage Disposal Fund	(11)	(11)
Transportation Fund	(534)	340
Sanitation and Recycling Fund	1,866	935
<b>Total Net Income</b>	<b>\$ 5,970</b>	<b>\$ 12,462</b>

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 11.85% and 7.25% of covered payroll, respectively. The contribution by the employer was raised by statute to 11.85%, effective July 2008.

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 2008 for all funds totaled \$5,380,244.

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, 2008, the required amounts were funded. Claims totaled \$104,565 during fiscal year 2008. Worker's Compensation benefits in the amount of \$1,764,859 were paid to employees during fiscal year 2008.

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 \$7,391,112 and employee benefit costs were \$11,503,298 during fiscal year 2008. The City's General fund appropriated \$3,814,710 to the Employees' Group Benefit fund.

## **FINANCIAL POLICIES**

There are several distinct policies that provide that 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**

In January 2009, the City will issue \$26.2 million in Street Resurfacing Bonds.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson, Mississippi, for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the twenty-sixth consecutive year that the City of Jackson has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

## **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,

A handwritten signature in black ink, appearing to read "Rick Hill". The signature is stylized and cursive, with the first name "Rick" and last name "Hill" clearly visible.

Rick Hill, Director  
Department of Administration

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson  
Mississippi

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "M. L. Post".

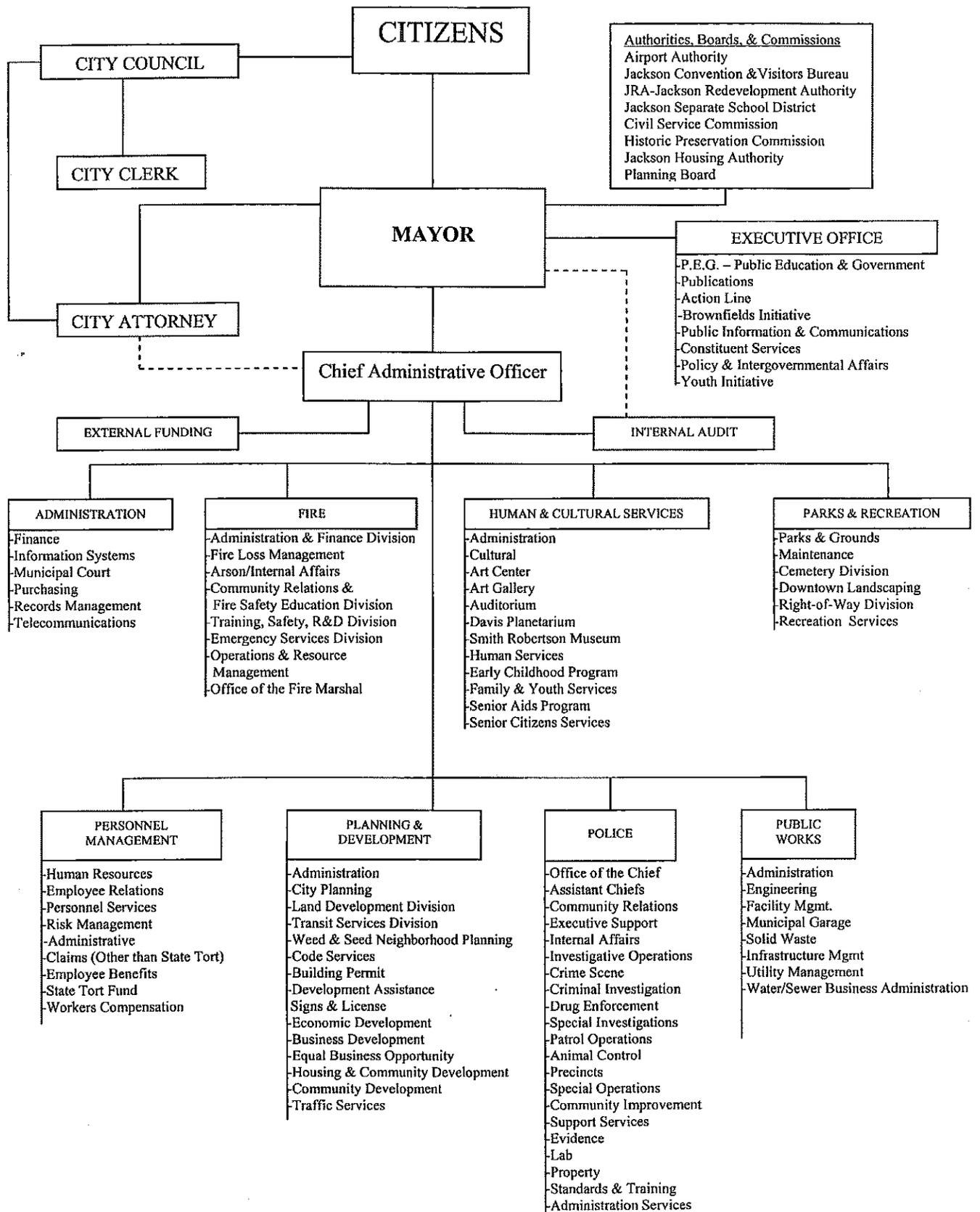
President

A handwritten signature in black ink, appearing to read "Jeffrey R. Enser".

Executive Director



# CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON  
MAYOR, CITY COUNCIL AND CITY OFFICIALS  
SEPTEMBER 30, 2008**

**EXECUTIVE**

Frank E. Melton  
MAYOR

**LEGISLATIVE**

**CITY COUNCIL**

Jeff Weill, Sr.  
Ward 1

Leslie McLemore  
Ward 2  
President of Council

Kenneth I. Stokes  
Ward 3

Frank Bluntson  
Ward 4

Charles Tillman  
Ward 5  
Vice-President of Council

Marshand K. Crisler  
Ward 6

Margaret C. Barrett-Simon  
Ward 7

**EXECUTIVE BRANCH**

Marcus Ward  
Chief of Staff

Robert Walker  
Chief Administrative Officer

Cedric Morgan  
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  
City Attorney

Malcolm McMillan  
Vernon Hughes  
Thelman Boyd  
Nina Holbrook  
Michael Raff  
A. C. Jimerson  
Denise McKay  
Rick Hill  
Andy Boone  
Norby Harris  
Sarah O'Reilly-Evans

**FINANCIAL SECTION**

## Independent Accountants' Report on Financial Statements and Supplementary Information

Honorable Mayor  
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 the City of Jackson, Mississippi as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's 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 Jackson Redevelopment Authority, which represents 41% of the total assets, 32% of the total net assets and 11% of total revenues of the aggregate discretely presented component units at September 30, 2008, and for the year then ended. 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 the Jackson Redevelopment Authority, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi as of September 30, 2008, and the respective changes in its financial position and its cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 5 G, the City changed its method of accounting for other postemployment benefit obligations and adopted the provisions of GASB Statement No. 45 in 2008.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2010, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying management's discussion and analysis and required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying introduction section, combining and individual nonmajor fund financial statements and schedules and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introduction, statistical and single audit sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

BKD, LLP

May 12, 2010

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

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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, 2008. 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 \$440 million (*net assets*). Of this amount, there is \$55.1 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 \$31.8 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$56.3 million, a decrease of \$26.4 million in comparison with the prior year. Approximately eighty-nine (89) percent of this total amount is \$50 million (unreserved). \$21 million is available for spending at the government's discretion (*unreserved fund balance*) and \$29 million is available for capital projects.
- At the end of the current fiscal year unreserved fund balance for the general fund was \$21 million, or 23.0 percent of total general fund expenditures.
- The City of Jackson's total debt decreased by \$15.7 million (5.0 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

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**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, and 2006 General Obligation Bond Fund, all of which are considered to be major funds. Data from the other eight (8) 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 14-29 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, which is considered to be a major fund of the City of Jackson. 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 30-34 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 35-36 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 37-79 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 80 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 81-90 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 \$440 million at the close of September 30, 2008.

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.

<b>City of Jackson's Net Assets</b> (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
Current and other assets	\$ 162,867	\$ 183,633	\$ 103,109	\$ 106,301	\$ 265,976	\$ 289,934
Capital assets	265,192	277,216	341,163	339,868	606,355	617,084
Total assets	<u>428,059</u>	<u>460,849</u>	<u>444,272</u>	<u>446,169</u>	<u>872,331</u>	<u>907,018</u>
Long-term liabilities outstanding	156,154	159,187	185,716	192,855	341,870	352,042
Other Liabilities	83,296	75,279	6,836	7,564	90,132	82,843
Total Liabilities	<u>239,450</u>	<u>234,466</u>	<u>192,552</u>	<u>200,419</u>	<u>432,002</u>	<u>434,885</u>
Net assets:						
Invested in capital assets, net of related debt	197,359	207,047	156,309	147,013	353,668	354,060
Restricted	28,617	64,061	3,820	3,765	32,437	67,826
Unrestricted	(37,367)	(44,725)	91,591	94,972	54,224	50,247
Total net assets	<u>\$ 188,609</u>	<u>\$ 226,383</u>	<u>\$ 251,720</u>	<u>\$ 245,750</u>	<u>\$ 440,329</u>	<u>\$ 472,133</u>

The City of Jackson's total net assets decreased by \$32 million during the current fiscal year.

**Governmental activities.** Governmental activities decreased the City of Jackson's net assets by \$38 million.

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

<b>City of Jackson's Changes in Net Assets</b> (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 11,866	\$ 13,042	\$ 59,847	\$ 54,748	\$ 71,713	\$ 67,790
Operating grants and contributions	18,436	12,968	2,365	6,512	20,801	19,480
Capital grants and contributions	7,912	1,770	-	-	7,912	1,770
<b>General revenues:</b>						
Property taxes	65,845	65,037	-	-	65,845	65,037
Sales taxes	37,298	40,453	-	-	37,298	40,453
Franchise taxes	9,062	8,936	-	-	9,062	8,936
Other	3,605	5,469	2,408	4,520	6,013	9,989
<b>Total revenues</b>	<b>154,024</b>	<b>147,675</b>	<b>64,620</b>	<b>65,780</b>	<b>218,644</b>	<b>213,455</b>
<b>Expenses:</b>						
General government	69,721	49,147	-	-	69,721	49,147
Public safety	53,664	62,576	-	-	53,664	62,576
Public works	25,301	15,993	-	-	25,301	15,993
Human and cultural services	14,890	13,067	-	-	14,890	13,067
Employee benefits	1,765	2,180	-	-	1,765	2,180
Interest on long-term debt	5,917	5,647	-	-	5,917	5,647
Water/Sewer	-	-	45,279	39,904	45,279	39,904
Transportation	-	-	7,685	6,852	7,685	6,852
Sanitation	-	-	10,299	10,931	10,299	10,931
<b>Total expenses</b>	<b>171,258</b>	<b>148,610</b>	<b>63,263</b>	<b>57,687</b>	<b>234,521</b>	<b>206,297</b>
Increase in net assets before transfers	(17,234)	(935)	1,357	8,093	(15,877)	7,158
Transfers	(4,613)	(4,369)	4,613	4,369	-	-
<b>Increase in net assets</b>	<b>(21,847)</b>	<b>(5,304)</b>	<b>5,970</b>	<b>12,462</b>	<b>(15,877)</b>	<b>7,158</b>
Net assets - October 1, 2007	226,383	206,092	245,750	233,288	472,133	439,380
Prior period adjustment	(15,927)	25,595	-	-	(15,927)	25,595
<b>Net assets - September 30, 2008</b>	<b>\$ 188,609</b>	<b>\$ 226,383</b>	<b>\$ 251,720</b>	<b>\$ 245,750</b>	<b>\$ 440,329</b>	<b>\$ 472,133</b>

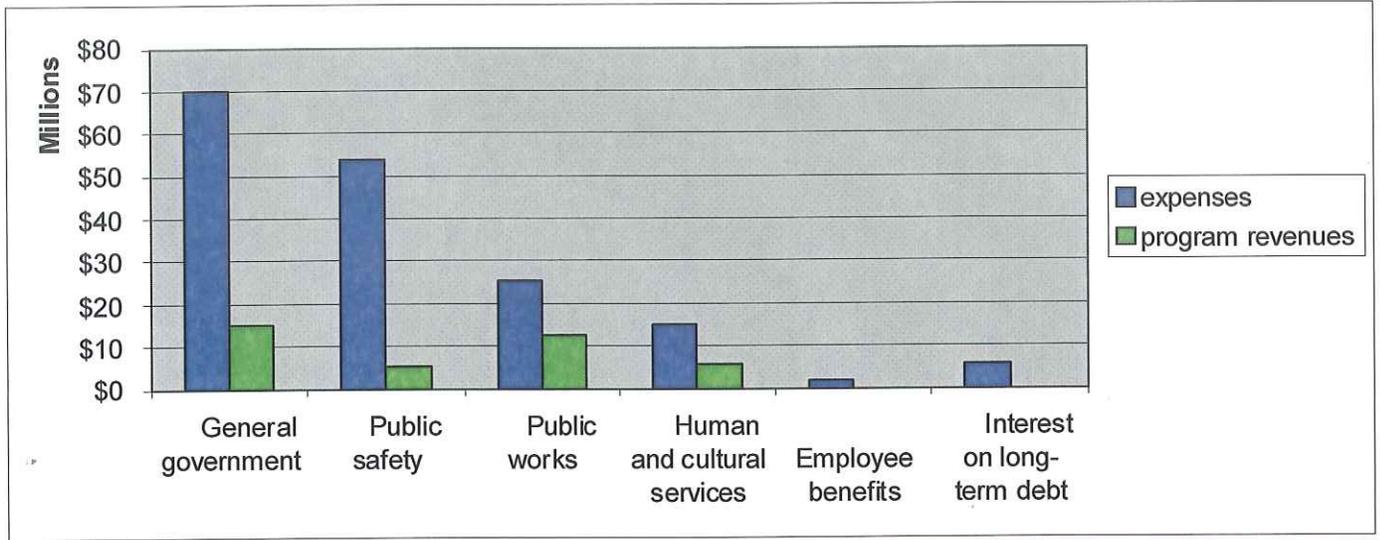
In FY 2007, the City issued \$65 million in General Obligation Bonds on behalf of the Capital City Convention Center Commission to construct the Convention Center. A special sales tax levy was established to pay the debt service for the bonds. The bonds couldn't be issued as revenue bonds because of 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. The issuance of the \$65 million in bonds impacted the governmental funds unrestricted net assets but if the bonds were not issued, the governmental funds unrestricted net assets at September 30, 2008 would have been a positive \$28 million.

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.

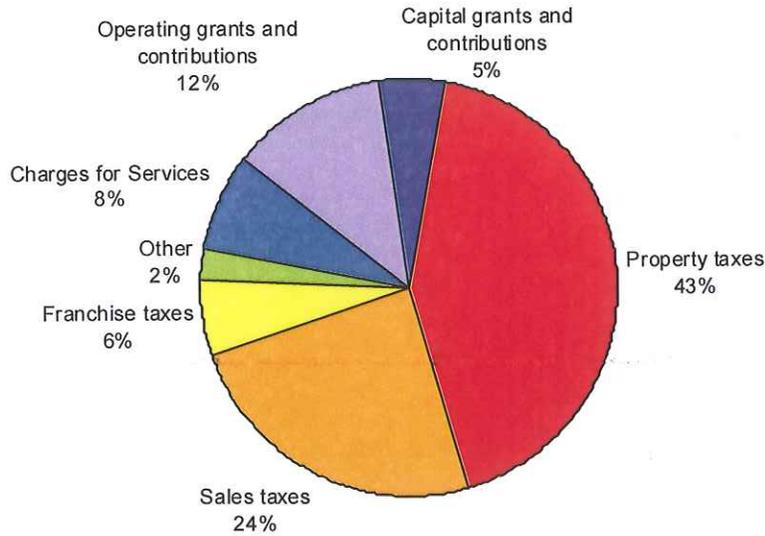
In fiscal year 2008, the City discovered that certain capital assets had been incorrectly recorded in the governmental funds. These accounting errors were corrected in 2008 by a prior period adjustment amounting to \$15.9 million decrease primarily in infrastructure.

**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**

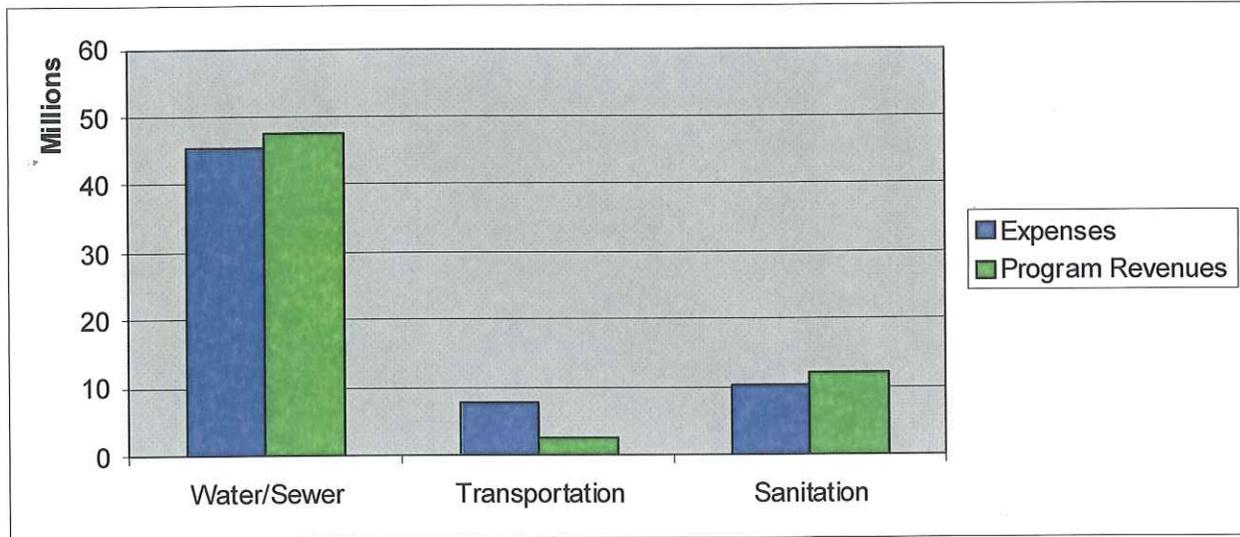
As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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.

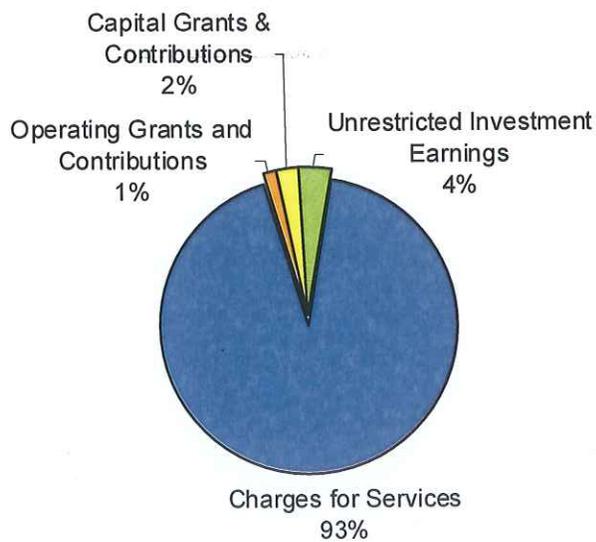
**CITY OF JACKSON, MISSISSIPPI  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Business-type activities.** Business-type activities increased the City of Jackson's net assets by \$6 million. This increase is primarily in the Water Sewer fund due to revenue sources received but not spent on Water Sewer activities as well as the general expenses of the Water Sewer operations being less than anticipated.

**Expenses and Program Revenues—Business—Type Activities**



**Revenues by Source- Business – Type Activities**



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

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As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$56.3 million, a decrease of \$26.4 million in comparison with the prior year. Eighty-nine (89) percent of this total amount is \$50 million of which \$21 million is available for spending at the government's discretion (*unreserved fund balance*) and \$29 million is available for 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 (\$2.4 million), 2) State tort claims (\$2.7 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 \$20.8 million, while total fund balance reached \$24.8 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 23.0 percent of total general fund expenditures, while total fund balance represents 27.3 percent of that same amount.

During the current fiscal year, the fund balance of the City of Jackson's general fund increased by \$9,104,842. The reduction in fund balances for the 1998 GO Bond (\$590,308) and the 2003 GO Bond (\$1,100,662) is the natural spend down of bond proceeds. The reduction in fund balance for the 2006 GO Bond (\$33,489,014) is for the construction of the Capital City Convention Center.

The debt service fund has a total fund balance of \$2.4 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 \$89.7 million. The total growth in net assets for the Water/Sewage Disposal System Fund was \$4.6 million.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were \$5.9 million and can be briefly summarized as follows:

- \$1.5 million increase for Transit appropriation
- \$1.2 million increase in medical insurance claims
- \$1.3 million miscellaneous increases throughout all city departments
- \$0.4 million increase in fuel costs
- \$0.2 million increase in utility costs
- \$0.9 million increase in public works equipment
- \$0.4 million increase in workers compensation claims

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

- Actual personnel services for all city departments were \$8.8 million less than the final budget.
- Actual capital outlay for all city departments was \$1.1 million less than the final budget.
- Actual contractual services throughout all city departments was \$4.6 million less than the final budget.
- Actual miscellaneous charges throughout all city departments was \$0.3 million less than the final budget.

### **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, 2008, amounts to \$606 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and

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

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	
	2008	2007	2008	2007	2008	2007
Land	\$ 14,522	\$ 14,441	\$ 1,838	\$ 1,838	\$ 16,360	\$ 16,279
Building & systems	60,541	50,648	50,429	53,145	110,970	103,793
Machinery and equipment	8,313	13,636	13,240	13,632	21,553	27,268
Infrastructure	131,208	157,935	159,237	168,449	290,445	326,384
Construction in progress	50,608	41,190	116,419	102,314	167,027	143,504
<b>Total</b>	<b>\$ 265,192</b>	<b>\$ 277,850</b>	<b>\$ 341,163</b>	<b>\$ 339,378</b>	<b>\$ 606,355</b>	<b>\$ 617,228</b>

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 54-56 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$283 million. Of this amount, \$121 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	
	2008	2007	2008	2007	2008	2007
General obligation bonds	\$ 112,535	\$ 115,500	\$ -	\$ -	\$ 112,535	\$ 115,500
Revenue bonds	-	-	161,345	167,670	161,345	167,670
Tax increment bonds	2,270	210	-	-	2,270	210
Special obligation bonds	6,430	12,430	-	-	6,430	12,430
Loans, notes and leases	15,154	16,530	20,224	21,273	35,378	37,803
<b>Total</b>	<b>\$ 136,389</b>	<b>\$ 144,670</b>	<b>\$ 181,569</b>	<b>\$ 188,943</b>	<b>\$ 317,958</b>	<b>\$ 333,613</b>

The City of Jackson's total debt decreased by \$15.7 million during the current fiscal year.

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:

	Moody's	Standard & Poor's
Revenue	A1	A
General Obligation Bonds	A1	AA-
Urban Renewal Revenue Bonds	A2	A

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

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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 \$117 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 60-70 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 property taxes which is expected to increase as a result of reappraisal.
- 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 2009 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased \$8.9 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, 2008**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Jackson Redevelopment Authority</u>	<u>Capital City Convention Center Commission</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,814,593	\$ 9,595,260	\$ 57,409,853	\$ 2,880,909	\$ 4,461,738
Investments	6,874,707	10,503,989	17,378,696	-	500,525
Accounts receivable, net	114,265	17,183,452	17,297,717	-	2,685,620
Other receivable	75,044,652	505,898	75,550,550	564,897	221,653
Intergovernmental receivable	8,626,503	2,385,213	11,011,716	-	-
Internal balances	4,031,442	(4,031,442)	-	-	-
Inventories	1,300,583	2,022,484	3,323,067	-	-
Prepaid Expenses	-	-	-	1,741	-
Net pension asset	18,580,412	-	18,580,412	-	-
Restricted assets:					
Cash and cash equivalents	-	37,295,333	37,295,333	97,909	-
Investments	-	25,389,841	25,389,841	-	-
Deferred charges	479,967	2,258,844	2,738,811	109,663	-
Capital assets:					
Land	14,521,418	1,837,999	16,359,417	8,736,316	4,684,747
Buildings	60,540,937	50,429,117	110,970,054	33,584,862	-
Automotive and equipment	8,312,453	13,240,068	21,552,521	-	4,868
Infrastructure	131,208,394	159,236,491	290,444,885	-	-
Construction in Progress	50,608,592	116,419,610	167,028,202	-	53,233,287
<b>Total assets</b>	<b>428,058,918</b>	<b>444,272,157</b>	<b>872,331,075</b>	<b>45,976,297</b>	<b>65,792,438</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts Payable	7,283,953	2,797,404	10,081,357	301,206	2,641,068
Accrued interest payable	609,767	219,022	828,789	164,456	-
Unearned revenue	66,991,857	-	66,991,857	-	-
Liabilities payable from restricted assets	-	3,819,799	3,819,799	52,082	-
Other liabilities	8,410,360	-	8,410,360	22,682	1,230
Noncurrent liabilities:					
Net other postemployment benefits	5,766,360	861,640	6,628,000	-	-
Due within one year	17,288,000	7,381,352	24,669,352	1,465,000	-
Due in more than one year	133,099,511	177,472,848	310,572,359	14,364,377	400,130
<b>Total liabilities</b>	<b>239,449,808</b>	<b>192,552,065</b>	<b>432,001,873</b>	<b>16,369,803</b>	<b>3,042,428</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	197,359,224	156,309,085	353,668,309	26,989,397	57,522,772
Restricted for:					
Debt service	1,751,096	3,819,799	5,570,895	-	-
Capital projects	8,182,211	-	8,182,211	-	-
Other purposes	2,746,599	-	2,746,599	-	-
Capital City Convention Center	15,936,724	-	15,936,724	-	1,151,608
Unrestricted	(37,366,744)	91,591,208	54,224,464	2,617,097	4,075,630
<b>Total net assets</b>	<b>\$ 188,609,110</b>	<b>\$ 251,720,092</b>	<b>\$ 440,329,202</b>	<b>\$ 29,606,494</b>	<b>\$ 62,750,010</b>

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, 2008

Net (Expenses) Revenues and  
Changes in Net Assets

	Program Revenues				Primary Government			Component Unit	
	Operating		Capital		Governmental Activities	Business-type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
	Charges for Services	Grants and Contributions	Grants and Contributions	Grants and Contributions					
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 69,721,095	\$ 4,525,028	\$ 10,538,636	\$ -	\$ (54,657,431)	\$ -	\$ (54,657,431)	\$ -	\$ -
Public safety	53,663,859	3,135,206	1,937,775	-	(48,590,878)	-	(48,590,878)	-	-
Public works	25,300,955	1,393,234	3,071,956	7,912,154	(12,923,611)	-	(12,923,611)	-	-
Human and cultural services	14,889,892	2,812,748	2,887,299	-	(9,189,845)	-	(9,189,845)	-	-
Employee benefits	1,764,859	-	-	-	(1,764,859)	-	(1,764,859)	-	-
Interest on long-term debt	5,917,121	-	-	-	(5,917,121)	-	(5,917,121)	-	-
Total governmental activities	171,257,781	11,866,216	18,435,666	7,912,154	(133,043,745)	-	(133,043,745)	-	-
Business-type activities:									
Water/Sewer	45,279,418	47,468,036	179,975	-	-	2,368,593	2,368,593	-	-
Nonmajor	7,684,734	397,269	480,101	1,533,653	-	(5,273,711)	(5,273,711)	-	-
Sanitation	10,299,044	11,981,522	171,624	-	-	1,854,102	1,854,102	-	-
Total business-type activities	63,263,196	59,846,827	831,700	1,533,653	-	(1,051,016)	(1,051,016)	-	-
Total primary government	\$ 234,520,977	\$ 71,713,043	\$ 19,267,366	\$ 9,445,807	\$ (133,043,745)	\$ (1,051,016)	\$ (134,094,761)	\$ -	\$ -
<b>Component units:</b>									
Jackson Redevelopment Authority	\$ 4,640,042	\$ 2,037,272	\$ 1,353,732	\$ 1,099,299	\$ -	\$ -	\$ -	\$ (149,739)	\$ -
Capital City Convention Center Commission	1,783,957	-	36,948,871	-	-	-	-	-	35,164,914
Total component units	\$ 6,423,999	\$ 2,037,272	\$ 38,302,603	\$ 1,099,299	\$ -	\$ -	\$ -	\$ (149,739)	\$ 35,164,914
General revenues:									
Property taxes					65,844,905		65,844,905		
Sales taxes					37,298,468		37,298,468		1,439,439
Franchise taxes					9,061,756		9,061,756		
Grants and contributions not restricted to specific programs					-		-	53,642	
Unrestricted investment earnings					3,020,441	2,352,005	5,372,446		123,720
Gain on sale of capital assets					478,024	55,901	533,925		
Miscellaneous					106,046	-	106,046		3,153
Transfers					(4,613,028)	4,613,028	-		
Total general revenues and transfers					111,196,612	7,020,934	118,217,546	53,642	1,566,312
Change in net assets					(21,847,133)	5,969,918	(15,877,215)	(96,097)	36,731,226
Net assets - beginning of year as previously reported					226,383,343	245,750,174	472,133,517	29,702,591	26,018,784
Prior period adjustment					(15,927,100)	-	(15,927,100)		
Net assets - beginning of year as adjusted					210,456,243	245,750,174	456,206,417	29,702,591	26,018,784
Net assets - ending					\$ 188,609,110	\$ 251,720,092	\$ 440,329,202	\$ 29,606,494	\$ 62,750,010

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

City of Jackson  
Balance Sheet  
Governmental Funds  
As of September 30, 2008

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>									
Cash and cash equivalents	\$ 19,680,192	\$ 932,327	\$ 2,406,392	\$ 2,784,447	\$ 1,309,711	\$ 5,742,871	\$ 12,239,553	\$ 1,513,792	\$ 46,609,285
Investments	-	-	-	-	-	-	6,874,707	-	6,874,707
Accounts receivable, net	-	-	-	-	-	-	-	111,578	111,578
Other receivable	57,731,541	626	5,929,930	500,000	-	-	-	8,851,904	73,014,001
Intergovernmental receivable	196,380	5,132,991	-	629,625	-	2,667,507	-	-	8,626,503
Special assessment receivable	-	-	163,065	-	-	-	-	-	163,065
Due from other funds	4,231,309	-	-	-	-	-	-	-	4,231,309
Inventories	1,300,583	-	-	-	-	-	-	-	1,300,583
<b>Total assets</b>	<b>\$ 83,140,005</b>	<b>\$ 6,065,944</b>	<b>\$ 8,499,387</b>	<b>\$ 3,914,072</b>	<b>\$ 1,309,711</b>	<b>\$ 8,410,378</b>	<b>\$ 19,114,260</b>	<b>\$ 10,477,274</b>	<b>\$ 140,931,031</b>
<b>LIABILITIES AND FUND BALANCES</b>									
<b>Liabilities:</b>									
Accounts payable	\$ 1,775,932	\$ 515,853	\$ 1,223	\$ 378,982	\$ -	\$ 490,448	\$ 3,177,536	\$ 135,126	\$ 6,475,100
Due to other funds	-	200,000	-	-	-	-	-	-	200,000
Deferred revenue	54,205,615	400,701	6,085,191	-	-	-	-	8,857,567	69,549,074
Other liabilities	2,350,091	4,453,512	52,110	380,984	-	1,161,080	-	12,583	8,410,360
<b>Total liabilities</b>	<b>58,331,638</b>	<b>5,570,066</b>	<b>6,138,524</b>	<b>759,966</b>	<b>-</b>	<b>1,651,528</b>	<b>3,177,536</b>	<b>9,005,276</b>	<b>84,634,534</b>
<b>Fund Balances</b>									
Reserved for:									
Inventories	1,300,583	-	-	-	-	-	-	-	1,300,583
State tort claims	2,746,599	-	-	-	-	-	-	-	2,746,599
Debt service	-	-	2,360,863	-	-	-	-	-	2,360,863
Unreserved, reported in									
General fund	20,761,185	-	-	-	-	-	-	-	20,761,185
Special revenue funds	-	495,878	-	3,154,106	-	-	-	1,358,348	5,008,332
Capital projects funds	-	-	-	-	1,309,711	6,758,850	15,936,724	113,650	24,118,935
<b>Total fund balances</b>	<b>24,808,367</b>	<b>495,878</b>	<b>2,360,863</b>	<b>3,154,106</b>	<b>1,309,711</b>	<b>6,758,850</b>	<b>15,936,724</b>	<b>1,471,998</b>	<b>56,296,497</b>
<b>Total liabilities and fund balances</b>	<b>\$ 83,140,005</b>	<b>\$ 6,065,944</b>	<b>\$ 8,499,387</b>	<b>\$ 3,914,072</b>	<b>\$ 1,309,711</b>	<b>\$ 8,410,378</b>	<b>\$ 19,114,260</b>	<b>\$ 10,477,274</b>	<b>\$ 140,931,031</b>

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, 2008**

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

Total fund balances - governmental funds	\$ 56,296,497
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	265,191,794
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	18,580,412
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	399,142
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements	2,030,785
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements	2,394,152
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	(126,794,001)
Deferred bond issuance costs	479,967
Accrued interest on long-term debt	(609,767)
Capital leases	(13,027,261)
Annual and sick leave	(3,604,555)
Claims payable	(2,728,926)
Workers' Compensation Benefits	(4,232,769)
Net assets of governmental activities	<u>\$ 188,609,110</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, 2008

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>									
General property taxes	\$ 48,768,777	\$ -	\$ 4,988,605	\$ 955,575	\$ -	\$ -	\$ -	\$ 7,989,206	\$ 62,702,163
Licenses and permits	4,198,171	-	-	-	-	-	-	-	4,198,171
Intergovernmental	39,562,269	15,491,786	3,163,710	-	3,616,245	-	-	613,737	62,447,747
Fines and forfeitures	3,602,043	-	-	-	-	-	-	-	3,602,043
Admissions, fees, rentals and concessions	3,166,815	-	-	971	6,926	-	-	281,226	3,455,938
Interest	491,519	10,026	64,711	34,664	38,569	227,882	2,099,768	53,302	3,020,441
Other	12,912,172	252,244	76,252	51,020	-	-	-	38,775	13,330,463
<b>Total revenues</b>	<b>112,701,766</b>	<b>15,754,056</b>	<b>8,293,278</b>	<b>1,042,230</b>	<b>38,569</b>	<b>3,851,053</b>	<b>2,099,768</b>	<b>8,976,246</b>	<b>152,756,966</b>
<b>EXPENDITURES</b>									
Current:									
General government	20,878,133	6,828,902	-	-	-	-	35,588,782	34,113	63,329,930
Public safety	53,066,250	369,478	-	-	-	-	-	136,753	53,572,481
Public works	10,946,777	4,705,277	-	2,764,734	628,877	4,951,715	-	2,304,221	26,301,601
Human and Cultural services	3,726,535	3,722,110	-	-	-	-	-	5,386,096	12,834,741
Employee benefits	1,764,859	-	-	-	-	-	-	-	1,764,859
Miscellaneous	410,332	-	-	-	-	-	-	145,177	555,509
Debt Service:									
Principal	-	-	8,330,000	-	-	-	-	6,000,000	14,330,000
Interest and service charges	-	-	5,600,962	-	-	-	-	818,406	6,419,368
Capital outlay:									
General government	-	24,062	-	-	-	-	-	-	24,062
Public works	-	-	-	1,489	-	-	-	489,356	490,845
Public safety	-	755,567	-	-	-	-	-	79,381	834,948
Human and Cultural services	-	29,480	-	-	-	-	-	-	29,480
Total expenditures	90,792,886	16,434,876	13,930,962	2,766,223	628,877	4,951,715	35,588,782	15,393,503	180,487,824
Excess (deficiency) of revenues over (under) expenditures	21,908,880	(680,820)	(5,637,684)	(1,723,993)	(590,308)	(1,100,662)	(33,489,014)	(6,417,257)	(27,730,858)
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers in	-	834,242	-	1,050,000	-	-	-	4,700,126	6,584,368
Transfers out	(15,012,106)	-	-	-	-	-	-	-	(15,012,106)
Payments to escrow agent	-	-	(124,305)	-	-	-	-	-	(124,305)
Capital leases	2,208,068	-	-	-	-	-	-	-	2,208,068
Issuance of GO Bonds	-	-	5,155,000	-	-	-	-	-	5,155,000
Premium on GO bond issuance	-	-	267,054	-	-	-	-	-	267,054
Issuance of Tax Increment Bonds	-	-	179,538	-	-	-	-	2,090,462	2,270,000
Total other financing sources (uses)	(12,804,038)	834,242	5,477,287	1,050,000	-	-	-	6,790,588	1,348,079
Net change in fund balances	9,104,842	153,422	(160,397)	(673,993)	(590,308)	(1,100,662)	(33,489,014)	373,331	(26,382,779)
Fund balances at beginning of year	15,703,525	342,456	2,521,260	3,828,099	1,900,019	7,859,512	49,425,738	1,098,667	82,679,276
Fund balances at end 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

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, 2008**

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

Net change in fund balances – total governmental funds	\$ (26,382,779)
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	3,902,489
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	15,377,311
Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(2,208,068)
Retirement of prior leases	3,193,786
Bond proceeds recorded in the fund statements	(7,425,000)
Premium on debt issuance	(267,054)
Bond issuance costs	(209,854)
Amortization of deferred bond issuance cost	(17,141)
Payment to escrow agent	(124,305)
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	(3,573,588)
Increase in net other postemployment benefits liability reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(5,766,360)
Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	513,204
Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	1,429,904
Internal service fund net activity not reported on the governmental fund statement	<u>(289,678)</u>
Change in the net assets of governmental activities	<u><u>\$ (21,847,133)</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, 2008**

	<u>Budget Amount</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u> <u>positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				-
General property taxes				
Current realty taxes	\$ 23,799,143	\$ 27,027,026	\$ 27,027,026	\$ -
Current personal taxes	12,416,736	13,427,905	13,427,905	-
Ad valorem taxes on automobiles	6,443,053	7,122,533	7,122,533	-
Delinquent taxes	120,000	145,761	145,761	-
Interest on current taxes	300,000	556,441	556,441	-
Interest on delinquent taxes	240,000	361,772	361,772	-
Community improvement	127,000	125,404	127,339	1,935
Total general property taxes	<u>43,445,932</u>	<u>48,766,842</u>	<u>48,768,777</u>	<u>1,935</u>
Licenses and permits				
Privilege licenses	350,250	363,283	363,607	324
Building permits	550,000	1,901,710	1,913,233	11,523
Air conditioning and duct permits	30,000	77,847	79,098	1,251
Plumbing permits	50,000	106,563	110,642	4,079
Electric permits	140,000	256,427	264,594	8,167
Gas permits	70,000	71,904	73,089	1,185
Historic preservation application	1,000	4,059	4,059	-
Housing rehab permits	15,000	11,465	11,560	95
Landscape permits	2,000	3,067	3,067	-
Dance hall and other recreational fees	7,500	6,774	6,774	-
Landfill charges	1,200,000	1,229,964	1,229,964	-
Taxicab license fees	2,000	1,318	1,373	55
Sign permits	33,000	43,250	43,655	405
Zoning permits	45,000	39,179	39,473	294
Combustible and flammable liquid permits	9,500	5,075	5,125	50
Fireworks display permit	500	150	150	-
Aircraft registration	4,000	5,957	5,957	-
Transit Merchants-Peddlers License	6,000	4,100	4,100	-
Boarding, Lodging-Licenses	1,000	580	580	-
Adult entertainment license	32,000	27,241	28,526	1,285
Special event fee	5,000	2,675	2,675	-
Fire inspection permit	7,000	6,710	6,870	160
Annual vehicle inspecton	500	-	-	-
Total licenses and permits	<u>2,561,250</u>	<u>4,169,298</u>	<u>4,198,171</u>	<u>28,873</u>

City of Jackson  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	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	\$ 282,325	\$ (17,675)
Gasoline tax	31,147	31,147	31,145	(2)
Municipal revolving fund	96,040	96,040	96,040	-
State training academy	50,000	50,000	-	(50,000)
State fire protection	871,941	871,941	954,301	82,360
Sales tax	35,743,470	35,546,027	35,427,935	(118,092)
Bus & truck privilege tax	500,000	500,000	535,194	35,194
Wireless radio communication program	200,000	200,000	270,447	70,447
Jackson Convention & Visitors	15,000	15,000	5,392	(9,608)
MS-Domestic Violence Grant	56,419	56,419	44,986	(11,433)
Homestead exemption	1,266,000	1,266,000	1,477,849	211,849
Total state grants shared revenues	<u>39,130,017</u>	<u>38,932,574</u>	<u>39,125,614</u>	<u>193,040</u>
Federal and State Grants and Shared Revenues:				
HITDA Grant	69,000	69,000	104,227	35,227
COPS- Universal Hire	1,312,842	1,312,842	(982,117)	(2,294,959)
Dept of Justice-Weed & Seed	115,000	200,000	-	(200,000)
MDOT Summer Youth reimbursement	58,000	58,000	35,947	(22,053)
MDOT Litter Pick Up	-	-	14,213	14,213
FEMA/EMEA Disaster	-	105,680	208,190	102,510
Other shared revenue	50,000	50,000	88,192	38,192
Total federal and state shared revenues	<u>1,604,842</u>	<u>1,795,522</u>	<u>(531,348)</u>	<u>(2,326,870)</u>
County Revenues:				
Pro rata road tax	920,000	920,000	925,830	5,830
Smith Robertson Museum	-	-	18,900	18,900
Smith-Wills Renovation	-	11,660	11,660	-
Hinds County	65,000	65,000	11,613	(53,387)
Total county revenue	<u>985,000</u>	<u>996,660</u>	<u>968,003</u>	<u>(28,657)</u>
Total intergovernmental revenues	<u>41,719,859</u>	<u>41,724,756</u>	<u>39,562,269</u>	<u>(2,162,487)</u>
Fines and Forfeitures:				
Court & misdemeanor fines	1,700,000	1,000,000	984,131	(15,869)
Vehicle parking fines	200,000	242,962	246,228	3,266
Moving traffic violations	1,400,000	1,162,790	1,270,563	107,773
City court costs	25,000	22,231	22,930	699
Bad check fee and warrant fee	177,000	186,023	191,192	5,169
Animal control citations	2,000	941	940	(1)
Municipal court computer	20,000	19,183	19,875	692
Municipal court drivers impr fee	30,000	27,662	29,067	1,405
Expungement fee	6,000	6,400	6,600	200
Jackson collection fee	100,000	98,740	102,423	3,683
Miscellaneous Court Docket fee	110,000	95,126	123,765	28,639
Dropped charge fee	5,000	3,925	4,075	150
Cash bond - clearing account	30,000	45,100	71,422	26,322
Rearrangement fee	15,000	17,425	18,300	875
Daily storage fee-vehicle	42,500	53,445	54,275	830
Administrative fee - del cases	140,000	287,124	294,501	7,377
Parking - Boot fee	1,000	162	162	-
Contempt fee	-	24,895	26,617	1,722
Computerized Crime prevention	-	20,162	20,873	711
Drug court	500	1,799	1,799	-
Wrecker fees	150,000	109,825	112,305	2,480
Total fines and forfeitures	<u>4,154,000</u>	<u>3,425,920</u>	<u>3,602,043</u>	<u>176,123</u>

City of Jackson  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Continued):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 125,000	\$ 125,000	\$ 163,270	\$ 38,270
Municipal Auditorium:				
Rentals	103,600	103,600	79,726	(23,874)
Concessions	3,000	3,000	2,106	(894)
Local record fee	6,000	6,000	6,003	3
Pistol Range rent	500	500	454	(46)
Outdoor advertising	15,000	15,000	12,887	(2,113)
Fire Water flow test fee	1,250	1,250	1,800	550
Fire Reports	4,500	4,500	8,955	4,455
Accident report fee	130,000	130,000	131,620	1,620
Background check fee	11,000	11,000	15,930	4,930
Bail bondsman applicant photo	400	400	240	(160)
Bail bondsman mug shot fee	200	200	423	223
Bail bondsman ID card	300	300	120	(180)
Fingerprinting	20,000	20,000	15,260	(4,740)
Verification of records	40,000	40,000	32,569	(7,431)
Fire sprinkler plans review	4,000	4,000	4,222	222
Rents & Royalties	15,000	15,000	10,990	(4,010)
Art Gallery Donations	300	300	-	-
Telecommunication Franchise Agreement	200,000	200,000	80,601	(119,399)
Tower Rentals	1,702,500	2,470,018	2,471,951	1,933
Arts Center:				
Admissions, rents and royalties	100	100	191	91
Community room rent	16,000	16,000	26,397	10,397
Concessions	500	500	255	(245)
Planetarium:				
Admissions, Discovery Shop, etc.	92,300	92,300	90,010	(2,290)
Senior Centers Reservation Fee	2,500	5,000	3,286	(1,714)
Smith Robertson Museum:				
Gift shop	2,500	2,500	1,857	(643)
Donations	100	500	1,240	740
Admissions, rental	6,500	6,100	4,452	(1,648)
Total admissions and rentals	<u>2,503,050</u>	<u>3,273,068</u>	<u>3,166,815</u>	<u>(105,953)</u>
Interest:				
Earned on investments	300,500	201,000	288,316	87,316
Earned on accounts	280,600	380,600	203,203	(177,397)
Total interest earned	<u>581,100</u>	<u>581,600</u>	<u>491,519</u>	<u>(90,081)</u>

City of Jackson

General Fund

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

For the Year Ended September 30, 2008

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Other Revenues:				
Public utility	\$ 5,033,000	\$ 5,033,000	\$ 5,109,358	\$ 76,358
Franchise cable television	1,395,000	1,395,000	1,477,055	82,055
Water Sewer Franchise Fee	922,645	922,645	830,598	(92,047)
Nuclear power plant	1,628,723	1,628,723	1,635,133	6,410
In-lieu-of property tax	-	-	9,612	9,612
Sale of cemetery lots	12,500	12,500	30,550	18,050
Sale of fixed assets	301,000	301,000	461,199	160,199
Small animal control	3,000	3,000	8,765	5,765
Police-sale of weapons	3,000	3,000	1,815	(1,185)
Parking fee-City employees	9,000	9,000	6,762	(2,238)
Police	10,500	83,743	267,016	183,273
Indirect cost	2,360,913	2,360,913	2,016,887	(344,026)
Street index books	50	50	1,228	1,178
Sale of land	-	-	10,200	10,200
Sale of scrap metal	500	500	-	(500)
Permit department	86,000	86,000	190,510	104,510
Rabies vaccination	900	900	-	(900)
Plumbing exam	100	100	-	(100)
Electrical exam	300	300	75	(225)
Penalty on demo/grass/weeds	5,000	5,000	13,500	8,500
Cemeteries-openings/closings	25,000	25,000	47,527	22,527
Performance contract rebate	-	40,000	42,485	2,485
Site plan review planning	12,000	12,000	17,931	5,931
Construction plan review	2,000	2,000	3,558	1,558
Cafeteria plan-flexible spending	200,000	200,000	111,642	(88,358)
Administrative fee-payroll deductions	1,000	1,000	10,463	9,463
Sale of maps, plans, and specifications	3,500	3,500	3,842	342
Traffic	4,601	6,729	2,714	(4,015)
Legal/City Clerk/Finance and Management	14,000	14,000	9,493	(4,507)
Telecommunications	160,100	160,100	192,868	32,768
Zoning-rear yard variance	-	650	3,998	3,348
Fire Museum donations	1,000	6,386	5,975	(411)
Fire Marshall donations	-	-	500	500
Sale of CAFR, Budgets & Directories	50	50	-	(50)
I.D. Badge fee-city employee	-	-	555	555
Abstract fees	4,000	4,000	5,355	1,355
Settlement of insurance claims	10,000	317,107	106,646	(210,461)
Proceeds from assets and forfeitures	24,780	274,715	276,357	1,642
Total other revenues	12,234,162	12,912,611	12,912,172	(439)
Total revenues	107,199,353	114,854,095	112,701,766	(2,152,029)

City of Jackson  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Expenditures:				
Current Operations:				
General Government				
Administration and Intra-governmental				
Personnel services	\$ 9,110,555	\$ 9,022,729	\$ 8,270,976	\$ 751,753
Supplies	968,098	452,499	205,744	246,755
Other services and charges	5,836,036	6,745,206	5,207,406	1,537,800
Capital outlay	1,320,576	1,351,903	671,531	680,372
Total Department of Administration	<u>17,235,265</u>	<u>17,572,337</u>	<u>14,355,657</u>	<u>3,216,680</u>
Personnel				
Personnel services	1,139,071	1,147,350	963,761	183,589
Supplies	15,135	15,035	70,561	(55,526)
Other services and charges	1,013,780	741,555	344,963	396,592
Capital Outlay	1,700	4,375	2,365	2,010
Total Department of Personnel	<u>2,169,686</u>	<u>1,908,315</u>	<u>1,381,650</u>	<u>526,665</u>
Planning				
Personnel services	1,527,569	1,426,506	1,179,479	247,027
Supplies	63,463	75,163	55,108	20,055
Other services and charges	2,630,500	4,343,448	3,904,323	439,125
Capital Outlay	5,835	7,835	1,916	5,919
Total Department of Planning	<u>4,227,367</u>	<u>5,852,952</u>	<u>5,140,826</u>	<u>712,126</u>
Total General Government	<u>23,632,318</u>	<u>25,333,604</u>	<u>20,878,133</u>	<u>4,455,471</u>
Department of Human and Cultural Services				
Health and Welfare				
Personnel supplies	797,526	1,093,180	857,152	236,028
Supplies	80,359	36,741	19,611	17,130
Other services and charges	1,348,864	613,133	544,819	68,314
Capital outlay	7,034	277,047	266,076	10,971
Total Health and Welfare	<u>2,233,783</u>	<u>2,020,101</u>	<u>1,687,658</u>	<u>332,443</u>
Culture and Recreation				
Personnel services	1,017,476	710,483	591,673	118,810
Supplies	23,365	90,459	72,986	17,473
Other services and charges	1,428,312	1,430,226	1,374,218	56,008
Capital outlay	278,085	6,976	-	6,976
Total Culture and Recreation	<u>2,747,238</u>	<u>2,238,144</u>	<u>2,038,877</u>	<u>199,267</u>
Total Department of Human and Cultural Services	<u>4,981,021</u>	<u>4,258,245</u>	<u>3,726,535</u>	<u>531,710</u>
Department of Public Safety				
Personnel services	47,735,017	47,453,228	40,223,076	7,230,152
Supplies	2,975,600	3,771,252	3,604,201	167,051
Other services and charges	5,254,688	5,733,989	5,018,675	715,314
Capital outlay	4,338,518	4,622,643	4,220,298	402,345
Total Department of Public Safety	<u>60,303,823</u>	<u>61,581,112</u>	<u>53,066,250</u>	<u>8,514,862</u>

City of Jackson  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2008

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 7,879,906	\$ 7,874,118	\$ 7,210,569	\$ 663,549
Supplies	1,183,035	1,359,075	1,310,085	48,990
Other services and charges	2,608,986	2,544,886	2,181,310	363,576
Capital outlay	101,121	1,036,177	244,813	791,364
Total Department of Public Works	<u>11,773,048</u>	<u>12,814,256</u>	<u>10,946,777</u>	<u>1,867,479</u>
Current Operations				
Miscellaneous				
Other services and charges	700,709	1,307,954	410,332	897,622
Total Miscellaneous	<u>700,709</u>	<u>1,307,954</u>	<u>410,332</u>	<u>897,622</u>
Employee Benefits				
Supplies	60,000	66,050	58,524	7,526
Other services and charges	1,972,599	2,028,320	1,706,335	321,985
Total Employee Benefits	<u>2,032,599</u>	<u>2,094,370</u>	<u>1,764,859</u>	<u>329,511</u>
Total expenditures	<u>103,423,518</u>	<u>107,389,541</u>	<u>90,792,886</u>	<u>16,596,655</u>
Excess(deficiency) of revenues over expenditures	3,775,835	7,464,554	21,908,880	(14,444,626)
Other Financing Sources(Uses)				
Transfers out	(12,897,016)	(15,012,106)	(15,012,106)	-
Proceeds from long term debt	2,762,520	2,112,000	2,208,068	(96,068)
Total other financing sources(uses)	<u>(10,134,496)</u>	<u>(12,900,106)</u>	<u>(12,804,038)</u>	<u>(96,068)</u>
Net change in fund balance	(6,358,661)	(5,435,552)	9,104,842	(14,540,694)
Fund balances at beginning of year	15,703,525	15,703,525	15,703,525	-
Fund balances at end of year	<u>\$ 9,344,864</u>	<u>\$ 10,267,973</u>	<u>\$ 24,808,367</u>	<u>\$ (14,540,394)</u>

The notes to the financial statements are an integral 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, 2008**

	<u>Budget Amount</u>		<u>Actuals Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$14,887,248	\$ 23,520,972	\$ 15,491,786	\$ (8,029,186)
Interest	300	300	10,026	9,726
Other	192,258	192,258	252,244	59,986
Total revenues	<u>15,079,806</u>	<u>23,713,530</u>	<u>15,754,056</u>	<u>(7,959,474)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	3,965,067	4,973,386	3,568,735	1,404,651
Supplies	1,328,584	1,239,834	870,837	368,997
Other Services and Charges	7,002,202	20,386,392	11,186,195	9,200,197
Capital Outlay	4,172,693	4,015,452	809,109	3,206,343
Total expenditures	<u>16,468,546</u>	<u>30,615,064</u>	<u>16,434,876</u>	<u>14,180,188</u>
Excess (deficiency) of revenues over expenditures	<u>(1,388,740)</u>	<u>(6,901,534)</u>	<u>(680,820)</u>	<u>(6,220,714)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	1,071,219	1,104,148	834,242	(269,906)
Proceeds from long-term debt	-	5,337,397	-	(5,337,397)
Total other financing sources (uses)	<u>1,071,219</u>	<u>6,441,545</u>	<u>834,242</u>	<u>(5,607,303)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(317,521)	(459,989)	153,422	613,411
Fund balances at beginning of year	<u>342,456</u>	<u>342,456</u>	<u>342,456</u>	<u>-</u>
Fund balances at end of year	<u>\$ 24,935</u>	<u>\$ (117,533)</u>	<u>\$ 495,878</u>	<u>\$ 613,411</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes				
Current realty taxes	\$ 5,712,493	\$ 2,554,269	\$ 2,700,225	\$ 145,956
Current personal taxes	2,965,550	1,556,102	1,418,140	(137,962)
Delinquent taxes	80,000	80,000	34,725	(45,275)
Automobile ad valorem taxes	1,356,119	711,591	835,515	123,924
Homestead exemption	324,000	324,000	148,255	(175,745)
Interest	25,000	25,000	64,711	39,711
Other revenues	4,315,581	4,316,582	3,091,707	(1,224,875)
Total revenues	<u>14,778,743</u>	<u>9,567,544</u>	<u>8,293,278</u>	<u>(1,274,266)</u>
<b>EXPENDITURES</b>				
General obligation bonds				
Principal	3,010,000	9,666,041	8,120,000	1,546,041
Interest	5,085,591	7,457,792	5,580,851	1,876,941
Bank service charge	8,991	9,991	4,886	5,105
Tif 96 Metro Station Bond Funds				
Principal	210,000	210,000	210,000	-
Interest	15,225	15,225	15,225	-
Total expenditures	<u>8,329,807</u>	<u>17,359,049</u>	<u>13,930,962</u>	<u>3,428,087</u>
Excess (deficiency) of revenues over (under) expenditures	6,448,936	(7,791,505)	(5,637,684)	(2,153,821)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of GO Bonds	2,299,944	7,770,000	5,155,000	(2,615,000)
Issuance of Tax Increment Bonds	-	-	179,538	179,538
Premium on GO bond issuance	-	-	267,054	267,054
Payments to escrow agent	-	-	(124,305)	267,054
Total other financing sources (uses)	<u>2,299,944</u>	<u>7,770,000</u>	<u>5,477,287</u>	<u>(2,292,713)</u>
Net change in fund balances	8,748,880	(21,505)	(160,397)	138,892
Fund balances at beginning of year	<u>2,521,260</u>	<u>2,521,260</u>	<u>2,521,260</u>	<u>-</u>
Fund balances at end of year	<u>\$ 11,270,140</u>	<u>\$ 2,499,755</u>	<u>\$ 2,360,863</u>	<u>\$ 138,892</u>

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

**City of Jackson**  
**Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 1,070,000	\$ 1,073,510	\$ 955,575	\$ (117,935)
Intergovernmental Revenue	3,333,602	3,355,221	-	(3,355,221)
Interest	-	-	34,664	34,664
Other revenues	-	-	51,991	51,991
Total revenues	<u>4,403,602</u>	<u>4,428,731</u>	<u>1,042,230</u>	<u>(3,386,501)</u>
<b>EXPENDITURES</b>				
Current Operations				
Personnel services	-	-	3,534	(3,534)
Supplies	255,010	388,365	207,714	180,651
Other Services and Charges	8,592,126	10,549,165	2,553,486	7,995,679
Capital Outlay	1,696	3,196	1,489	1,707
Total expenditures	<u>8,848,832</u>	<u>10,940,726</u>	<u>2,766,223</u>	<u>8,174,503</u>
Deficiency of revenues over (under) expenditures	(4,445,230)	(6,511,995)	(1,723,993)	(4,788,002)
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	-	1,644,573	1,050,000	(594,573)
Transfers out	-	-	-	-
Proceeds from long term debt	4,435,230	4,026,983	-	4,026,983
Total other financing sources and uses	<u>4,435,230</u>	<u>5,671,556</u>	<u>1,050,000</u>	<u>4,621,556</u>
Net change in fund balances	(10,000)	(840,439)	(673,993)	(166,446)
Fund balances at beginning of year	3,828,099	3,828,099	3,828,099	-
Fund balances at end of year	<u>\$ 3,818,099</u>	<u>\$ 2,987,660</u>	<u>\$ 3,154,106</u>	<u>\$ (166,446)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 201,714	\$ -	\$ -	\$ -
Interest	-	-	38,569	38,569
Total revenues	<u>201,714</u>	<u>-</u>	<u>38,569</u>	<u>38,569</u>
<b>EXPENDITURES</b>				
Current Operations				
Supplies	217	9,217	-	9,217
Other services and charges	<u>2,993,125</u>	<u>1,886,529</u>	<u>628,877</u>	<u>1,257,652</u>
Total expenditures	<u>2,993,342</u>	<u>1,895,746</u>	<u>628,877</u>	<u>1,266,869</u>
Deficiency of revenues over (under) expenditures	<u>(2,791,628)</u>	<u>(1,895,746)</u>	<u>(590,308)</u>	<u>1,305,438</u>
Net change in fund balances	(2,791,628)	(1,895,746)	(590,308)	1,305,438
Fund balances at beginning of year	<u>1,900,019</u>	<u>1,900,019</u>	<u>1,900,019</u>	<u>-</u>
Fund balances at end of year	<u>\$ (891,609)</u>	<u>\$ 4,273</u>	<u>\$1,309,711</u>	<u>\$ 1,305,438</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, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 1,954,986	\$ 8,765,771	\$ 3,616,245	\$ (5,149,526)
Admissions, fees, rentals and concessions	-	-	6,926	6,926
Interest	200,000	200,000	227,882	27,882
Total revenues	<u>2,154,986</u>	<u>8,965,771</u>	<u>3,851,053</u>	<u>(5,114,718)</u>
<b>EXPENDITURES</b>				
Current Operations				
Personnel services	36,434	41,434	4,702	36,732
Supplies	40,000	40,000	-	40,000
Other services and charges	10,632,794	17,756,974	4,947,013	12,809,961
Total expenditures	<u>10,709,228</u>	<u>17,838,408</u>	<u>4,951,715</u>	<u>12,886,693</u>
Deficiency of revenues over (under) expenditures	<u>(8,554,242)</u>	<u>(8,872,637)</u>	<u>(1,100,662)</u>	<u>7,771,975</u>
Net change in fund balances	(8,554,242)	(8,872,637)	(1,100,662)	7,771,975
Fund balances at beginning of year	7,859,512	7,859,512	7,859,512	-
Fund balances at end of year	<u>\$ (694,730)</u>	<u>\$ (1,013,125)</u>	<u>\$ 6,758,850</u>	<u>\$ 7,771,975</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, 2008**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -
Sale of Bonds	66,266,970	-	-	-
Interest	-	-	2,099,768	2,099,768
Total revenues	<u>66,266,970</u>	<u>-</u>	<u>2,099,768</u>	<u>2,099,768</u>
<b>EXPENDITURES</b>				
Current Operations				
Other services and charges	<u>66,266,970</u>	<u>46,326,594</u>	<u>35,588,782</u>	<u>10,737,812</u>
Total expenditures	<u>66,266,970</u>	<u>46,326,594</u>	<u>35,588,782</u>	<u>10,737,812</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>(46,326,594)</u>	<u>(33,489,014)</u>	<u>12,837,580</u>
Net change in fund balances	-	(46,326,594)	(33,489,014)	12,837,580
Fund balances at beginning of year	<u>49,425,738</u>	<u>49,425,738</u>	<u>49,425,738</u>	<u>-</u>
Fund balances at end of year	<u>\$ 49,425,738</u>	<u>\$ 3,099,144</u>	<u>\$ 15,936,724</u>	<u>\$ 12,837,580</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, 2008**

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 9,235,956	\$ 359,304	\$ -	\$ 9,595,260	\$ 1,205,308
Accounts receivable, less allowances	13,476,871	3,706,581	-	17,183,452	2,687
Intergovernmental receivables	-	-	2,385,213	2,385,213	-
Other receivables	505,898	-	-	505,898	-
Due from other funds	269,334	-	-	269,334	-
Restricted Assets					
Cash and cash equivalents	22,877,968	-	-	22,877,968	-
Inventories	2,022,484	-	-	2,022,484	-
<b>Total Current Assets</b>	<b>48,388,511</b>	<b>4,065,885</b>	<b>2,385,213</b>	<b>54,839,609</b>	<b>1,207,995</b>
Noncurrent Assets:					
Investments	10,503,989	-	-	10,503,989	-
Restricted Assets					
Cash and cash equivalents	14,417,365	-	-	14,417,365	-
Investments	25,389,841	-	-	25,389,841	-
Deferred charges - bond costs, net of amortization	2,258,844	-	-	2,258,844	-
<b>Total Noncurrent Assets</b>	<b>52,570,039</b>	<b>-</b>	<b>-</b>	<b>52,570,039</b>	<b>-</b>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,608,687	68,042	1,681,851	119,358,580	-
Water plant, distribution system and equipment	262,433,366	-	864,534	263,297,900	-
Automotive and other equipment	10,116,364	2,220,763	13,080,637	25,417,764	-
	391,546,416	2,288,805	16,077,022	409,912,243	-
Less: accumulated depreciation	(172,861,665)	(1,332,684)	(10,974,219)	(185,168,568)	-
	218,684,751	956,121	5,102,803	224,743,675	-
Construction in Progress	116,405,810	-	13,800	116,419,610	-
Net property, plant and equipment	335,090,561	956,121	5,116,603	341,163,285	-
<b>Total Assets</b>	<b>\$ 436,049,111</b>	<b>\$ 5,022,006</b>	<b>\$ 7,501,816</b>	<b>\$ 448,572,933</b>	<b>\$ 1,207,995</b>

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, 2008**

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
<b>Liabilities and Fund Equity</b>					
Current Liabilities Payable from Unrestricted Assets:					
Accounts/claims payable	\$ 2,493,907	\$ 213,775	\$ 89,722	\$ 2,797,404	\$ 808,853
Due to other funds	-	269,334	4,031,442	4,300,776	-
Customer deposits	3,819,799	-	-	3,819,799	-
Current portion of Long-Term Debt:					
Lease obligations	619,750	14,075	131,390	765,215	-
State Department of Environmental Quality	1,511,137	-	-	1,511,137	-
<b>Total Current Liabilities Payable from Unrestricted Assets</b>	<u>8,444,593</u>	<u>497,184</u>	<u>4,252,554</u>	<u>13,194,331</u>	<u>808,853</u>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	5,105,000	-	-	5,105,000	-
Accrued interest payable	219,022	-	-	219,022	-
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>5,324,022</u>	<u>-</u>	<u>-</u>	<u>5,324,022</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>13,768,615</u>	<u>497,184</u>	<u>4,252,554</u>	<u>18,518,353</u>	<u>808,853</u>
Post Employment Benefits accrual	861,640	-	-	861,640	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Revenue bonds	159,526,595	-	-	159,526,595	-
(net of unamortized discount/premium)					
Lease obligations	631,947	30,363	287,585	949,895	-
State Department of Environmental Quality	16,996,358	-	-	16,996,358	-
<b>Total Long-Term Debt</b>	<u>178,016,540</u>	<u>30,363</u>	<u>287,585</u>	<u>178,334,488</u>	<u>-</u>
<b>Total Liabilities</b>	<u>191,785,155</u>	<u>527,547</u>	<u>4,540,139</u>	<u>196,852,841</u>	<u>808,853</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	150,699,774	911,683	4,697,628	156,309,085	-
Restricted for debt service	3,819,799	-	-	3,819,799	-
Unrestricted	89,744,383	3,582,776	(1,735,951)	91,591,208	399,142
<b>Total Net Assets</b>	<u>244,263,956</u>	<u>4,494,459</u>	<u>2,961,677</u>	<u>251,720,092</u>	<u>399,142</u>
<b>Total liabilities and net assets</b>	<u>\$ 436,049,111</u>	<u>\$ 5,022,006</u>	<u>\$ 7,501,816</u>	<u>\$ 448,572,933</u>	<u>\$ 1,207,995</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, 2008**

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Operating Revenues:</b>					
Sales to customers	\$ 47,468,036	\$ 11,981,522	\$ 397,269	\$ 59,846,827	\$ -
Contributions	-	-	-	-	4,262,229
Contributions - City Match	-	-	-	-	2,713,697
Other revenues	<u>179,975</u>	<u>171,624</u>	<u>480,101</u>	<u>831,700</u>	<u>415,186</u>
Total Operating Revenues	<u>47,648,011</u>	<u>12,153,146</u>	<u>877,370</u>	<u>60,678,527</u>	<u>7,391,112</u>
<b>Operating Expenses:</b>					
Personnel services	9,384,421	1,105,384	171,139	10,660,944	-
Supplies	4,167,034	304,256	1,131,796	5,603,086	-
Other services and charges	16,720,141	8,710,102	5,530,901	30,961,144	11,503,298
Depreciation	<u>8,041,630</u>	<u>179,302</u>	<u>850,898</u>	<u>9,071,830</u>	<u>-</u>
Total operating expenses	<u>38,313,226</u>	<u>10,299,044</u>	<u>7,684,734</u>	<u>56,297,004</u>	<u>11,503,298</u>
Operating income (loss)	<u>9,334,785</u>	<u>1,854,102</u>	<u>(6,807,364)</u>	<u>4,381,523</u>	<u>(4,112,186)</u>
<b>Nonoperating revenues (expenses):</b>					
Interest revenue	2,324,417	11,025	16,563	2,352,005	7,798
Interest and service charges on long-term debt and capitalized lease obligations	(6,751,843)	-	-	(6,751,843)	-
Gain on sale of fixed assets	55,090	811	-	55,901	-
Amortization of bond issuance cost	<u>(214,349)</u>	<u>-</u>	<u>-</u>	<u>(214,349)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(4,586,685)</u>	<u>11,836</u>	<u>16,563</u>	<u>(4,558,286)</u>	<u>7,798</u>
Income (loss) before contributions and transfers	<u>4,748,100</u>	<u>1,865,938</u>	<u>(6,790,801)</u>	<u>(176,763)</u>	<u>(4,104,388)</u>
Capital contributions from grants	<u>-</u>	<u>-</u>	<u>1,533,653</u>	<u>1,533,653</u>	<u>-</u>
<b>Transfers In:</b>					
General Fund	-	-	4,613,028	4,613,028	3,814,710
Enterprise Fund	-	-	98,996	98,996	-
<b>Transfers Out:</b>					
Enterprise Fund	<u>(98,996)</u>	<u>-</u>	<u>-</u>	<u>(98,996)</u>	<u>-</u>
Total Transfers In (Out)	<u>(98,996)</u>	<u>-</u>	<u>4,712,024</u>	<u>4,613,028</u>	<u>3,814,710</u>
Change in Net Assets	4,649,104	1,865,938	(545,124)	5,969,918	(289,678)
Total net assets - beginning	<u>239,614,852</u>	<u>2,628,521</u>	<u>3,506,801</u>	<u>245,750,174</u>	<u>688,820</u>
Total net assets - ending	<u>\$ 244,263,956</u>	<u>\$ 4,494,459</u>	<u>\$ 2,961,677</u>	<u>\$ 251,720,092</u>	<u>\$ 399,142</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, 2008

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Cash Flows from Operating Activities</b>					
Receipts from customers and users	\$ 41,535,168	\$ 11,981,522	\$ 397,269	\$ 53,913,959	\$ 6,975,926
Receipts from other revenue	1,067,219	(1,281,928)	440,397	225,688	936,674
Payments to suppliers	(21,105,627)	(9,499,160)	(6,750,639)	(37,355,426)	(11,346,899)
Payments to employees	(8,522,781)	(1,105,384)	(171,139)	(9,799,304)	-
Net Cash provided by (used for)					
Operating Activities	<u>12,973,979</u>	<u>95,050</u>	<u>(6,084,112)</u>	<u>6,984,917</u>	<u>(3,434,299)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers In	-	-	4,712,024	4,712,024	3,814,710
Transfers Out	(98,996)	-	-	(98,996)	-
Net cash provided by noncapital financing activities	<u>(98,996)</u>	<u>-</u>	<u>4,712,024</u>	<u>4,613,028</u>	<u>3,814,710</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(10,064,771)	(66,199)	(1,336)	(10,132,306)	-
Proceeds from sales of capital assets	55,090	811	-	55,901	-
Proceeds from capital debt	1,052,043	44,420	-	1,096,463	-
Principal paid on capital debt	(9,569,097)	(92,362)	(176,792)	(9,838,251)	-
Proceeds from capital contributions	-	-	1,533,653	1,533,653	-
Interest paid on capital debt	(7,018,879)	-	-	(7,018,879)	-
Net cash provided by (used for) capital and related financing activities	<u>(25,545,614)</u>	<u>(113,330)</u>	<u>1,355,525</u>	<u>(24,303,419)</u>	<u>-</u>
<b>Cash Flow Provided by (Used for) Investing Activities:</b>					
Purchase of investment securities	(59,290,621)	-	-	(59,290,621)	-
Proceeds from sale and maturities of investment securities	71,919,255	-	-	71,919,255	-
Interest on investments	2,396,751	11,025	16,563	2,424,339	7,798
Net Cash provided by investing activities	<u>15,025,385</u>	<u>11,025</u>	<u>16,563</u>	<u>15,052,973</u>	<u>7,798</u>
Net increase (decrease) in cash and cash equivalents	2,354,754	(7,255)	-	2,347,499	388,209
Cash and cash equivalents at beginning of year	44,176,535	366,559	-	44,543,094	817,099
Cash and cash equivalents at end of year	<u>\$ 46,531,289</u>	<u>\$ 359,304</u>	<u>\$ -</u>	<u>\$ 46,890,593</u>	<u>\$ 1,205,308</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, 2008**

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash</b>					
<b>Provided by (Used for) Operating Activities:</b>					
Operating income (loss)	\$ 9,334,785	\$ 1,854,102	\$ (6,807,364)	\$ 4,381,523	\$ (4,112,186)
Depreciation Expense	8,041,630	179,302	850,898	9,071,830	-
Post employment benefits accrual	861,640	-	-	861,640	-
(Increase) decrease in accounts receivable, net	(5,764,596)	(1,453,702)	-	(7,218,298)	521,488
Increase (decrease) in inventories	(107,043)	-	-	(107,043)	-
(Increase) decrease in other receivable	587,244	150	(39,704)	547,690	-
(Increase) decrease in deferred charges	214,349	-	-	214,349	-
(Increase) decrease in due to other funds	-	(300,000)	(38,925)	(338,925)	-
Increase (decrease) in due from other funds	300,000	-	-	300,000	-
Increase (decrease) in accounts payable	(576,945)	(184,802)	(49,017)	(810,764)	156,399
Increase (decrease) in customer deposits	55,254	-	-	55,254	-
Increase (decrease) in other liabilities	27,661	-	-	27,661	-
Total adjustments	<u>3,639,194</u>	<u>(1,759,052)</u>	<u>723,252</u>	<u>2,603,394</u>	<u>677,887</u>
Net cash provided by (used for) operating activities	<u>\$ 12,973,979</u>	<u>\$ 95,050</u>	<u>\$ (6,084,112)</u>	<u>\$ 6,984,917</u>	<u>\$ (3,434,299)</u>
 Recap of cash and cash equivalents:					
Cash and cash equivalents	\$ 9,235,956	\$ 359,304	\$ -	\$ 9,595,260	\$ 1,205,308
Restricted cash and cash equivalents	<u>37,295,333</u>	<u>-</u>	<u>-</u>	<u>37,295,333</u>	<u>-</u>
	<u>\$ 46,531,289</u>	<u>\$ 359,304</u>	<u>\$ -</u>	<u>\$ 46,890,593</u>	<u>\$ 1,205,308</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, 2008**

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 198,138	\$ 9,916
Investment at fair value:		
Certificate of deposit	<u>30,000</u>	<u>-</u>
Total assets	<u>\$ 228,138</u>	<u>\$ 9,916</u>
 <b>Liabilities and Net Assets</b>		
Liabilities:		
Payables to others	\$ <u>4,923</u>	\$ <u>9,916</u>
Total liabilities	<u>4,923</u>	<u>\$ 9,916</u>
Net Assets:		
Held in trust	<u>223,215</u>	
Total net assets	<u>223,215</u>	
Total liabilities and net assets	<u>\$ 228,138</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, 2008**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 4,980
Other additions	<u>169,000</u>
Total additions	<u>\$ 173,980</u>
Deductions:	
General government Trust funds	\$ <u>104,566</u>
Total deductions	<u>104,566</u>
Change in Net Assets	69,414
Net assets at beginning of year	<u>153,801</u>
Net assets at end of year	<u><u>\$ 223,215</u></u>

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, 2008**

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**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, 2008**

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**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, 2008

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**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, 2008**

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**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.

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, 2008**

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**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, 2008**

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**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, 2008**

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**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, 2008**

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**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 expense 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, 2008**

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**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. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007. This statement is not expected to apply to the City.

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, 2008**

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**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 \$150,517 difference are as follows (in thousands of dollars):

Bonds payable	\$ 123,362
Less: Deferred charge on refunding (to be amortized as interest expense)	1,248
Less: Issuance premium	2,965
Less: Issuance discount (to be amortized as interest expense)	(781)
Deferred bond issuance cost	(480)
Accrued interest payable	610
Capital leases payable	13,027
Claims and judgments	2,728
Compensated absences	3,605
Workers’ Compensation Benefits	4,233
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ 150,517

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 \$399 difference are as follows (in thousands of dollars):

Net assets of the internal service funds	\$ 399
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	\$ 399

**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 \$3,902 difference are as follows (in thousands of dollars):

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

Capital outlay	\$ 14,071
Depreciation expense	<u>(10,169)</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>\$3,902</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 \$14,794 difference are as follows (in thousands of dollars):

Principal repayments:	
General obligation debt	\$ 8,120
Limited obligation debt	210
Special obligation debt	6,000
Other debt	<u>464</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>\$ 14,794</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 \$912 difference are as follows (in thousands of dollars):

Debt issued or incurred:	
Capital lease financing	\$ 2,208
Principal repayments:	
Payment on capital lease	<u>(3,120)</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>\$ 912</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 \$927 difference are as follows (in thousands of dollars):

CITY OF JACKSON  
Notes to Financial Statements  
September 30, 2008

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

Compensated absences	\$ 6
Workers' compensation benefits	223
Claims and judgments	233
Accrued interest	(51)
Amortization of bond premium	406
Amortization of bond discounts	(74)
Amortization of issuance costs	201
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>\$ 927</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 \$1,429 difference are as follows (in thousands of dollars):

Property taxes receivable	\$ 1,266
Special assessments receivable	<u>163</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>\$ 1,429</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 \$290 difference are as follows (in thousands of dollars):

Change in net assets of the internal service funds	<u>\$ 290</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>\$ 290</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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, 2008**

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**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 and other uses as originally adopted were amended by the City Council in September 2008 as provided by law, as follows (in thousands of dollars):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 119,307	\$ 125,188	\$5,881
Special Revenue Funds	40,396	56,563	16,167
Debt Service Fund	14,800	17,359	2,559
Capital Projects Funds	80,190	66,126	(14,064)
Enterprise Funds	125,820	131,765	5,945
Internal Service Fund	11,067	11,201	134
	\$ 391,580	\$ 408,202	\$16,622

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, 2008.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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 \$94,705,186 and the bank balances totaled \$99,364,402. Of the bank balances, \$100,000 was insured by federal deposit insurance and \$99,264,402 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

**3. Investments – Primary Government**

As of September 30, 2008, the City had investments consisting of U.S. Agencies at a total fair value of \$42,768,537 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, 2008**

**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, 2008 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, 2008, cash equivalents of the component unit consisted of the following (amounts are expressed in thousand dollars):

Jackson Redevelopment Authority			
U. S. Treasury Bills:			
Unrestricted	\$	62	
Restricted under bond agreements		1,118	
	\$	<u>1,180</u>	
Capital City Convention Center Commission			
Repurchase Agreements:			
Unrestricted	\$	<u>501</u>	

**B. RECEIVABLES**

Receivables at September 30, 2008, 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	Improvement Fund	Federal Grant	2003 G O Bond	Nonmajor and Other Funds	Total
Receivables:									
Accounts receivable	\$ -	\$ -	\$ 13,477	\$ 3,707	\$ -	\$ -	\$ -	\$ 112	\$ 17,296
Intergovernmental	196	-	-	-	630	5,133	2,668	2,385	11,012
Other	<u>57,732</u>	<u>6,093</u>	<u>506</u>	<u>-</u>	<u>500</u>	<u>1</u>	<u>-</u>	<u>8,851</u>	<u>73,683</u>
Gross receivables	<u>\$ 57,928</u>	<u>\$ 6,093</u>	<u>\$ 13,983</u>	<u>\$ 3,707</u>	<u>\$ 1,130</u>	<u>\$ 5,134</u>	<u>\$ 2,668</u>	<u>\$ 11,348</u>	<u>\$ 101,991</u>

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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 2007 were collected in the current fiscal year and statutory maximum millage rates were as follows:

Fund	Levy (in mills)	Purpose	Maximum
General Fund	44.72	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	4.47	Debt retirement	None
Disability and Relief Fund	<u>5.56</u>	Retirement	None
Total City of Jackson	<u>56.75</u>		
Jackson/Hinds Library System	<u>1.28</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, 2008**

**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 \$35,548,665 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)	\$ 145,761
Delinquent property taxes receivable (debt service fund)	361,772
Special assessments not yet due (debt service fund)	163,065
Current year tax assessments (all funds)	68,448,951
Grant drawdowns prior to meeting all eligibility requirements	<u>429,525</u>
Total unearned revenue for governmental funds	<u>\$ 69,549,074</u>

**C. CHANGES IN CAPITAL ASSETS**

1. Primary government capital asset activity for the year ended September 30, 2008, was as follows (amounts are expressed in thousands):

	<u>Balance September 30, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2008</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 14,441	\$ 101	\$ 20	\$ 14,522
Construction in progress	40,370	10,238	-	50,608
Total capital assets not being depreciated	<u>54,811</u>	<u>10,339</u>	<u>20</u>	<u>65,130</u>
Capital assets being depreciated:				
Buildings	79,548	575	-	80,123
Infrastructure	214,444	-	-	214,444
Automotive and equipment	69,468	3,349	(1,856)	70,961
Total capital assets being depreciated	<u>363,460</u>	<u>3,924</u>	<u>(1,856)</u>	<u>365,528</u>
Less accumulated depreciation for:				
Buildings	(18,085)	(1,497)	-	(19,582)
Infrastructure	(78,341)	(4,895)	-	(83,236)
Automotive and equipment	(60,556)	(3,777)	1,685	(62,648)
Total accumulated depreciation	<u>(156,982)</u>	<u>(10,169)</u>	<u>1,685</u>	<u>(165,466)</u>
Total capital assets being depreciated, net	<u>206,478</u>	<u>(6,245)</u>	<u>(171)</u>	<u>200,062</u>
Total governmental activities capital assets, net	<u>\$ 261,289</u>	<u>\$ 4,094</u>	<u>\$ 191</u>	<u>\$ 265,192</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**C. CHANGES IN CAPITAL ASSETS (Continued):**

	Balance September 30, 2007	Additions	Deletions	Balance September 30, 2008
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	102,314	14,105	-	116,419
Total capital assets not being depreciated	104,152	14,105	-	118,257
Capital assets being depreciated:				
Buildings	119,345	13	-	119,358
Infrastructure	263,298	-	-	263,298
Automotive and equipment	24,748	1,337	(667)	25,418
Total capital assets being depreciated	407,391	1,350	(667)	408,074
Less accumulated depreciation for:				
Buildings	(66,200)	(2,730)	-	(68,930)
Infrastructure	(99,316)	(4,744)	-	(104,060)
Automotive and equipment	(11,247)	(1,598)	667	(12,178)
Total accumulated depreciation	(176,763)	(9,072)	667	(185,168)
Total capital assets being depreciated, net	230,628	(7,722)	-	222,906
Total business-type activities capital assets, net	\$ 334,780	\$ 6,383	\$ -	\$ 341,163

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

Governmental Activities:

General government	\$ 2,034
Public Safety	3,051
Public Works	3,254
Culture and recreation	1,830

Total depreciation expense – governmental activities \$ 10,169

Business-Type Activities:

Water/Sewer	\$ 8,042
Sanitation	179
Non-major business – type activities	851

Total depreciation expense – business-type activities \$ 9,072

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

**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	\$ 9,999,034	\$ 2,028,469
Community Development Block Grant	1,314,939	78,065
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	18,030,572	235,987
2003 G O Public Improvement Construction Bond	15,015,855	6,564,939
2007 Tax Increment Limited Obligation Bond	2,077,735	-
Economic Development Initiative –		
Economic Development	159,956	20,600
Traffic – Repair and Replacement	1,472,932	300,412
Drainage – Repair and Replacement	150,000	914
Housing Rehab	284,377	-
Resurfacing – Repair and Replacement	1,777,684	505
Hawkins Field Industrial Development	9,643	-
Parks – Repair and Replacement	-	28,161
Total	<u>\$ 50,608,592</u>	<u>\$ 9,258,052</u>

4. Construction work in progress at September 30, 2008 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$116,419,610</u>	<u>\$13,136,015</u>
Total	<u>\$116,419,610</u>	<u>\$13,136,015</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

**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, 2008, was as follows:

	Balance September 30, 2007	Additions	Deletions	Balance September 30, 2008
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,303	\$ -	\$ -	\$ 4,303
Construction in progress	25	-	-	25
Property held for sales	2,750	75	(250)	2,575
Property held for development	1,771	62	-	1,833
Total capital assets not being depreciated	<u>8,849</u>	<u>137</u>	<u>(250)</u>	<u>8,736</u>
Other capital assets:				
Land improvements	29	-	-	29
Buildings	49,592	21	(454)	49,159
Equipment and furniture	1,288	-	-	1,288
Total other capital assets	<u>50,909</u>	<u>21</u>	<u>(454)</u>	<u>50,476</u>
Less accumulated depreciation for:				
Land improvements	(29)	-	-	(29)
Buildings	(14,343)	(1,234)	-	(15,577)
Equipment and furniture	(1,283)	(2)	-	(1,285)
Total capital assets being depreciated	<u>(15,655)</u>	<u>(1,236)</u>	<u>-</u>	<u>(16,891)</u>
Total other capital assets, net	<u>35,254</u>	<u>(1,215)</u>	<u>(454)</u>	<u>33,585</u>
Total capital assets, net	<u>\$ 44,103</u>	<u>\$ (1,078)</u>	<u>\$ (704)</u>	<u>\$ 42,321</u>
Depreciation expense was charged to activities as follows:				
Urban renewal projects	\$ 794,976			
Rehabilitation loan services	1,778			
Parking facilities	439,316			
Total	<u>\$1,236,070</u>			

Activity for the Capital City Convention Center Commission for the year ended September 30, 2008, was as follows:

	Balance September 30, 2007	Additions	Deletions	Balance September 30, 2008
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,685	\$ -	\$ -	\$ 4,685
Equipment	-	5	-	5
Construction in progress	17,326	35,907	-	52,233
Total capital assets, net	<u>\$ 22,011</u>	<u>\$ 35,912</u>	<u>\$ -</u>	<u>\$ 57,923</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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, 2008 follows (in thousands of dollars):

	Interfund Receivables	Interfund Payables
General Fund	\$ 4,231	\$ -
Water/Sewage Disposal System Fund	269	-
Sanitation Fund	-	269
Federal Grant	-	200
Nonmajor Proprietary Funds	-	4,031
<b>Total</b>	<b>\$ 4,500</b>	<b>\$ 4,500</b>

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

	Transfer In	Transfer Out
General Fund	\$ -	\$ 15,012
Federal Grant Fund	834	-
Improvement Fund	1,050	-
Water/Sewage Disposal System Fund	-	99
Sanitation Fund	-	-
2006 G O Bond	-	-
Nonmajor Governmental Funds	4,700	-
Internal Service Fund	3,815	-
Nonmajor Proprietary Funds	4,712	-
<b>Total</b>	<b>\$ 15,111</b>	<b>\$ 15,111</b>

Interfund transfers at September 30, 2008 consist of the following (in thousands of dollars):

\$	834	From the General Fund to a Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	1,050	From the General Fund to a Major Governmental Fund (Improvement Fund) to subsidize operations.
	4,700	From the General Fund to Nonmajor Governmental Funds (Parks and Recreation and State Grant Funds) to subsidize operations.
	3,815	From the General Fund to Internal Service Fund to subsidize operations.
	4,613	From the General Fund to Nonmajor Proprietary Funds (Transportation) to subsidize operations.
	99	From the Water/Sewage Disposal System Fund to Nonmajor Proprietary Funds (Madison Sewage) to subsidize operations.
\$	15,111	

CITY OF JACKSON  
Notes to Financial Statements  
September 30, 2008

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**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, 2008, there were assets under capital lease totaling \$18,891,615 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, 2008, amounted to \$659,109. 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, 2008, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2009	\$ 469
2010	469
2011	471
2012	405
2013	188
2014 and thereafter	<u>2,768</u>
Total	<u>\$ 4,770</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2008 totaled to \$1,216,682. There were no subleases or contingent rentals associated with the operating leases.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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, 2008, 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.

At September 30, 2008, general obligation bonds amounting to \$19,250,000 were considered to be fully defeased but were still outstanding.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

**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, 2008, 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	2,695
General Obligation Bonds, Series 1998	10/01/98	4.00-5.25%	10/01/18	35,000	3,450
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	16,660
General Obligations Bonds, Refunding 2005	08/04/05	3.00-5.00%	10/01/17	20,960	19,575
General Obligation Bonds, Series 2006	11/08/06	3.60-5.00%	03/01/36	65,000	65,000
General Obligation Bonds, Refunding 2008	05/01/08	3.00-5.00%	05/01/13	5,155	5,155
Total General Obligation Bonds					<u>\$ 112,535</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 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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**G. LONG-TERM DEBT (Continued):**

Revenue bonds outstanding, at September 30, 2008, were as follows (in thousands of dollars):

<u>Revenue Bonds:</u>	<u>Date of</u> <u>Obligation</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>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	\$ 55
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	14,080
Water/Sewer Revenue Refunding 2004	10/22/04	3.00-5.00%	09/01/34	78,085	77,675
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	<u>27,180</u>
Total Revenue Bonds					<u>\$ 161,345</u>

At September 30, 2008, revenue bonds amounting to \$29,060,000 were considered to be fully defeased but were still 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, 2008, are as follows (in thousands of dollars):

<u>Limited Obligation Bonds:</u>	<u>Date of</u> <u>Obligation</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>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	<u>2,270</u>
Total Limited Obligation Bonds					<u>\$ 2,270</u>

**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, 2008, are as follows (in thousands of dollars):

<u>Special Obligation Bonds:</u>	<u>Date of</u> <u>Obligation</u>	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>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	<u>\$ 6,430</u>
Total Special Obligation Bonds					<u>\$ 6,430</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**G. LONG-TERM DEBT (Continued):**

**5. 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 \$70,269 at September 30, 2008, 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>Urban Renewal Bonds:</u>					
<u>Enterprise Funds:</u>					
Urban Renewal Central Business District, 1986-A	08/01/86	7.20-10.25%	08/01/09	\$ 1,040	\$ 95
Urban Renewal Revenue Bonds, Series 1997-A	10/01/97	4.00-5.00%	11/01/13	12,270	4,494
Urban Renewal Central Business District, 1998-A	09/01/98	4.50-6.375%	09/01/23	2,825	2,075
Urban Renewal Central Business District, 1998-B	09/01/98	6.50-8.50%	09/01/23	1,175	930
Urban Renewal Central Business District, 1998-C	09/01/98	6.50-8.50%	09/01/18	1,800	1,526
Urban Renewal Bonds Jackson Mall Area Project, 1998-A	11/01/98	4.10-5.70%	11/01/13	650	315
Urban Renewal Bond Central Business District, 2000-A	11/01/00	5.00-7.00%	11/01/25	2,250	1,945
Urban Renewal Bond Central Business District 2006-A-1	10/01/06	3.75%	10/01/10	4,450	<u>4,450</u>
<b>Total Urban Renewal Bonds and Notes</b>					<u><b>\$ 15,830</b></u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**G. LONG-TERM DEBT (Continued):**

6. A summary of long-term debt transactions for the primary government and for the component unit for the year ended September 30, 2008, was as follows (in thousands of dollars):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and loans payable:					
General obligation bonds	\$ 115,500	\$ 5,155	\$ 8,120	\$ 112,535	\$ 4,135
Limited obligation bonds	210	2,270	210	2,270	130
Special obligation bonds	12,430	-	6,000	6,430	6,430
State issued bonds	1,141	-	285	856	285
State revolving loan MDA	568	-	34	534	36
Miss. Development Bank Loan	808	-	71	737	74
Less deferred amounts:					
For issuance discount	(855)	-	(74)	(781)	-
On refunding	1,239	210	201	1,248	-
For issuance premium	3,104	267	406	2,965	-
<b>Total bonds payable</b>	<b>134,145</b>	<b>7,902</b>	<b>15,253</b>	<b>126,794</b>	<b>11,090</b>
Capital leases	13,939	2,208	3,120	13,027	2,980
Claims and judgments	2,962	167	401	2,728	630
Workers' Compensation Benefits	4,456	1,765	1,988	4,233	2,440
Compensated absences	3,611	121	127	3,605	148
	<u>24,968</u>	<u>4,261</u>	<u>5,636</u>	<u>23,593</u>	<u>6,198</u>
<b>Total Governmental Activity</b>	<b>\$ 159,113</b>	<b>\$ 12,163</b>	<b>\$ 20,889</b>	<b>\$ 150,387</b>	<b>\$ 17,288</b>
<b>Business-type activities:</b>					
Bonds and loans payable:					
Revenue bonds	\$ 167,670	\$ -	\$ 6,325	\$ 161,345	\$ 5,105
Less deferred amounts:					
For issuance premiums	5,854	-	650	5,204	-
On refunding	(2,133)	-	(214)	(1,919)	-
<b>Total bonds payable</b>	<b>171,391</b>	<b>-</b>	<b>6,761</b>	<b>164,630</b>	<b>5,105</b>
Capital leases	2,268	250	802	1,716	765
State Revolving Loan (DEQ)	19,005	908	1,405	18,508	1,511
	<u>21,273</u>	<u>1,158</u>	<u>2,207</u>	<u>20,224</u>	<u>2,276</u>
<b>Total Business-type activities</b>	<b>\$ 192,664</b>	<b>\$ 1,158</b>	<b>\$ 8,968</b>	<b>\$ 184,854</b>	<b>\$ 7,381</b>
<b>Component Unit – Jackson Redevelopment Authority</b>					
Urban Renewal bonds	\$ 28,750	\$ -	\$ 17,625	\$ 11,125	\$ 1,465
Urban Renewal notes	4,450	-	-	4,450	-
Less deferred amounts:					
For issuance premiums	370	-	55	315	-
On refunding	(95)	-	(34)	(61)	-
<b>Component Unit – Capital City Convention Center Commission</b>					
Promissory Note	400	-	-	400	-
<b>Total Component Unit</b>	<b>\$ 33,875</b>	<b>\$ -</b>	<b>\$ 17,646</b>	<b>\$ 16,229</b>	<b>\$ 1,465</b>
<b>Total Long-Term Debt</b>	<b>\$ 385,652</b>	<b>\$ 13,321</b>	<b>\$ 47,503</b>	<b>\$ 351,470</b>	<b>\$ 26,134</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**G. LONG-TERM DEBT (Continued):**

7. The City's legal debt margin for the issuance of general obligation bonds was \$116,718,415 at September 30, 2008.

**8. Annual Maturities Requirements**

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$70,269 for the component unit as of September 30, 2008, including interest, by source of retirement are as follows (in thousands of dollars):

**Debt Service Fund (Special Tax Levy)**

Fiscal Year	General Obligation Bonds		Total
	Interest	Principal	
2009	\$ 5,070	\$ 4,135	\$ 9,205
2010	5,055	4,260	9,315
2011	5,951	4,440	10,391
2012	4,719	5,055	9,774
2013	4,504	5,375	9,879
2014 – 2018	18,704	23,710	42,414
2019 – 2023	13,882	15,840	29,722
2024 – 2028	10,415	13,675	24,090
2029 – 2033	6,580	20,015	26,595
2034 – 2038	1,241	16,030	17,271
<b>Total</b>	<b>\$ 76,121</b>	<b>\$112,535</b>	<b>\$ 188,656</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**G. LONG-TERM DEBT (Continued):**

Fiscal Year	Limited Obligation Bonds		Special Obligation Bonds		Total
	Interest	Principal	Interest	Principal	
2009	\$ 98	\$ 130	\$ 424	\$ 6,430	\$ 16,287
2010	93	140	-	-	9,548
2011	86	150	-	-	10,627
2012	79	160	-	-	10,013
2013	72	170	-	-	10,121
2014 – 2018	230	1,030	-	-	43,674
2019 – 2023	22	490	-	-	30,234
2024 – 2028	-	-	-	-	24,090
2029 – 2033	-	-	-	-	26,595
2034 – 2038	-	-	-	-	17,271
Total	<u>\$ 680</u>	<u>\$ 2,270</u>	<u>\$ 424</u>	<u>\$ 6,430</u>	<u>\$198,460</u>

**General Fund (General Fund Revenues)**

Fiscal Year	Jackson Redevelopment Authority Bonds		Obligation Under Capital Leases		Total
	Interest	Principal	Interest	Principal	
2009	\$ 198	\$ 1,050	\$ 503	\$ 2,980	\$ 4,731
2010	150	960	388	2,294	3,792
2011	102	1,005	295	1,989	3,391
2012	51	1,060	219	1,269	3,091
2013	12	480	167	1,320	1,487
2014 – 2018	-	-	328	2,903	3,231
2019 – 2023	-	-	19	272	291
Total	<u>\$ 513</u>	<u>\$ 4,555</u>	<u>\$ 1,919</u>	<u>\$ 13,027</u>	<u>\$20,014</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 2008 were paid by contributions from the General Fund of \$1,353,732.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

**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>
2009	\$ 7,898	\$ 5,105
2010	7,617	6,910
2011	7,284	6,085
2012	6,996	4,245
2013	6,818	4,425
2014 – 2018	30,899	25,310
2019 – 2023	24,083	32,115
2024 – 2028	15,985	31,175
2029 – 2033	7,870	37,015
2034 – 2038	<u>428</u>	<u>8,960</u>
<b>Total</b>	<b><u>\$ 115,878</u></b>	<b><u>\$ 161,345</u></b>

Obligations Under  
Capital Lease

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2009	\$ 61	\$ 765
2010	31	700
2011	8	216
2012	1	35
2013	-	-
2014 – 2018	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 101</u></b>	<b><u>\$ 1,716</u></b>

State Revolving Loan

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2009	\$ 621	\$ 1,511	\$ 15,961
2010	554	1,569	17,381
2011	502	1,629	15,724
2012	440	1,692	13,409
2013	374	1,757	13,374
2014 – 2018	1,047	6,425	63,681
2019 – 2023	273	3,157	59,628
2024 – 2028	41	768	47,969
2029 – 2033	-	-	44,885
2034 – 2038	<u>-</u>	<u>-</u>	<u>9,388</u>
<b>Total</b>	<b><u>\$ 3,852</u></b>	<b><u>\$ 18,508</u></b>	<b><u>\$301,400</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**G. LONG-TERM DEBT (Continued):**

**Jackson Redevelopment Authority (Urban Renewal Project Revenues)**

<u>Fiscal Year</u>	Jackson Redevelopment Authority Notes Payable, Urban Renewal Notes and Bonds		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2009	\$ 538	\$ 415	\$ 953
2010	429	4,795	5,224
2011	327	315	642
2012	295	214	509
2013	298	895	1,193
2014 – 2018	1,070	2,235	3,305
2019 – 2023	458	1,930	2,388
2024 – 2028	41	475	516
2029 – 2033	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,456</u></b>	<b><u>\$ 11,274</u></b>	<b><u>\$ 14,730</u></b>

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

**9. Annual Maturities Requirements**

The annual requirements to amortize all debt outstanding for the City and the component unit as of September 30, 2008, including interest of \$70,269 for the component unit are as follows (in thousands of dollars):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2009	\$ 35,731	\$ 2,201
2010	29,611	6,334
2011	28,635	1,749
2012	26,513	1,620
2013	24,982	1,685
2014 and thereafter	<u>370,942</u>	<u>6,209</u>
<b>Total</b>	<b><u>\$ 516,414</u></b>	<b><u>\$ 19,798</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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

**G. LONG-TERM DEBT (Continued):**

**10. 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, 2008.

<u>Fiscal Year</u>	<u>Industrial Revenue Bonds</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2009	1,280	-	1,280
2010	<u>1,280</u>	<u>3,650</u>	<u>4,930</u>
Total	<u>\$ 2,560</u>	<u>\$ 3,650</u>	<u>\$ 6,210</u>

**11. 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 \$236,349 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, 2008, the fair value of the transaction was a liability of (\$3,911,342) for the City, which is not recorded, in the financial statements.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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 2008 were \$1,764,859.

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, 2008, the required amounts were funded. Claims totaled \$104,565 during fiscal year 2008. Estimates of the liability for unpaid claims are based on patterns of claims payments.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

**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 \$7,391,112 and employee benefit costs were \$11,053,971 during fiscal year 2008. Claims incurred but not reported at September 30, 2008, 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 2008 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, 2008 and 2007:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
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>
2007:				
Beginning Balance	\$ 587,358	\$ 2,517,565	\$ -	\$ 4,090,000
Current Year Claims/Changes in Estimates	11,296,717	520,860	111,024	1,812,731
Claims Payments	12,535,807	76,269	111,024	1,446,839
Ending Balance	<u>\$ 651,732</u>	<u>\$ 2,962,156</u>	<u>\$ -</u>	<u>\$ 4,455,892</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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, 2008, was \$18,507,496.

**C. SUBSEQUENT EVENT**

On January 1, 2009 the City issued \$26,210,000 of general obligation bonds to finance the constructing, improving and paving streets, sidewalks, driveways, parkways, walkways and public parking facilities, and purchasing land therefore; and constructing bridges and culverts. The interest rate on the bonds range from 4.00 – 5.80 percent and the maturity date is January 1, 2024.

**D. CONTINGENT LIABILITIES:**

**Litigation**

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$2,728,926 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, 2008 (in thousands of dollars):

Jackson/Hinds Library System

Total assets	<u>\$ 1,504</u>	
Total liabilities	<u>\$ 184</u>	
Total fund equity	<u>\$ 1,320</u>	
Total revenues	<u>\$ 4,033</u>	(1)
Total expenditures	<u>\$ 3,992</u>	
Net increase (decrease) in fund balance	<u>\$ 41</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, 2008**

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**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 11.85% 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 2008, the City's annual pension cost of \$7,613,890 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2007, 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, 2008 was 26 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>
9/30/06	\$ 7,340	100%
9/30/07	7,696	100%
9/30/08	7,614	100%

CITY OF JACKSON  
Notes to Financial Statements  
September 30, 2008

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**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, 2008, 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, 2008, the most recent actuarial valuation date, the plan was 70.4% funded. The actuarial accrued liability for benefits was \$130.6 million and the actuarial value of assets was \$91.9 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$38.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$219,000, and the ratio of the UAAL to the covered payroll was 17.670%.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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 \$38,697 as of September 30, 2008, the City has recorded a net pension asset of \$18,580 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	\$ (3,564)
Interest on net pension asset	1,772
Adjustments to annual required contribution	<u>(2,049)</u>
Annual pension cost	(3,841)
Contributions made	<u>267</u>
Decrease in net pension asset	(3,574)
Net pension asset beginning of year	<u>22,154</u>
Net pension asset end of year	<u>\$ 18,580</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 2009 is projected to be approximately \$3,564. 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 2009 and growing to approximately \$7.2 million through 2019 will be necessary to meet the City's obligations under the plan.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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, 2008. 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 26 years remaining as of September 30, 2008. At September 30, 2008, 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	\$129,051
Active members	1,574
Vested terminated members not yet receiving benefits	<u>          -</u>
Total actuarial accrued liability	130,625
Actuarial Value of Assets	<u>91,928</u>
Unfunded actuarial accrued liability	<u>\$ 38,697</u>

During the year ended September 30, 2008 the plan experienced an estimated net change of \$(4,926) 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, 2008**

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**Note 5 – Other Information (Continued):**

**F. EMPLOYEES' RETIREMENT SYSTEM (continued):**

**6. Annual Pension Cost**

During the year ended September 30, 2008, contributions totaling approximately \$267,011 (\$243,673 employer and \$23,338 employee) were made in accordance with contribution requirements determined by the actuarial valuation of the system as of September 30, 2007. The employer contributions consisted of approximately \$36,502 for normal cost and administrative expenses and \$207,171 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, 2008. This consisted of 5.56 mills on property valuation used to pay debt service of \$6,817,380.

**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>
9/30/06	\$ 3,613	6.5%	25,596
9/30/07	3,403	6.9%	22,154
9/30/08	3,574	7.2%	18,580

**G. OTHER POSTEMPLOYMENT BENEFITS**

Effective for the 2008 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, 2008, 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, 2008**

**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 net OPEB obligation at the beginning of the year. The ARC was calculated as part of the September 30, 2008, 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:

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total OPEB Plan</u></b>
Annual Required Contribution	\$6,580,680	\$ 983,320	\$7,564,000
Interest on net OPEB obligation	-	-	-
Adjustment to ARC	-	-	-
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	-	-	-
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:**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2008**

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**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, 2008, 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, 2008 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, 2008 was 15 years.

**Note 6 – Prior Period Adjustment**

1. In 2008, the City recorded an adjustment to include assets previously overstated to its government-wide statement of net assets for the governmental activities. The adjustment was to correct the following item as an adjustment to previously reported net assets:

Adjustment to correct capital assets not being depreciated	\$ (819,775)
Adjustment to record capital assets being depreciated	\$ (12,014,807)
Adjustment to record accumulated depreciation	<u>(3,092,518)</u>
	<u>\$ (15,927,100)</u>



**REQUIRED SUPPLEMENTARY  
INFORMATION**

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Employees' Retirement Systems**  
**Schedule of Funding Progress**  
**September 30, 2008**

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**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]
9/30/2006	101,878	138,491	36,613	73.6	319	11,477.4
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

**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.

City of Jackson  
Combining Balance Sheet  
Nonmajor Governmental Funds  
As of September 30, 2008

Special Revenue

	<u>Parks and Recreation</u>	<u>State Grant</u>	<u>Disability and Relief</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,146,487	\$ 52,147	\$ 187,400	\$ 1,386,034
Accounts Receivable	-	94,234	17,344	111,578
Other Receivable	2,351,045	-	6,500,859	8,851,904
Total Current Asset	<u>\$ 3,497,532</u>	<u>\$ 146,381</u>	<u>\$ 6,705,603</u>	<u>\$ 10,349,516</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 114,603	\$ 6,415	\$ -	\$ 121,018
Unearned Revenue	2,339,364	-	6,518,203	8,857,567
Other Liabilities	12,583	-	-	12,583
Total liabilities	<u>2,466,550</u>	<u>6,415</u>	<u>6,518,203</u>	<u>8,991,168</u>
<b>FUND BALANCES</b>				
Unreserved	<u>1,030,982</u>	<u>139,966</u>	<u>187,400</u>	<u>1,358,348</u>
Total fund balances	<u>1,030,982</u>	<u>139,966</u>	<u>187,400</u>	<u>1,358,348</u>
Total Liabilities and Fund balance	<u>\$ 3,497,532</u>	<u>\$ 146,381</u>	<u>\$ 6,705,603</u>	<u>\$ 10,349,516</u>

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

**Capital Projects**

<b>1982 Industrial Park Bond</b>	<b>1988 Construction Bond</b>	<b>1994 GO Bond Capital Improvement</b>	<b>1996 Metro Station</b>	<b>2007 Tax Increment Bond</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 46,711	\$ 9,509	\$ 42,773	\$ 11,416	\$ 17,349	\$ 127,758	\$ 1,513,792
-	-	-	-	-	-	111,578
-	-	-	-	-	-	8,851,904
<u>\$ 46,711</u>	<u>\$ 9,509</u>	<u>\$ 42,773</u>	<u>\$ 11,416</u>	<u>\$ 17,349</u>	<u>\$ 127,758</u>	<u>\$ 10,477,274</u>
\$ -	\$ 270	\$ 13,838	\$ -	\$ -	\$ 14,108	\$ 135,126
-	-	-	-	-	-	8,857,567
-	-	-	-	-	-	12,583
-	270	13,838	-	-	14,108	9,005,276
46,711	9,239	28,935	11,416	17,349	113,650	1,471,998
<u>46,711</u>	<u>9,239</u>	<u>28,935</u>	<u>11,416</u>	<u>17,349</u>	<u>113,650</u>	<u>1,471,998</u>
<u>\$ 46,711</u>	<u>\$ 9,509</u>	<u>\$ 42,773</u>	<u>\$ 11,416</u>	<u>\$ 17,349</u>	<u>\$ 127,758</u>	<u>\$ 10,477,274</u>

**City of Jackson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year ended September 30, 2008**

	<u>Special Revenue</u>			<u>Total</u>
	<u>Parks and Recreation</u>	<u>State Grant</u>	<u>Disability and Relief</u>	
<b>REVENUES</b>				
General property taxes	\$ 2,119,255	\$ -	\$ 5,869,951	\$ 7,989,206
Intergovernmental	183,191	246,735	183,811	613,737
Admissions, fees, rentals and concessions	280,474	-	752	281,226
Interest	21,486	925	24,773	47,184
Other	16,825	-	21,950	38,775
Total revenues	<u>2,621,231</u>	<u>247,660</u>	<u>6,101,237</u>	<u>8,970,128</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	3,628,884	91,217	-	3,720,101
Supplies	672,946	21,546	-	694,492
Other Services and Charges	1,190,573	165,947	145,177	1,501,697
Capital Outlay	489,356	79,381	-	568,737
Debt Service:				
Principal	-	-	6,000,000	6,000,000
Interest and service charges	-	-	818,406	818,406
Total expenditures	<u>5,981,759</u>	<u>358,091</u>	<u>6,963,583</u>	<u>13,303,433</u>
Excess (deficiency) of revenues over expenditures	<u>(3,360,528)</u>	<u>(110,431)</u>	<u>(862,346)</u>	<u>(4,333,305)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	3,514,418	312,708	873,000	4,700,126
Transfers out:				
Issuance of Tax Increment Bonds	-	-	-	-
Total other financing sources	<u>3,514,418</u>	<u>312,708</u>	<u>873,000</u>	<u>4,700,126</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	153,890	202,277	10,654	366,821
Fund balances at beginning of year	<u>877,092</u>	<u>(62,311)</u>	<u>176,746</u>	<u>991,527</u>
Fund balances at end of year	<u>\$ 1,030,982</u>	<u>\$ 139,966</u>	<u>\$ 187,400</u>	<u>\$ 1,358,348</u>

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

**Capital Projects**

<b>1982 Industrial Park Bond</b>	<b>1988 Construction Bond</b>	<b>1994 GO Bond Capital Improvement</b>	<b>1996 Metro Station</b>	<b>2007 Tax Increment Bond</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,989,206
-	-	-	-	-	-	613,737
-	-	-	-	-	-	281,226
628	127	741	-	4,622	6,118	53,302
-	-	-	-	-	-	38,775
<u>628</u>	<u>127</u>	<u>741</u>	<u>-</u>	<u>4,622</u>	<u>6,118</u>	<u>8,976,246</u>
-	-	-	-	-	-	3,720,101
-	-	-	-	-	-	694,492
-	-	12,335	-	2,077,735	2,090,070	3,591,767
-	-	-	-	-	-	568,737
-	-	-	-	-	-	6,000,000
-	-	-	-	-	-	818,406
-	-	<u>12,335</u>	<u>-</u>	<u>2,077,735</u>	<u>2,090,070</u>	<u>15,393,503</u>
<u>628</u>	<u>127</u>	<u>(11,594)</u>	<u>-</u>	<u>(2,073,113)</u>	<u>(2,083,952)</u>	<u>(6,417,257)</u>
-	-	-	-	-	-	4,700,126
-	-	-	-	2,090,462	2,090,462	2,090,462
-	-	-	-	<u>2,090,462</u>	<u>2,090,462</u>	<u>6,790,588</u>
628	127	(11,594)	-	17,349	6,510	373,331
<u>46,083</u>	<u>9,112</u>	<u>40,529</u>	<u>11,416</u>	<u>-</u>	<u>107,140</u>	<u>1,098,667</u>
<u>\$ 46,711</u>	<u>\$ 9,239</u>	<u>\$ 28,935</u>	<u>\$ 11,416</u>	<u>\$ 17,349</u>	<u>\$ 113,650</u>	<u>\$ 1,471,998</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, 2008**

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 2,112,300	\$ 2,112,300	\$ 2,119,255	\$ 6,955
Intergovernmental	200,974	200,974	183,191	(17,783)
Admissions, fees, rentals and concessions	416,194	416,194	280,474	(135,720)
Interest	8,000	8,000	21,486	13,486
Other	5,100	5,100	16,825	11,725
Total revenues	<u>2,742,568</u>	<u>2,742,568</u>	<u>2,621,231</u>	<u>(121,337)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	4,146,189	4,199,976	3,628,884	571,092
Supplies	798,828	852,180	672,946	179,234
Other Services and Charges	1,213,057	1,367,225	1,190,573	176,652
Capital Outlay	349,949	661,818	489,356	172,462
Total expenditures	<u>6,508,023</u>	<u>7,081,199</u>	<u>5,981,759</u>	<u>1,099,440</u>
Excess (deficiency) of revenues over expenditures	<u>(3,765,455)</u>	<u>(4,338,631)</u>	<u>(3,360,528)</u>	<u>978,103</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	3,514,418	3,514,418	3,514,418	-
Total other financing sources (uses)	<u>3,514,418</u>	<u>3,514,418</u>	<u>3,514,418</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(251,037)	(824,213)	153,890	978,103
Fund balances at beginning of year	<u>877,092</u>	<u>877,092</u>	<u>877,092</u>	<u>-</u>
Fund balances at end of year	<u>\$ 626,055</u>	<u>\$ 52,879</u>	<u>\$ 1,030,982</u>	<u>\$ 978,103</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, 2008**

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 1,576,150	\$ 652,592	\$ 246,735	(405,857)
Interest	-	-	925	925
Total revenues	<u>1,576,150</u>	<u>652,592</u>	<u>247,660</u>	<u>(404,932)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	288,947	141,549	91,217	50,332
Supplies	190,888	59,011	21,546	37,465
Other Services and Charges	427,425	618,229	165,947	452,282
Capital Outlay	695,536	106,922	79,381	27,541
Total expenditures	<u>1,602,796</u>	<u>925,711</u>	<u>358,091</u>	<u>567,620</u>
Excess (deficiency) of revenues over expenditures	<u>(26,646)</u>	<u>(273,119)</u>	<u>(110,431)</u>	<u>162,688</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	26,646	273,119	312,708	39,589
Total other financing sources (uses)	<u>26,646</u>	<u>273,119</u>	<u>312,708</u>	<u>39,589</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	202,277	202,277
Fund balances at beginning of year	<u>(62,311)</u>	<u>(62,311)</u>	<u>(62,311)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (62,311)</u>	<u>\$ (62,311)</u>	<u>\$ 139,966</u>	<u>\$ 202,277</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, 2008**

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 5,877,576	\$ 5,896,312	\$ 5,869,951	\$ (26,361)
Intergovernmental	174,134	183,850	183,811	(39)
Admissions, fees, rentals and concessions	400	800	752	(48)
Interest	15,000	25,100	24,773	(327)
Other	21,700	21,700	21,950	250
Total revenues	<u>6,088,810</u>	<u>6,127,762</u>	<u>6,101,237</u>	<u>(26,525)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	-	-	145,177	(145,177)
Debt Service:				
Principal	6,000,000	6,000,000	6,000,000	-
Interest and service charges	961,810	1,000,762	818,406	182,356
Total expenditures	<u>6,961,810</u>	<u>7,000,762</u>	<u>6,963,583</u>	<u>37,179</u>
Excess (deficiency) of revenues over expenditures	<u>(873,000)</u>	<u>(873,000)</u>	<u>(862,346)</u>	<u>(10,654)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in:				
General Fund	873,000	873,000	873,000	-
Total other financing sources (uses)	<u>873,000</u>	<u>873,000</u>	<u>873,000</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	10,654	(10,654)
Fund balances at beginning of year	<u>176,746</u>	<u>176,746</u>	<u>176,746</u>	<u>-</u>
Fund balances at end of year	<u>\$ 176,746</u>	<u>\$ 176,746</u>	<u>\$ 187,400</u>	<u>\$ (10,654)</u>

**City of Jackson**  
**1982 Industrial Park Bond Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 628	\$ 628
Total revenues	<u>-</u>	<u>-</u>	<u>628</u>	<u>628</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	50,000	50,000	-	50,000
Total expenditures	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>628</u>	<u>50,628</u>
Net change in fund balances	(50,000)	(50,000)	628	50,628
Fund balances at beginning of year	<u>46,083</u>	<u>46,083</u>	<u>46,083</u>	<u>-</u>
Fund balances at end of year	<u>\$ (3,917)</u>	<u>\$ (3,917)</u>	<u>\$ 46,711</u>	<u>\$ 50,628</u>

**City of Jackson**  
**1988 Construction Bond Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 127	\$ 127
Total revenues	<u>-</u>	<u>-</u>	<u>127</u>	<u>127</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	52,024	-	-	-
Total expenditures	<u>52,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(52,024)</u>	<u>-</u>	<u>127</u>	<u>127</u>
Net change in fund balances	(52,024)	-	127	127
Fund balances at beginning of year	<u>9,112</u>	<u>9,112</u>	<u>9,112</u>	<u>-</u>
Fund balances at end of year	<u>\$ (42,912)</u>	<u>\$ 9,112</u>	<u>\$ 9,239</u>	<u>\$ 127</u>

**City of Jackson**  
**1994 GO Bond Capital Improvement Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 741	\$ 741
Total revenues	<u>-</u>	<u>-</u>	<u>741</u>	<u>741</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	118,080	118,080	12,335	105,745
Total expenditures	<u>118,080</u>	<u>118,080</u>	<u>12,335</u>	<u>105,745</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(118,080)</u>	<u>(118,080)</u>	<u>(11,594)</u>	<u>106,486</u>
Net change in fund balances	(118,080)	(118,080)	(11,594)	106,486
Fund balances at beginning of year	<u>40,529</u>	<u>40,529</u>	<u>40,529</u>	<u>-</u>
Fund balances at end of year	<u>\$ (77,551)</u>	<u>\$ (77,551)</u>	<u>\$ 28,935</u>	<u>\$ 106,486</u>



**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, 2008**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Intergovernmental Receivable	\$ -	\$ 2,385,213	\$ 2,385,213
Total Current Asset	<u>-</u>	<u>2,385,213</u>	<u>2,385,213</u>
Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	1,681,851	1,681,851
Water plant, distribution system and equipment	453,844	410,690	864,534
Automotive and other equipment	-	13,080,637	13,080,637
	<u>453,844</u>	<u>15,623,178</u>	<u>16,077,022</u>
Less: accumulated depreciation	<u>(167,304)</u>	<u>(10,806,915)</u>	<u>(10,974,219)</u>
	286,540	4,816,263	5,102,803
Construction in progress	<u>13,800</u>	<u>-</u>	<u>13,800</u>
Net property, plant and equipment	<u>300,340</u>	<u>4,816,263</u>	<u>5,116,603</u>
<b>Total Assets</b>	<u>\$ 300,340</u>	<u>\$ 7,201,476</u>	<u>\$ 7,501,816</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, 2008**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 9,714	\$ 80,008	\$ 89,722
Due to other funds	-	4,031,442	4,031,442
Current portion of long term debt:			
Lease Obligations	-	131,390	131,390
Total current liabilities	<u>9,714</u>	<u>4,242,840</u>	<u>4,252,554</u>
Long Term Debt (less amounts classified as current liabilities):			
Lease obligations	-	287,585	287,585
Total long-term debt	-	287,585	287,585
Total liabilities	<u>9,714</u>	<u>4,530,425</u>	<u>4,540,139</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	300,340	4,397,288	4,697,628
Unrestricted	<u>(9,714)</u>	<u>(1,726,237)</u>	<u>(1,735,951)</u>
Total Net Assets	<u>290,626</u>	<u>2,671,051</u>	<u>2,961,677</u>
<b>Total liabilities and net assets</b>	<u>\$ 300,340</u>	<u>\$ 7,201,476</u>	<u>\$ 7,501,816</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, 2008**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Sales to Customers	\$ -	\$ 397,269	\$ 397,269
Other Revenue	-	480,101	480,101
Total Operating revenues	-	877,370	877,370
<b>Operating Expenses:</b>			
Personnel Services	30,600	140,539	171,139
Supplies	2,317	1,129,479	1,131,796
Other services and charges	67,801	5,463,100	5,530,901
Depreciation	8,929	841,969	850,898
Total operating expenses	109,647	7,575,087	7,684,734
Operating Income (loss)	(109,647)	(6,697,717)	(6,807,364)
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	-	16,563	16,563
Total nonoperating revenues (expenses)	-	16,563	16,563
Loss before contributions and transfers	(109,647)	(6,681,154)	(6,790,801)
Capital contributions from grants	-	1,533,653	1,533,653
<b>Operating Transfers In:</b>			
General Fund	-	4,613,028	4,613,028
Enterprise Funds	98,996	-	98,996
Total transfers in (out)	98,996	4,613,028	4,712,024
Change in Net Assets	(10,651)	(534,473)	(545,124)
Total net assets - beginning	301,277	3,205,524	3,506,801
<b>Total net assets - ending</b>	<b>\$ 290,626</b>	<b>\$ 2,671,051</b>	<b>\$ 2,961,677</b>

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, 2008**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ -	\$ 397,269	\$ 397,269
Receipts from other revenue	-	440,397	440,397
Payments to suppliers	(68,396)	(6,682,243)	(6,750,639)
Payments to employees	(30,600)	(140,539)	(171,139)
Net cash used for			-
Operating activities	<u>(98,996)</u>	<u>(5,985,116)</u>	<u>(6,084,112)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In	<u>98,996</u>	<u>4,613,028</u>	<u>4,712,024</u>
Net cash provided by noncapital financing activities)	<u>98,996</u>	<u>4,613,028</u>	<u>4,712,024</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	(1,336)	(1,336)
Principal paid on capital debt	-	(176,792)	(176,792)
Proceeds from capital contributions	-	1,533,653	1,533,653
Net cash provided by capital and related financing activities	<u>-</u>	<u>1,355,525</u>	<u>1,355,525</u>
<b>Cash Flow Provided by Investing Activities:</b>			
Interest on investments	<u>-</u>	<u>16,563</u>	<u>16,563</u>
Net cash provided by investing activities	<u>-</u>	<u>16,563</u>	<u>16,563</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>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>			
Operating loss	<u>\$ (109,647)</u>	<u>\$ (6,697,717)</u>	<u>\$ (6,807,364)</u>
Depreciation expense	8,929	841,969	850,898
(Increase) decrease in other receivable	-	(39,704)	(39,704)
Increase (decrease) in due to other funds	-	(38,925)	(38,925)
Increase (decrease) in accounts payable	1,722	(50,739)	(49,017)
Total adjustments	<u>10,651</u>	<u>712,601</u>	<u>723,252</u>
Net cash provided by operating activities	<u>\$ (98,996)</u>	<u>\$ (5,985,116)</u>	<u>\$ (6,084,112)</u>

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



**FUDUCIARY FUNDS**

## **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, 2008**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Assets</b>				
Cash and cash equivalents	\$ 187,781	\$ 8,483	\$ 1,874	\$ 198,138
Investment at fair value: Certificate of deposit	-	-	30,000	30,000
<b>Total assets</b>	<b>\$ <u>187,781</u></b>	<b>\$ <u>8,483</u></b>	<b>\$ <u>31,874</u></b>	<b>\$ <u>228,138</u></b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Payables to others	\$ <u>4,923</u>	\$ -	\$ -	\$ <u>4,923</u>
<b>Total liabilities</b>	<b><u>4,923</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>4,923</u></b>
<b>Net Assets:</b>				
Held in trust	<u>182,858</u>	<u>8,483</u>	<u>31,874</u>	<u>223,215</u>
<b>Total net assets</b>	<b><u>182,858</u></b>	<b><u>8,483</u></b>	<b><u>31,874</u></b>	<b><u>223,215</u></b>
<b>Total liabilities and net assets</b>	<b>\$ <u>187,781</u></b>	<b>\$ <u>8,483</u></b>	<b>\$ <u>31,874</u></b>	<b>\$ <u>228,138</u></b>

**CITY OF JACKSON  
ALL TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Additions:				
Interest	\$ 2,259	\$ 847	\$ 1,874	\$ 4,980
Other additions	<u>169,000</u>	<u>-</u>	<u>-</u>	<u>169,000</u>
Total additions	<u>171,259</u>	<u>847</u>	<u>1,874</u>	<u>173,980</u>
Deductions:				
General government Trust funds	<u>104,566</u>	<u>-</u>	<u>-</u>	<u>104,566</u>
Total deductions	<u>104,566</u>	<u>-</u>	<u>-</u>	<u>104,566</u>
Change in Net Assets	66,693	847	1,874	69,414
Net assets at beginning of year	<u>116,165</u>	<u>7,636</u>	<u>30,000</u>	<u>153,801</u>
Net assets at end of year	<u>\$ 182,858</u>	<u>\$ 8,483</u>	<u>\$ 31,874</u>	<u>\$ 223,215</u>

**CITY OF JACKSON  
ALL AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>ASSETS</u>		<u>LIABILITIES</u>	
	Cash and Cash Equivalents	Total Assets	Other Liabilities	Total Liabilities
<b>Capital City Community Convention Center</b>				
Balance at October 1, 2007	\$ -	\$ -	\$ -	\$ -
Additions	4,432,243	4,432,243	4,432,243	4,432,243
Deductions	<u>4,422,457</u>	<u>4,422,457</u>	<u>4,422,457</u>	<u>4,422,457</u>
Balance at September 30, 2008	<u>\$ 9,786</u>	<u>\$ 9,786</u>	<u>\$ 9,786</u>	<u>\$ 9,786</u>
<b>Jackson Convention &amp; Visitors Bureau</b>				
Balance at October 1, 2007	\$ -	\$ -	\$ -	\$ -
Additions	3,266,082	3,266,082	3,266,082	3,266,082
Deductions	<u>3,265,952</u>	<u>3,265,952</u>	<u>3,265,952</u>	<u>3,265,952</u>
Balance at September 30, 2008	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 130</u>	<u>\$ 130</u>
<b>Jackson/Hinds Library System</b>				
Balance at October 1, 2007	\$ -	\$ -	\$ -	\$ -
Additions	1,372,679	1,372,679	1,372,679	1,372,679
Deductions	<u>1,372,679</u>	<u>1,372,679</u>	<u>1,372,679</u>	<u>1,372,679</u>
Balance at September 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Jackson Municipal Separate School District</b>				
Balance at October 1, 2007	\$ -	\$ -	\$ -	\$ -
Additions	9,865,990	9,865,990	9,865,990	9,865,990
Deductions	<u>9,865,990</u>	<u>9,865,990</u>	<u>9,865,990</u>	<u>9,865,990</u>
Balance at September 30, 2008	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total - All Agency Funds:</b>				
Balance at October 1, 2007	\$ -	\$ -	\$ -	\$ -
Additions	18,936,994	18,936,994	18,936,994	18,936,994
Deductions	<u>18,927,078</u>	<u>18,927,078</u>	<u>18,927,078</u>	<u>18,927,078</u>
Balance at September 30, 2008	<u>\$ 9,916</u>	<u>\$ 9,916</u>	<u>\$ 9,916</u>	<u>\$ 9,916</u>

**CAPITAL ASSETS**

CITY OF JACKSON  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 COMPARATIVE SCHEDULES BY SOURCE (1)  
 September 30, 2008 AND 2007

	2008	2007
<b>Governmental funds capital assets:</b>		
Land	\$ 14,521,418	\$ 14,440,776
Buildings	80,122,887	79,547,208
Automotive and equipment:	70,960,561	69,467,614
Infrastructure	214,444,522	214,444,522
Construction in progress	50,608,592	40,370,626
Total governmental funds capital assets	\$ 430,657,980	\$ 418,270,746

**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	78,761,372	65,876,228
Special Revenue Fund revenues	88,343,358	89,157,243
Special Assessment bonds	1,962,957	1,962,957
General Obligation bonds	204,185,626	200,375,328
Limited Obligation bonds	4,330,429	2,252,694
Debt Service Fund revenues	65,000	65,000
Federal grants	38,523,316	44,095,374
State grants	52,261	52,261
County grants	430,948	430,948
Total governmental funds capital assets	\$ 430,657,980	\$ 418,270,746

(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, 2008**

	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
<b>General Government:</b>						
Planning	479,406	43,001	39,349	321,363	2,187,517	3,070,636
Code Services	-	-	-	774,177	-	774,177
Telecommunication	-	4,554,834	8,943	99,140	-	4,662,917
Data Processing / Information System	-	-	-	5,772,166	-	5,772,166
Vehicle Pool Fund	-	-	-	746,051	-	746,051
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	265,832	-	2,698,462
Personnel	-	-	-	222,781	-	222,781
Municipal Court Services	-	-	-	1,449,028	712,767	2,161,795
Vehicle Maintenance	-	5,816	-	654,842	-	660,658
Minority Business Development	-	-	-	27,598	-	27,598
<b>Total general government</b>	<b>579,406</b>	<b>6,903,043</b>	<b>181,530</b>	<b>10,634,444</b>	<b>2,900,284</b>	<b>21,198,707</b>
<b>Urban Development and Housing:</b>						
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
<b>Total urban development and housing</b>	<b>88,078</b>	<b>15,044,796</b>	<b>243,000</b>	<b>80,999</b>	<b>-</b>	<b>15,456,873</b>
<b>Health and Welfare:</b>						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	235,854	-	490,832	-	726,686
Day Care Services	-	281,849	16,109	228,634	-	526,592
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	45,461	-	62,982
<b>Total health and welfare</b>	<b>46,245</b>	<b>1,804,963</b>	<b>17,985</b>	<b>813,338</b>	<b>-</b>	<b>2,682,531</b>

(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, 2008**

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
<b>Public Safety:</b>						
Fire Department	\$ 75,000	\$ 5,300,973	\$ 3,550,734	\$ 16,024,688	\$ 601,394	\$ 25,552,789
Police Department	123,992	6,022,373	856,190	27,234,351	12,125,554	46,362,459
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
<b>Total public safety</b>	<b>198,992</b>	<b>14,414,074</b>	<b>8,909,430</b>	<b>43,710,861</b>	<b>12,726,948</b>	<b>79,960,305</b>
<b>Public Works:</b>						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	-	4,327,997	-	5,934,136
Traffic Engineering	-	17,215	18,476	2,280,562	874,439	3,190,692
Traffic Signals	-	-	442,038	337,813	7,250,254	8,030,105
Care and Maintenance of Public Buildings	-	6,567,689	429,703	217,061	515,192	7,729,645
Custodial Services	-	-	-	131,462	-	131,462
Public Works Deputy Dir/Adm	-	-	-	26,804	-	26,804
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	126,333,349	319,829	18,425,484	145,432,940
Storm Drainage	-	-	69,621,367	167,397	3,892,985	73,681,749
Bridges	-	-	23,032	-	-	23,032
Soil Conservation	-	120,000	112,159	-	-	232,159
<b>Total public works</b>	<b>939,551</b>	<b>7,734,200</b>	<b>196,980,124</b>	<b>7,953,604</b>	<b>30,958,354</b>	<b>244,565,833</b>
<b>Culture and Recreation:</b>						
Planetarium	-	827,314	-	498,399	34,963	1,360,676
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	2,580,756	282,502	27,118,913
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	-	156,099	2,069,327	7,936,359
Smith Robertson Cultural Center	-	1,238,810	185,738	34,152	-	1,458,700
City Auditorium and Art Center	-	3,849,374	511,131	64,922	1,636,214	6,061,641
<b>Total culture and recreation</b>	<b>225,820</b>	<b>31,275,489</b>	<b>8,112,453</b>	<b>3,810,653</b>	<b>4,023,006</b>	<b>47,447,421</b>

CITY OF JACKSON  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)  
 SEPTEMBER 30, 2008

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Miscellaneous:						
City Council/Mayor	\$ -	\$ 402,664	\$ -	\$ 393,746	\$ -	\$ 796,410
City Clerk	-	-	-	183,708	-	183,708
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	272,232	-	289,519
Mayor's Action Line	-	-	-	40,415	-	40,415
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
Total miscellaneous	<u>1,485,483</u>	<u>2,946,323</u>	<u>-</u>	<u>911,793</u>	<u>-</u>	<u>5,343,599</u>
Total City of Jackson	14,521,418	80,122,887	214,444,522	70,960,561	50,608,592	430,657,980
Total governmental funds capital assets	<u>\$ 14,521,418</u>	<u>\$ 80,122,887</u>	<u>\$ 214,444,522</u>	<u>\$ 70,960,561</u>	<u>\$ 50,608,592</u>	<u>\$ 430,657,980</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, 2008**

	Governmental Funds Capital Assets October 1, 2007	Additions	Deductions	Governmental Funds Capital Assets September 30, 2008
General Government:				
Planning	\$ 705,251	\$ 1,030,405	\$ 20,100	\$ 1,715,556
Code Services	662,384	1,916	-	664,300
Information Systems	744,447	133,606	-	878,053
Transportation	10,192,613	-	-	10,192,613
Data Processing	1,575,952	-	-	1,575,952
Vehicle Pool	11,553	164,247	-	175,800
Telecommunications	10,301,909	-	-	10,301,909
Office Services	-	1,669	-	1,669
Purchasing	50,724	115	-	50,839
Finance and Management	7,679,851	5,794	-	7,685,645
Personnel	130,766	2,365	-	133,131
Municipal Court Services	1,923,621	21,324	-	1,944,945
Vehicle Maintenance	1,560,110	15,358	14,284	1,561,184
Total general government	35,539,181	1,376,799	34,384	36,881,596
Urban Development and Housing:				
Redevelopment Projects	272,751	-	-	272,751
Union Station	13,448,496	-	-	13,448,496
Total urban development and housing	13,721,247	-	-	13,721,247
Health and Welfare:				
Senior Services	822,325	7,885	-	830,210
Day Care Services	1,158,456	22,730	-	1,181,186
Senior Centers/Community Centers	630,024	-	-	630,024
Human and Cultural Services	1,385,798	3,268	20,199	1,368,867
Total health and welfare	3,996,603	33,883	20,199	4,010,287

(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, 2008**

	Governmental Funds Capital Assets October 1, 2007	Additions	Deductions	Governmental Funds Capital Assets September 30, 2008
Public Safety:				
Fire Department	\$ 29,443,859	\$ 676,870	\$ 40,691	\$ 30,080,038
Police Department	42,078,325	2,609,476	1,116,234	43,571,567
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
Total public safety	<u>89,281,104</u>	<u>3,286,346</u>	<u>1,156,925</u>	<u>91,410,525</u>
Public Works:				
Cemeteries	356,014	-	-	356,014
Engineering	3,192,182	443,472	-	3,635,654
Traffic Engineering	7,531,501	3,267,932	27,183	10,772,250
Care and Maintenance of Public Buildings	10,026,162	534,444	60,330	10,500,276
Custodial Services	130,801	916	-	131,717
Pest Control	10,452	-	-	10,452
Central Sup[ply	709,337	-	-	709,337
Streets	135,095,476	4,109,072	442,177	138,762,371
Storm Drainage	59,909,439	368,415	53,595	60,224,259
Soil Conservation	482,909	-	-	482,909
Total public works	<u>217,444,273</u>	<u>8,724,251</u>	<u>583,285</u>	<u>225,585,239</u>
Culture and Recreation:				
Planetarium	4,779,879	-	-	4,779,879
Jackson Zoological Park	3,515,393	-	-	3,515,393
Municipal Art Building	75,838	-	-	75,838
Parks and Recreation	17,622,123	290,379	81,260	17,831,242
Library	10,243,823	-	-	10,243,823
Smith Robertson Cultural Center	2,685,251	4,118	-	2,689,369
City Auditorium and Art Center	12,704,755	539,169	-	13,243,924
Total culture and recreation	<u>51,627,062</u>	<u>833,666</u>	<u>81,260</u>	<u>52,379,468</u>

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, 2008**

	Governmental Funds Capital Assets October 1, 2007	Additions	Deductions	Governmental Funds Capital Assets September 30, 2008
Miscellaneous:				
City Council/Mayor	\$ 6,380,035	-	-	\$ 6,380,035
City Clerk	62,926	-	-	62,926
Legal	184,137	5,275	-	189,412
Mayor's Action Line	13,227	-	-	13,227
Internal Audit	20,951	3,067	-	24,018
Total miscellaneous	<u>6,661,276</u>	<u>8,342</u>	<u>-</u>	<u>6,669,618</u>
Total governmental funds capital assets	<u>\$ 418,270,746</u>	<u>\$ 14,263,287</u>	<u>\$ 1,876,053</u>	<u>\$ 430,657,980</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.

<b>Contents</b>	<b>Page</b>
Financial Trends	105
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	112
These schedules contain information to help the reader assess the City of Jackson’s most significant local revenue source, the property tax.	
Debt Capacity	116
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	121
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	123
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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 197,359	\$ 196,018	\$ 168,144	\$ 131,159	\$ 113,083	\$ 95,360	\$ 34,608	\$ -	\$ -	\$ -
Restricted	28,617	5,730	4,169	4,296	5,787	(476)	5,612	28,845	13,903	20,205
Unrestricted	(37,367)	24,635	33,779	40,415	53,370	17,445	37,289	27,879	53,390	61,600
<b>Total governmental activities net assets</b>	<b>\$ 188,609</b>	<b>\$ 226,383</b>	<b>\$ 206,092</b>	<b>\$ 175,870</b>	<b>\$ 172,240</b>	<b>\$ 112,329</b>	<b>\$ 77,509</b>	<b>\$ 56,724</b>	<b>\$ 67,293</b>	<b>\$ 81,805</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 156,309	\$ 147,013	\$ 135,512	\$ 80,995	\$ 128,208	\$ 122,710	\$ 141,800	\$ 88,326	\$ 89,235	\$ 90,007
Restricted	3,820	3,765	3,661	3,643	3,581	(125,132)	150,412	27,768	35,873	50,375
Unrestricted	91,591	94,972	94,115	136,958	85,831	217,427	(54,152)	95,675	86,673	69,017
<b>Total business-type activities net assets</b>	<b>\$ 251,720</b>	<b>\$ 245,750</b>	<b>\$ 233,288</b>	<b>\$ 221,596</b>	<b>\$ 217,620</b>	<b>\$ 215,005</b>	<b>\$ 238,060</b>	<b>\$ 211,769</b>	<b>\$ 211,781</b>	<b>\$ 209,399</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 353,668	\$ 343,031	\$ 303,656	\$ 212,154	\$ 241,291	\$ 218,070	\$ 176,408	\$ 88,326	\$ 89,235	\$ 90,007
Restricted	32,437	9,495	7,830	7,939	9,368	(125,608)	156,024	56,613	49,776	70,580
Unrestricted	120,621	120,621	127,894	177,373	139,201	234,872	(16,863)	123,554	140,063	130,617
<b>Total primary government net assets</b>	<b>\$ 440,329</b>	<b>\$ 472,133</b>	<b>\$ 439,380</b>	<b>\$ 397,466</b>	<b>\$ 389,860</b>	<b>\$ 327,334</b>	<b>\$ 315,569</b>	<b>\$ 268,493</b>	<b>\$ 279,074</b>	<b>\$ 291,204</b>

Source: Statement of Net Assets.

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

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Expenses</b>										
Governmental activities:										
General government	69,721	49,147	\$ 29,179	\$ 33,311	\$ 30,021	\$ 30,228	\$ 28,337			
Public safety	53,664	62,576	29,109	53,193	59,495	51,657	54,196			
Public works	25,301	15,993	35,819	23,972	19,657	16,815	10,156			
Human and cultural services	14,890	13,067	17,004	14,069	10,829	11,994	6,655			
Employee benefits	1,765	2,180	1,836	3,257	2,329	3,359	3,275			
Interest on long-term debt	5,917	5,647	4,731	9,307	5,965	6,254	8,674			
Total governmental activities expenses	171,258	148,610	117,678	137,109	128,296	120,307	111,293			
Business-type activities:										
Water/Sewer	45,279	39,904	41,184	39,663	39,299	44,396	37,671			
Transportation	7,685	6,852	6,589	6,167	6,117	5,740	5,782			
Sanitation	10,299	10,931	9,893	8,979	9,205	9,075	9,135			
Total business-type activities expenses	63,263	57,687	57,666	54,809	54,621	59,211	52,588			
Total primary government expenses	234,521	206,297	\$ 175,344	\$ 191,918	\$ 182,917	\$ 179,518	\$ 163,881	\$ -	\$ -	\$ -
<b>Program Revenues</b>										
Governmental activities:										
Charges for services										
General government	4,525	7,422	3,139	5,562	3,101	6,805	6,379			
Public Safety	3,135	2,806	3,003	7,993	5,662	3,582	550			
Public Works	1,393	1,147	1,698	7,038	2,682	766	490			
Human and cultural services	2,813	1,667	1,481	2,524	2,036	742	629			
Employee benefits	-	-	-	-	901	223	42			
Operating grants and contributions	18,436	12,968	22,969	12,720	4,611	12,574	10,402			
Capital grants and contributions	7,912	1,771	5,955	2,034	12,774	10,873	16,272			
Total governmental activities program revenues	38,214	27,781	38,245	37,871	31,767	35,565	34,764			
Business-type activities:										
Charges for services:										
Water/Sewer	47,468	43,847	42,262	39,023	40,809	43,628	48,071			
Transportation	397	426	448	423	475	525	595			
Sanitation	11,981	10,476	9,113	8,016	9,031	7,669	7,740			
Operating grants and contributions	832	1,378	4,391	4,137	1,947	1,626	10,843			
Capital grants and contributions	1,534	5,133	-	-	-	-	-			
Total business-type activities program revenue	62,212	61,260	56,214	51,599	52,262	53,448	67,249			
Total primary government program revenues	100,426	89,041	\$ 94,459	\$ 89,470	\$ 84,029	\$ 89,013	\$ 102,013	\$ -	\$ -	\$ -

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Net (expense)/revenue	(133,044)	(120,829)	(79,433)	(99,238)	(96,529)	(84,742)	(76,529)			
Governmental activities	(1,051)	3,573	(1,452)	(3,210)	(2,359)	(5,763)	14,661			
Business-type activities	\$ (134,095)	\$ (117,256)	\$ (80,885)	\$ (102,448)	\$ (98,888)	\$ (90,505)	\$ (61,868)			
Total primary government net expenses										
<b>General Revenues and Other Charges in</b>										
<b>Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 65,845	\$ 65,037	\$ 61,945	\$ 59,529	\$ 60,675	\$ 63,955	\$ 59,076			
Sales taxes	37,298	40,453	40,849	36,197	36,393	35,097	35,899			
Franchise taxes	9,062	8,936	10,144	8,818	8,460	10,692	5,834			
Unrestricted grants and contributions	-	-	-	-	-	292	348			
Investment earnings	3,021	5,251	1,864	1,042	964	-	-			
Gain on sale of capital assets	478	198	301	3,189	27	94	79			
Miscellaneous	106	20	25	494	3,034	-	7,823			
Transfers	(4,613)	(4,369)	(5,473)	(4,288)	(3,513)	(4,512)	(2,282)			
Total governmental activities	111,197	115,526	109,655	104,981	106,240	105,618	106,777			
Business-type activities:										
Investment earnings	2,352	4,470	4,615	2,823	1,353	1,424	1,079			
Gain on sale of capital assets	56	50	55	77	42	(21,867)	(6)			
Miscellaneous	-	-	-	-	-	-	1,644			
Transfers	4,613	4,369	5,473	4,288	3,513	4,512	2,282			
Total business-type activities	7,021	8,889	10,143	7,188	4,908	(15,931)	4,999			
Total primary government	\$ 118,218	\$ 124,415	\$ 119,798	\$ 112,169	\$ 111,148	\$ 89,687	\$ 111,776			
<b>Changes in Net Assets</b>										
Governmental activities	\$ 21,847	\$ 5,303	\$ (30,222)	\$ (5,743)	\$ (9,711)	\$ (20,876)	\$ (30,248)			
Business-type activities	(5,970)	(12,462)	(8,691)	(3,978)	(2,549)	21,694	(19,660)			
Total primary government	\$ 15,877	\$ (7,159)	\$ (38,913)	\$ (9,721)	\$ (12,260)	\$ 818	\$ (49,908)			

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)**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
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
1999	31,478	37,358	1,099	32	219	70,186

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
General fund										
Reserved	\$ 4,047	\$ 3,869	\$ 3,622	\$ 3,435	\$ 3,094	\$ 3,564	\$ 3,954	\$ 3,896	\$ 4,103	\$ 6,230
Unreserved	20,761	11,835	12,041	9,535	14,678	14,961	11,834	10,550	15,051	19,182
Total general fund	<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>	<u>\$ 25,412</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 74	\$ 21,135	\$ 4,822	\$ 8,028
Unreserved, reported in:										
Special revenue funds	5,008	5,162	4,794	4,481	5,907	8,378	8,410	(10,432)	7,696	6,283
Capital project funds	24,119	59,292	12,063	22,926	34,404	41,263	25,174	30,373	30,643	36,135
Permanent funds	2,361	2,521	1,529	1,785	1,293	451	1,902	3,814	4,978	5,947
Total all other governmental funds	<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>	<u>\$ 56,393</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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Revenues</b>										
Taxes	\$ 62,702	\$ 63,606	\$ 60,221	\$ 59,078	\$ 59,979	\$ 60,412	\$ 56,654	\$ 54,783	\$ 54,824	\$ 52,641
Licenses and permits	4,198	3,167	2,968	2,199	2,673	2,353	2,544	2,564	2,712	2,802
Intergovernmental	62,448	56,783	63,338	59,769	55,620	62,596	66,481	53,734	56,809	52,582
Charges for services	3,456	3,032	3,150	3,446	3,155	2,857	2,814	2,457	1,737	1,826
Fines	3,602	3,106	3,202	3,123	3,123	3,007	3,325	3,684	3,849	3,773
Investment earnings	3,020	5,252	1,865	1,042	964	904	1,452	3,806	4,004	3,821
Special assessments	-	14	14	17	26	38	270	170	241	131
Miscellaneous	13,331	13,374	15,950	17,307	13,621	15,085	13,669	12,145	14,416	9,077
<b>Total revenues</b>	<b>152,757</b>	<b>148,334</b>	<b>150,708</b>	<b>145,981</b>	<b>139,161</b>	<b>147,252</b>	<b>147,209</b>	<b>133,343</b>	<b>138,592</b>	<b>126,653</b>
<b>Expenditures</b>										
General government	63,330	45,471	28,359	30,352	30,396	23,412	21,475	31,242	25,737	23,128
Public safety	53,572	58,926	58,984	56,471	59,173	53,767	50,775	47,378	48,910	49,292
Economic and physical development	-	-	-	-	-	-	-	1,843	2,369	1,376
Culture and recreation	12,835	13,177	16,550	13,686	9,496	11,770	6,464	2,158	4,963	4,892
Public Works	26,302	17,243	30,012	20,855	25,557	27,004	43,638	17,867	37,540	22,977
Employee Benefits	1,765	2,180	1,836	3,327	2,846	3,547	3,193	2,110	7,538	2,593
Health and Welfare	-	-	-	-	-	-	-	-	6,744	5,337
Capital Outlay	1,379	9,040	2,049	15,617	1,053	1,080	1,170	2,651	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	14,330	13,830	13,190	12,912	11,500	13,300	41,960	11,945	8,370	10,820
Interest	6,419	6,314	4,584	4,150	5,977	6,262	7,011	7,346	5,063	8,557
Other charges	-	-	-	334	-	-	-	-	-	-
Miscellaneous	556	705	760	504	962	9,017	7,610	16,803	243	282
<b>Total expenditures</b>	<b>180,488</b>	<b>166,886</b>	<b>156,324</b>	<b>158,208</b>	<b>146,960</b>	<b>149,159</b>	<b>183,296</b>	<b>141,343</b>	<b>147,477</b>	<b>129,254</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(27,731)</b>	<b>(18,552)</b>	<b>(5,616)</b>	<b>(12,227)</b>	<b>(7,799)</b>	<b>(1,907)</b>	<b>(36,087)</b>	<b>(8,000)</b>	<b>(8,885)</b>	<b>(2,601)</b>

	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Other financing sources (uses)</b>										
Transfer in	6,584	6,565	4,116	4,296	7,174	17,328	15,753	1,028	(553)	358
Transfer out	(15,012)	(14,354)	(13,443)	(12,212)	(13,453)	(23,381)	(20,728)	(6,586)	(3,939)	(3,541)
Proceeds from capital leases	-	1,119	47	1,846	4,839	5,204	4,477	-	-	-
Proceeds from long-term note	2,208	186	6,783	750	-	-	31,173	3,114	2,104	4,026
Proceeds from refunding bonds	-	-	-	22,248	-	-	-	-	-	35,000
Proceeds from GO Bonds	5,155	66,117	-	-	-	-	-	-	-	-
Sales of Bonds	-	-	-	-	-	20,000	-	-	-	-
Premium on GO bond issuance	267	-	-	(21,914)	-	-	-	-	-	-
Payments to refunded bond escrow agent	(124)	-	-	-	-	-	-	-	-	-
Proceeds from Tax Increment Bonds	2,270	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,348	59,633	(2,497)	(4,986)	(1,440)	19,151	30,675	30,675	(2,388)	35,843
Net change in fund balances	\$ (26,383)	\$ 41,081	\$ (8,113)	\$ (17,213)	\$ (9,239)	\$ 17,244	\$ (5,412)	\$ 22,675	\$ (11,273)	\$ 33,242

Debt service as a percentage of noncapital expenditures 14.6% 14.5% 12.8% 12.4% 13.5% 15.1% 36.5% 15.8% 10.0% 17.6%

**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
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
1999	52,641	37,358	1,099	32	219	488,187

Source: Governmental Funds - Statement of Revenues, Expenditures, and Changes in Fund Balance 113

**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		
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%
1999	559,638,299	4,419,016,266	456,316,595	2,063,278,520	1,015,954,894	6,482,294,786	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		School District			
				Debt Service & Operating County Millage	Operating Millage	Debt Service Millage	Total School Millage		
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
1999	40.23	11.72	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, 2008  
(amounts expressed in thousands)**

<b>Taxpayer</b>	<b>2008</b>		<b>1999</b>			
	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>	<b>Taxable Assessed Value</b>	<b>Rank</b>	<b>Percentage of Total Taxable Assessed Value</b>
Bell South	\$ -		\$ -	\$ 71,914	1	8.19%
Entergy	-		-	42,955	2	4.89%
Atmos Energy	-		-	6,709	4	0.76%
Jackson HMA	-		-	-		-
AT& T	-		-	24,546	3	2.79%
Trustmark National Bank	-		-	-		-
Parkway Properties	-		-	-		-
Central MS Health Systems	-		-	-		-
Jackson Medical Offices	-		-	3,191	10	0.36%
Wal-Mart/Sam's Wholesale Club	-		-	3,434	9	0.39%
McCarty Holman, Inc.	-		-	-		-
Deposit Guaranty National Bank	-		-	6,069	5	0.69%
Metrocenter	-		-	5,560	6	0.63%
Southern Farm Bureau Insurance Company	-		-	3,552	8	0.40%
McRae's	-		-	3,805	7	0.43%
<b>Totals</b>	<b>\$ -</b>		<b>0.00%</b>	<b>\$ 171,735</b>		<b>19.55%</b>

Source: Hinds County  
Tax roll was not available from Hinds County 2008

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

Fiscal Year Ended September 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date		
		Amount	Percentage of Levy		Amount	Percentage of Levy	
2008 (1)	\$					\$	
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.

Tax roll was not available from Hinds County.

**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			
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 121 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)

Fiscal Year	Assessed Value	General Obligation Bonds	Less: Amounts Available in Debt Service Fund		Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
			\$	\$			
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 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 121.

**City of Jackson**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2008**  
**(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	\$ 51,955	76.57%	\$ 39,782
Jackson Public Schools	147,685	100.00%	147,685
Subtotal, overlapping debt			<u>187,467</u>
City of Jackson direct debt	112,535	100.00%	112,535
Total direct and overlapping debt			<u>\$ 300,002</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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Debt limit	\$ 160,093	\$ 160,138	\$ 158,399	\$ 159,636	\$ 159,437	\$ 158,886	\$ 160,907	\$ 152,180	\$ 150,270	\$ 149,279
Total net debt applicable to limit	<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>	<u>95,775</u>
Legal debt margin	<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>	<u>\$ 53,504</u>

Total net debt applicable to the limit  
 as a percentage of the debt limit

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$ 1,118,352
Less Homestead Exemption	<u>\$ (51,063)</u>
Total assessed value	<u>\$ 1,067,289</u>
Debt limit (15% of total assessed value)	160,093
Debt application to limit:	
Bond indebtedness	211,150
Less: Amount of revenue bond debt	<u>(167,775)</u>
Total net debt applicable to limit	<u>\$ 43,375</u>
Legal debt margin	<u>\$ 116,718</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	Coverage	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage
2008	\$ 47,468	\$ 29,410	\$ 18,058	1.30	\$ -	\$ 8,330	\$ 5,601	\$ -
2007	44,180	22,830	21,350	1.47	-	6,030	8,510	-
2006	45,495	23,985	21,510	1.50	-	5,550	8,787	-
2005	41,166	22,387	18,779	1.44	-	7,095	5,924	-
2004	40,012	23,394	16,618	1.38	-	5,405	6,651	-
2003	44,387	21,903	22,484	1.71	-	6,555	6,587	-
2002	44,453	20,609	23,844	2.42	154	5,410	4,425	180
2001	33,524	21,411	12,113	1.23	170	5,175	4,680	170
2000	33,964	20,111	13,853	1.36	141	4,960	5,242	160
1999	35,802	19,202	16,600	2.32	130	4,030	3,135	155

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>
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**

<b>Employer</b>	<b>2008</b>			<b>1999</b>		
	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total City Employment</b>
State of Mississippi	27,100	1	14.71%			
University of Mississippi	9,000	2	4.88%			
U.S. Government	5,600	3	3.04%			
Jackson Public School District	4,500	4	2.44%			
Baptist Health Systems	2,700	5	1.47%			
City of Jackson, Mississippi	2,465	6	1.34%			
St. Dominic Health Services	2,300	7	1.25%			
Trustmark National Bank	1,670	8	0.91%			
Saks, Inc.	1,440	9	0.78%			
Jackson State University	1,400	10	0.76%			
	<u>58,175</u>		<u>31.57%</u>			

Source: MetroJackson Chamber of Commerce 2005

Note: Data for 1999 is currently not available.

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

Function	Full-time Equivalent Employees by Function									
	<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>	<u>1999</u>
General government	255	250	300	304.5	299.5	311	304	379	384	398
Public safety										
Police										
Officers	500	425	468	490	490	458	429	429	416	362
Civilians	299	291	174	284	284	296	296	296	321	300
Fire										
Firefighters and officers	362	351	356	353	631	376	367	394	384	367
Civilians	11	7	8	12	11	13	13	18	18	17
Public works	606	552	625	645	606	608	648	673	687	670
Culture and Recreation	218	381	424	436.5	452.5	465	454	530	565.5	516
Planning and Development	70	80	77	88	90	96	101	101	102.5	92
<b>Total</b>	<b>2321</b>	<b>2337</b>	<b>2432</b>	<b>2613</b>	<b>2864</b>	<b>2623</b>	<b>2612</b>	<b>2820</b>	<b>2878</b>	<b>2722</b>

Source: City of Jackson Budget Office.

City of Jackson  
Operating Indicators by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Police										
Parking violations	13,223	14,832	20,490	25,994	24,970	27,937	22,092	30,586	38,438	43,861
Traffic violations	38,429	25,314	30,061	36,837	47,324	48,587	41,682	37,945	36,369	31,269
Fire										
Number of calls answered	7,644	7,342	12,259	12,856	12,602	12,823	-	-	-	-
Inspections (3)	3,241	4,500	4,086	4,626	3,727	4,229	5,518	-	-	-
Highways and streets										
Street resurfacing (miles)	8.3	5.6	7.1	5.9	9.5	16.0	6.3	13.3	19.8	60.6
Potholes repaired (2)	4,154	3,626	4,011	5,014	5,724	2,194	-	-	-	-
Sanitation										
Refuse collected (tons/day)	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	1,716.4
Recyclables collected (tons/day)(1)	109.88	90.77	99.68	85.95	-	-	-	-	-	-
Culture and recreation										
Community center admissions (3)	34	101	95	115	168	-	-	-	-	-
Water										
New connections	334	530	602	399	501	517	515	594	592	619
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	4,210

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									
	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Public safety										
Police stations	5	5	5	5	5	5	5	5	5	5
Fire stations	22	22	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,428	1,428	1,428	1,428	1,428	1,435	1,435	1,435	1,425	1,435
Traffic signals	333	333	332	332	332	-	-	-	-	-
Culture and recreation										
Parks	54	54	54	54	54	54	54	54	52	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	1,212
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	25,600,000
Sewer										
Sanitary sewers (miles)	911	911	909	909	909	909	909	906	906	904
Storms sewers (miles)	460	460	460	460	460	460	460	450	450	416

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





**CITY OF JACKSON  
SCHEDULE OF BONDS OF CITY OFFICIALS  
SEPTEMBER 30, 2008**

1) Company: Bryson Insurance Agency

Limits of liability: Honesty Blanket  
Position Bond Coverage

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

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

Limits of liability: Surety Bond coverage as follows:

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



**Independent 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**

Honorable Mayor  
and Honorable Members of the City Council  
City of 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 the City of Jackson, Mississippi as of and for the year ended September 30, 2008, which collectively comprise its basic financial statements and have issued our report thereon dated May 12, 2010, which contained a reference to the report of other accountants and an emphasis of matter regarding a change in accounting principles. 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. Other accountants audited the financial statements of the Jackson Redevelopment Authority, as described in our report on the City of Jackson's financial statements. This report does not include the results of the other accountants' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those accountants.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered the City'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 to express an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the

deficiencies described in the accompanying schedule of findings and responses as items 2008-01 through 2008-07 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all matters in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider findings 2008-01 through 2008-07 to be material weaknesses.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to the City's management in a separate letter dated May 12, 2010.

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

This report is intended solely for the information and use of the Mayor, City Council, management, others within the City, 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.

BKD, LLP

May 12, 2010

**City of Jackson**  
**Schedule of Findings and Responses**  
**September 30, 2008**

<b>Reference Number</b>	<b>Finding</b>
<b>2008-01</b>	<p style="text-align:center"><b>Design Deficiency – Financial Statement Preparation (Significant Deficiency, Material Weakness)</b></p> <p><i>Criteria or Specific Requirement</i> – The City is responsible for establishing and maintaining effective internal control over financial reporting.</p> <p><i>Condition</i> – The City does not have processes in place to perform a comprehensive analysis of material account balances to confirm the details of the accounts or ensure that account balances are correctly reported and, where appropriate, in agreement with underlying supporting records. As a result, the City’s financial statements and disclosures, including supporting account reconciliations prepared by City personnel, were found to contain numerous errors that were identified during the audit. Material differences existed between underlying fixed assets records and the general ledger without being identified and corrected. Additionally, documentation supporting account analysis and the review that occurs are not being maintained in a manner that facilitates supervisory review.</p> <p>City personnel appear to rely on external auditors to identify and bring material misstatements to the attention of accounting personnel rather than conducting a deliberate and systematic review of its records to identify and correct material misstatements before submitting the records for audit. City personnel also rely on the auditors to identify and correct the financial statements for changes in accounting standards.</p> <p><i>Effect</i> – The financial statements might be materially misstated, and the errors would not be detected by management. This resulted in significant delays in completing the Comprehensive Annual Financial Report.</p> <p><i>Cause</i> – The City has not developed procedures or provided staffing to prepare accurate and complete financial statements and, consequently, relies on its external auditors for a significant part of this function. During the past year, the City added a person to the staff to assist with financial reporting, but the job is now vacant. However, this role was one of financial statement assembly rather than performance of a comprehensive financial reporting process.</p> <p><i>Recommendation</i> – Adequate staffing of the financial reporting process needs to be provided. The City should establish a comprehensive financial statement closing procedure, whereby all significant accounts are analyzed, balanced, agreed to supporting detail and evaluated for proper reporting in accordance with accounting principles generally accepted in the United States of America in a clearly documented manner. Working papers supporting this process should be maintained and subjected to supervisory review to ensure that</p>

**Reference  
Number**

**Finding**

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procedures have been carried out in a manner that results in all potential material errors in the records being identified and corrected prior to the preparation of financial statements.

***Views of Responsible Officials and Planned Corrective Actions*** – The Department of Administration will be hiring additional staff in the Finance Division and the Office of Director of Administration to assist in the financial reporting process. The financial statement closing procedure will be enhanced by providing the additional staffing and management with oversight to ensure all accounts are analyzed, balanced to supporting detail and reported in accordance with accounting principles generally accepted in the United States of America.

**2008-02**

**Design Deficiency – Monitoring  
(Significant Deficiency, Material Weakness)**

***Criteria or Specific Requirement*** – The City is responsible for establishing and maintaining effective internal control over financial reporting.

***Condition*** – The City does not have procedures in place to provide for the review and approval of financial statement adjustments, as 12 of the 20 (or 60%) of the journal entries selected for testing, did not have any form of approval by someone independent of the preparer. Additionally, the Controller has the ability to prepare and post adjustments without review or approval.

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

***Cause*** – There are no procedures in place, such as the review of financial statement adjustments, which would mitigate the risk of potential errors or misappropriations not being detected timely by employees in the normal course of performing their duties.

***Recommendation*** – The City should implement procedures to ensure all adjusting journal entries are reviewed and approved by someone without recording responsibility.

***Views of Responsible Officials and Planned Corrective Actions*** – The Office of the Director of Administration will approve all adjusting journal entries.

**2008-03**

**Design Deficiency – Capital Assets  
(Significant Deficiency, Material Weakness)**

***Criteria or Specific Requirement*** – 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.

**Condition** – The City does not evaluate the continuing effectiveness of internal control over recording and reporting capital assets, nor has management effectively monitored capital asset activity.

Annual inventory reports were not completed and returned by approximately 40% of the City's departments to reflect any adjustments for additions or disposals of capital assets throughout the year. Additionally, an annual reconciliation of completed departmental inventory reports to the capital assets reflected in the City's system is not performed to ensure proper recording of capital assets.

Fixed assets are being maintained on two different systems, with some assets being reported on both systems. There appears to be confusion about where the assets should be reported, and errors in the records are abundant. Considerable time was required on the auditors' part to evaluate and piece together the records.

The City's repairs and maintenance accounts are not reviewed by management to verify recorded costs are properly expensed rather than being capitalized.

There are no formalized procedures related to recording the acceptance of donations of land or other capital assets by the City.

The City does not calculate capitalized interest associated with construction in progress (CIP) projects.

There are no formalized procedures regarding the review and acceptance of lease agreements.

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

**Effect** – The financial statements might be materially misstated, and the errors would not be detected by management. In 2008, the audit determined that certain assets were duplicated in the City's system, resulting in a material overstatement of prior year's fixed assets. As a result, a prior period adjustment was made to correct this error in 2008.

**Cause** – The City has not designed internal control procedures to ensure proper recording and reporting of capital asset activity, as there are no procedures in place which would mitigate the risk of potential errors or misstatements not being detected timely by employees in the normal course of performing their duties.

**Recommendation** – Procedures should be developed and implemented to strengthen internal controls related to recording and reporting capital assets.

Management should hold each department head of the City accountable to complete and return the annual inventory of capital assets for their respective departments. The completed departmental inventory reports should be

**Reference  
Number**

**Finding**

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compared to the capital asset system to ensure any additions or disposals are reflected.

Written instructions need to be developed as to how to maintain fixed asset detail records. Additionally, management needs to develop a plan to consolidate and reconcile all fixed asset records to reduce the opportunity for errors to occur.

Additionally, management should review the City's repairs and maintenance accounts to determine if any items of a capital nature were improperly expensed.

Procedures should be developed to ensure information related to the City Council's acceptance of donated capital assets is communicated appropriately so the related asset can be added to the City's capital assets system and the related adjustments to general ledger revenues and expenses can be recorded.

The City should provide for annual calculations and evaluations of potential capitalized interest amounts for CIP.

In order to ensure proper recording of agreements as either operating or capital leases, the City should review and evaluate all lease agreements upon final acceptance of the terms.

Written procedures should be developed to provide for periodic review and closing of CIP accounts.

*Views of Responsible Officials and Planned Corrective Actions* – Procedures for recording and reporting fixed assets will be reviewed and enhanced as recommended by the auditors.

Departmental inventory reports will be verified by the departmental directors and balanced to the City's capital asset system.

Written instructions will be provided to departmental directors for maintenance of fixed asset detail records. A written procedure will be developed to consolidate and reconcile all fixed asset records.

The Office of Purchasing reviews requisitions for proper account numbers related to acquisition of capital outlay items. Additional training will be provided to the Office of Purchasing as it relates to the acquisition of capital assets. Repair and maintenance accounts will be further reviewed by the accounting staff.

Procedures will be developed to monitor the City's acceptance of donated capital assets. Any donated assets accepted will be added to the City's capital asset system.

Reference Number	Finding
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Annual calculations and evaluations of potential capitalized interest for CIP will be performed.

All lease agreements will be reviewed and evaluated to determine the proper recording of the lease agreements, either as an operating or capital lease.

Periodic evaluation and closing of CIP will be performed.

2008-04

**Design Deficiency – Accounts Payable  
(Significant Deficiency, Material Weakness)**

**Criteria or Specific Requirement** – 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 payable.

**Condition** – Management does not evaluate the continuing effectiveness of internal control over recording and reporting expenses for the City.

Invoices received subsequent to the end of the fiscal year for goods or services received prior to fiscal year-end were not included in accounts payable.

Amounts reflected in the detailed aging payables report do not agree with the accounts payable balances reflected per the trial balance. These differences are not resolved by management in order to ensure agreement between the subsidiary reports and general ledger.

There is no established process in place to reconcile the City’s Fuelman account which resulted in the audit locating a significant adjusting entry.

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

**Cause** – The City has not designed internal control procedures for appropriate review and reconciliation of accounts payable.

**Recommendation** – Procedures should be developed and implemented to strengthen internal controls related to recording and reporting accounts payable. Management should implement procedures to ensure proper cutoff of accounts payable to reflect costs in the proper period.

Reference Number	Finding
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The Fuelman account should be recorded monthly.

Subsidiary ledgers, including aging reports, should be reviewed and reconciled to the general ledger to prevent discrepancies between the two reports.

**Views of Responsible Officials and Planned Corrective Actions** – In compliance with Mississippi Code Section 21-35-23, the City holds its books open for thirty (30) days to record invoices received subsequent to the end of the fiscal year for goods and services received prior to the fiscal year. This procedure will be evaluated to ensure proper cutoff of accounts payable to ensure costs are reflected in the proper period in accordance with GAAP.

The third party accounting software for accounts payable does not reflect the balances forward from prior years. The third party accounting software provider will be requested to provide a program fix to correct this issue.

A procedure to provide monthly reconciliation of the Fuelman account will be established.

2008-05

**Design Deficiency – Accounts Receivable  
(Significant Deficiency, Material Weakness)**

**Criteria or Specific Requirement** – 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.

**Condition** – Management does not evaluate the continuing effectiveness of internal control over recording and reporting revenues for the City.

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.

The City's billing system for water and sewer customer accounts can cease billing an account without being timely detected by management until the customer inquires of the City or the error is discovered by City personnel.

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

**Reference  
Number**

**Finding**

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

*Recommendation* – Procedures should be developed and implemented to strengthen internal controls related to recording and reporting accounts receivable.

Management 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.

The City should review accounts receivable each month to timely detect any suspended customers and ensure proper billings are made.

*Views of Responsible Officials and Planned Corrective Actions* – The process and reports used to calculate the allowance for doubtful accounts related to water and sewer accounts will be evaluated using historical collection based on the various aging categories. Monthly reports are now being generated that will flag water/sewer accounts with credit balances.

The City's current water/sewer billing system is outdated, and certain events such as a service order to close an account and a service order to open a new account at the same address can lock the account from the billing system. The management of the Water/Sewer Business Administration Office is aware of this situation and has manual operations in place to prevent this situation from occurring again.

The City has received bids to purchase a new water/sewer billing system, and a contract to purchase the system will be approved by the City in the near future. The new water/sewer billing system will identify active accounts not being billed as they should. Pending implementation of the new system, the management of the Water/Sewer Administration Office will generate monthly reports on a number of customer accounts and reconcile the reports to the account activities that occur that month.

**2008-06**

**Design Deficiency – Cash Reconciliations  
(Significant Deficiency, Material Weakness)**

*Criteria or Specific Requirement* – The City is responsible for establishing and maintaining effective internal control over financial reporting.

*Condition* – Management does not evaluate the continuing effectiveness of internal control over its cash reconciliation procedures, as one of the City's accounts contained an approximate \$500,000 discrepancy and had not been reconciled and adjusted for an approximate 18-month period beginning October 2007.

**Reference  
Number**

**Finding**

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

*Cause* – The City has not designed internal control procedures for appropriate review and reconciliation of its cash accounts.

*Recommendation* – Procedures should be developed and implemented to strengthen internal controls related to cash reconciliation procedures.

Appropriate individuals within the City should be responsible for reviewing all cash reconciliations prepared by others to detect any discrepancies and ensure timely preparation. It is further recommended that both the preparer and reviewer initial and date the reconciliations for documentation purposes.

*Views of Responsible Officials and Planned Corrective Actions* – Cash reconciliations will be reviewed and approved by the Controller and the Office of the Director of Administration. The preparer and reviewer will initial and date the cash reconciliations.

2008-07

**Design Deficiency – Cash Receipts  
(Significant Deficiency, Material Weakness)**

*Criteria or Specific Requirement* – 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 or misappropriation of cash receipts.

*Condition* – Management does not evaluate the continuing effectiveness of internal control over its cash receipt processes. Cash receipts are not timely deposited, as property taxes received by the City in February were not deposited until April.

*Effect* – Failure to timely deposit all cash receipts increases the potential for misappropriation.

*Cause* – The City has not designed internal control procedures for the timely deposit of cash receipts.

*Recommendation* – Procedures should be developed and implemented to strengthen internal controls related to the cash receipts process, whereby all receipts are deposited timely to help prevent misappropriation.

*Views of Responsible Officials and Planned Corrective Actions* – It is the policy of the City to deposit cash receipts on a timely basis. Procedures will be implemented to assure compliance with this policy.

**Independent Accountants' Report on Compliance  
With State Laws and Regulations**

Honorable Mayor  
and Honorable Members of the City Council  
City of Jackson, Mississippi

We have audited the financial statements of the City of Jackson, Mississippi as of and for the year ended September 30, 2008, and have issued our report thereon dated May 12, 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.

As required by the state legal compliance 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 general purpose financial statements disclosed no material instances of noncompliance with state laws and regulations. The prior year findings have been corrected.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the City and the Office of the State Auditor of the State of Mississippi and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

May 12, 2010



# **SINGLE AUDIT**



Member  
American Institute of  
Certified Public Accountants  
Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
Alcide J. Tervalon, Jr., CPA  
Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Honorable Mayor and Honorable  
Members of the City Council  
City of Jackson, Mississippi

We have audited the accompanying Schedule of Expenditures of Federal Awards for the Federal Programs listed on pages 142 through 145 of the City of Jackson, Mississippi (the City) for the year ended September 30, 2008. The 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, *Audit of States, Local Governments and Non-Profit Organization* (OMB Circular A-133) and is not a part of the basic financial statements of the City for the year ended September 30, 2008. (The basic financial statements of the City for the year ended September 30, 2008 are audited by other auditors whose opinion dated May 12, 2010 expressed an unqualified opinion on those financial statements). The Schedule of Expenditures of Federal Awards is the responsibility of the management of the City. Our responsibility is to express an opinion of the Schedule of Expenditures of Federal Awards based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the provisions of OMB Circular A-133. Those standards and the provisions of OMB Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations* require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule of Expenditures of Federal Awards is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Expenditures of Federal Awards. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall presentation of the Schedule of Expenditures of Federal Awards. We believe that our audit provides a reasonable basis for our opinion.

**INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(CONTINUED)**

The Honorable Mayor and Honorable  
Members of the City Council  
City of Jackson, Mississippi

In our opinion, the accompanying Schedule of Expenditures of Federal Awards of the City presents fairly, in all material respects, the expenditures of federal awards under the Federal Programs referred to in the previous page in conformity with accounting principles generally accepted in the United States of America and in relation to the basic financial statements of the City taken as a whole.

As discussed, in Note 5 the City is subject to audit by Federal agencies or their designees for compliance with contractual and programmatic requirements with regard to its Federal programs for the year ended September 30, 2008. The determination of whether any instances of noncompliance that will ultimately result in the remittance of any ineligible and disallowed costs cannot be presently determined.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2010 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 12, 2010

City of Jackson  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2008

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures through 09/30/08
<b><u>U.S. Department of Health and Human Services</u></b>				
Direct Program				
Metropolitan Medical Response System	93.000	233-01-0043	\$ -	\$ 493,876
Metropolitan Medical Response System	93.000	05MM221	132,975	132,975
Metropolitan Medical Response System	93.000	06MM221	-	-
Metropolitan Medical Response System	93.000	07MM221	-	-
SUBTOTAL CFDA NUMBER 93.000			132,975	626,851
Social Services Block Grant (Central MS Planning and Development District - Pass Through)				
Outreach	93.667	377-I-25	10,000	10,000
SUBTOTAL CFDA NUMBER 93.667			10,000	10,000
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-I-25	100,093	100,093
SUBTOTAL CFDA NUMBER 93.045			100,093	100,093
Child Care Development Block Grant (State of MS Office of Child Nutrition - Pass Through)				
SUBTOTAL CFDA NUMBER 93.575	93.575	625Q681	1,025,567	1,025,567
			1,025,567	1,025,567
Urban Enterprise Grant (Mississippi Development Authority - Pass Through)				
SUBTOTAL CFDA NUMBER 93.585	93.585	EZ03-EZ/Urban	20,000	2,059,758
			20,000	2,059,758
Title XX-Social Services Block Grant (Central MS Planning and Development District - Pass Through)				
Transportation	93.667	396-B-25	92,000	92,000
Home Delivered Meals (Non-cash)	93.667	396-A-25	179,098	179,098
SUBTOTAL CFDA NUMBER 93.667			271,098	271,098
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			1,559,733	4,093,367
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Program				
Community Development Block Grant	14.218	B-05-MC-28-0003	1,882,182	2,811,618
Community Development Block Grant	14.218	B-06-MC-28-0003	2,436,702	2,436,702
SUBTOTAL CFDA NUMBER 14.218			4,318,884	5,248,320
Emergency Shelter Grants Program	14.231	S-06-MC-28-0002	37,709	111,164
Emergency Shelter Grants Program	14.231	S-07-MC-28-0002	53,061	53,061
SUBTOTAL CFDA NUMBER 14.231			90,770	164,225
HOME Investment Partnership Program	14.239	M-99-MC-28-0200	-	1,429,000
HOME Investment Partnership Program	14.239	M-00-MC-28-0200	-	1,439,354
HOME Investment Partnership Program	14.239	M-01-MC-28-0200	90,441	1,401,531
HOME Investment Partnership Program	14.239	M-02-MC-28-0200	115,212	1,764,748
HOME Investment Partnership Program	14.239	M-03-MC-28-0200	217,927	1,260,463
HOME Investment Partnership Program	14.239	M-04-MC-28-0200	737,820	1,393,878
HOME Investment Partnership Program	14.239	M-05-MC-28-0200	1,051,283	1,051,283
HOME Investment Partnership Program	14.239	M-06-MC-28-0200	70,151	70,151
SUBTOTAL CFDA NUMBER 14.239			2,282,834	9,810,408
Housing Opportunities for Persons with AIDS	14.241	MS-H06-06-F001	627,114	868,000
Housing Opportunities for Persons with AIDS	14.241	MS-H07-07-F001	221,190	221,190
SUBTOTAL CFDA NUMBER 14.241			848,304	1,089,190
Brownfield Economic Development Initiative	14.246	B-01-SP-MS-0744	-	382,128
Brownfield Economic Development Initiative	14.246	B-02-SP-MS-0352	-	1,768
Brownfield Economic Development Initiative	14.246	B-03-SP-MS-0402	-	6,325
Brownfield Economic Development Initiative	14.246	B-05-SP-MS-0141	-	783,660
SUBTOTAL CFDA NUMBER 14.246			-	1,173,881
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			7,540,792	17,486,024

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, 2008

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures through 09/30/08
<b><u>U.S. Department of Justice</u></b>				
Juvenile Accountability Incentive Block Grant (Mississippi Department of Public Safety - Pass Through) SUBTOTAL CFDA NUMBER 16.523	16.523	04JB2191	\$ 16,346 <u>16,346</u>	\$ 16,346 <u>16,346</u>
Edward Byrne Memorial Formula Grant Program (Mississippi Department of Public Safety - Pass Through) SUBTOTAL CFDA NUMBER 16.579	16.579	06NW2191	<u>15,951</u> 15,951	<u>15,951</u> 15,951
Stop Violence Against Women Formula Grant SUBTOTAL CFDA NUMBER 16.588	16.588	05SL2191	<u>44,986</u> 44,986	<u>44,986</u> 44,986
Direct Programs:				
Local Law Enforcement Block Grant Program SUBTOTAL CFDA NUMBER 16.592	16.592	2004-LB-BX-1473	<u>-</u> -	<u>29,817</u> 29,817
Community Capacity Development Office Community Capacity Development Office SUBTOTAL CFDA NUMBER 16.595	16.595 16.595	07-WS-Q7-0273 07-WS-Q7-0063	<u>18,500</u> <u>138,341</u> 156,841	<u>99,146</u> <u>138,341</u> 237,487
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2003DDBX0345	261,399	1,171,693
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2004CKWX0203	-	98,652
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2004DDB41389	-	698,609
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2005DDBX1170	154,622	399,504
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program SUBTOTAL CFDA NUMBER 16.580	16.580	2006RGCX0017	<u>52,074</u> <u>468,095</u>	<u>322,649</u> <u>2,691,107</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005DJBX0981	278,965	475,384
Edward Byrne Memorial Justice Assistance Grant Program SUBTOTAL CFDA NUMBER 16.738	16.738	2006DJBX1128	<u>204,211</u> <u>483,176</u>	<u>204,211</u> <u>679,595</u>
Public Safety Partnership & Community Policing Grant SUBTOTAL CFDA NUMBER 16.710	16.710	95ULWX0025	<u>279,606</u> 279,606	<u>5,815,051</u> 5,815,051
Community Prosecution and Project Safe Neighborhood	16.609	03PS2191	78,198	224,812
Community Prosecution and Project Safe Neighborhood SUBTOTAL CFDA NUMBER 16.609	16.609	06PS2191	<u>42,000</u> <u>120,198</u>	<u>42,000</u> <u>266,812</u>
Developing, Testing And Demonstrating New Programs	16.541	2005-JL-FX-0262	50,920	216,331
Developing, Testing And Demonstrating New Programs SUBTOTAL CFDA NUMBER 16.541	16.541	2006-JL-FX-0079	<u>82,398</u> <u>133,318</u>	<u>152,447</u> <u>368,778</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>1,718,517</u>	<u>10,165,930</u>
<b><u>U.S. Environmental Protection Agency</u></b>				
Direct Programs:				
O. B. Curtis Water Project SUBTOTAL CFDA NUMBER 66.606	66.606	XP-97435701-3	<u>-</u> -	<u>2,787,800</u> 2,787,800
Brownfields Assessments and Cooperative Agreements SUBTOTAL CFDA NUMBER 66.818	66.818	BF-96486207	<u>1,131</u> 1,131	<u>1,131</u> 1,131
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>1,131</u>	<u>2,788,931</u>
<b><u>U.S. Office of National Drug Control Policy</u></b>				
High Intensity Drug Trafficking Area (MS Gulf Coast HIDTA - Pass Through)				
High Intensity Drug Trafficking Area (HIDTA)	07.999	16PGCP523Z	25,975	116,790
High Intensity Drug Trafficking Area (HIDTA)	07.999	17PGCP540Z	65,466	65,466
High Intensity Drug Trafficking Area (HIDTA) SUBTOTAL CFDA NUMBER 07.999	07.999	18PGCP540Z	<u>12,786</u> <u>104,227</u>	<u>12,786</u> <u>195,042</u>
<b>TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			<u>104,227</u>	<u>195,042</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, 2008

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures through 09/30/08
<b><u>U.S. Department of Transportation</u></b>				
Federal Transit Authority				
Direct Programs:				
Federal Transit Formula Grants	20.507	MS-03-00-12	\$ -	\$ 1,913,848
Federal Transit Formula Grants	20.507	MS-03-00-14	88,000	2,116,645
Federal Transit Formula Grants	20.507	MS-90-X0-70	125,301	6,207,455
Federal Transit Formula Grants	20.507	MS-90-X0-72	973,003	7,151,247
SUBTOTAL CFDA NUMBER 20.507			1,186,304	17,389,195
Federal Transit Capital Investment Grants	20.500	MS-03-00-13	-	5,115,818
SUBTOTAL CFDA NUMBER 20.500			-	5,115,818
Highway Planning and Construction (TS-204)	20.205	STP/G-0250(13A)	-	1,810,865
SUBTOTAL CFDA NUMBER 20.205		048-0250-00-013-10	-	1,810,865
Highway Planning and Construction (High Street)	20.205	STP-7262-(2)-49-7262	-	6,252,088
SUBTOTAL CFDA NUMBER 20.205			-	6,252,088
Highway Planning and Construction (Traffic Calming)	20.205	TCSP-0250(21)/103924	217,162	284,052
SUBTOTAL CFDA NUMBER 20.205			217,162	284,052
Highway Planning and Construction (Woodrow Wilson)	20.205	NHS-7281-00(001)	49,107	49,107
SUBTOTAL CFDA NUMBER 20.205		105016-701000	49,107	49,107
Highway Planning and Construction (Lynch Street)	20.205	DHP-7300-00(001)	27,943	27,973
SUBTOTAL CFDA NUMBER 20.205			27,943	27,973
Highway Planning and Construction (West County Line)	20.205	DHP-7305-00(005)	3,854,218	3,854,218
SUBTOTAL CFDA NUMBER 20.205		105014-801000	3,854,218	3,854,218
Urban Youth Corps Grant (Mississippi Department of Transportation-Pass Through)	20.000	N/A	14,258	14,258
SUBTOTAL CFDA NUMBER 20.000			14,258	14,258
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			5,348,992	34,797,574
<b><u>U.S. Department of Labor</u></b>				
Older Americans Act (Central Mississippi Planning and Development District - Pass Through)				
Senior Community Service Employment Program (Title V)	17.235	398-F-25	33,296	43,745
Senior Aides - Title V (Senior Service America, Inc. - Pass Through)				
SUBTOTAL CFDA NUMBER 17.235	17.235	AD-13734-04-60	587,292	587,292
			620,588	631,037
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			620,588	631,037
<b><u>U.S. Department of Agriculture</u></b>				
Direct Program:				
Natural Resource Conservation Service				
Conservation Technical Assistance Grant	10.000	68-4423-08-1362/06-1631	30,000	30,000
SUBTOTAL CFDA NUMBER 10.000			30,000	30,000
Food and Nutrition Service (MS Department of Education - Pass Through)				
Child and Adult Care Food Program	10.558	V0000718080	277,107	277,107
SUBTOTAL CFDA NUMBER 10.558			277,107	277,107
Summer Food Service Program for Children	10.559	V0000718080	117,072	193,496
SUBTOTAL CFDA NUMBER 10.559			117,072	193,496
(Central Mississippi Planning and Development District - Pass Through)				
Commodity Supplemental Food Program	10.565	378-I-25	28,937	28,937
Commodity Supplemental Food Program	10.565	396-B-25	52,925	52,925
SUBTOTAL CFDA NUMBER 10.565			81,862	81,862
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			506,041	582,465

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, 2008

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures through 09/30/08
<b><u>U.S. Department of Homeland Security</u></b>				
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-04HS221	\$ -	\$ 6,790
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-05HS221	-	112,665
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-07HS221	-	-
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-04LE221	50,000	259,887
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-05LE221	-	81,175
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-07LE221	-	-
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-3SSG-2022	-	315,094
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-3SSG-5027	-	5,197
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-3SSG-5028	-	7,599
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-3SUP-52	-	264,267
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	CCRT	-	656,944
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	06CC221	-	-
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-3SSGE-8007	-	109,304
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.004	MEMA-04-FG20699	-	156,303
SUBTOTAL CFDA NUMBER 97.004			<u>50,000</u>	<u>1,975,225</u>
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.036	FEMA-1459-DR-MS	-	281,179
Mississippi Emergency Management Agency (Pass-Through) State Domestic Preparedness Technical Assistance Program	97.036	FEMA-1764-DR-MS	3,857,249	3,857,249
SUBTOTAL CFDA NUMBER 97.036			<u>3,857,249</u>	<u>4,138,428</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>3,907,249</u>	<u>6,113,653</u>
<b><u>Mississippi Commission for Volunteer Service (Pass-Through)</u></b>				
AMERICORPS	94.006	06AC059003	266,387	555,711
SUBTOTAL CFDA NUMBER 94.006			<u>266,387</u>	<u>555,711</u>
<b>TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE</b>			<u>266,387</u>	<u>555,711</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 21,573,657</u>	<u>\$ 77,409,734</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, 2008

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures through 09/30/08
<b><u>State of MS Commission on Environmental Quality</u></b>				
<b><u>(Department of Environmental Quality)</u></b>				
The City of Jackson has the following loans payable to the Department of Environmental Quality at September 30, 2008 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	\$ -	\$ 2,622,653
Capitalization Grants for Clean Water State Revolving Funds 4.5% note dated January 30, 1995	66.458	SRF-C280785-02-1	-	893,362
Capitalization Grants for Clean Water State Revolving Funds 1.75% note dated July 1, 2003	66.458	SRF-C280886-01-1	-	1,732,037
Capitalization Grants for Clean Water State Revolving Funds 3.0% note dated June 1, 2003	66.458	SRF-C280785-04-2	-	4,374,945
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	-	1,430,632
Capitalization Grants for Clean Water State Revolving Funds 3.75% note dated September 1, 1999	66.458	SRF-C280838-01-1	-	4,453,495
Capitalization Grants for Clean Water State Revolving Funds 2.50% note dated January 30, 2008	66.458	SRF-C280738-01-1	74,331	3,000,371
			<u>\$ 74,331</u>	<u>\$ 18,507,495</u>
<b>TOTAL DEPARTMENT OF ENVIRONMENTAL QUALITY</b>				

**City of Jackson**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the year ended September 30, 2008**

NOTE 1. Background

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.

NOTE 2. Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal award programs of the City that were received directly from Federal agencies or passed through other entities and governmental agencies.

The City has prepared this Schedule of Expenditures of Federal Awards to comply with the provisions of Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. OMB Circular A-133 stipulates that a Schedule of Expenditures of Federal Awards be prepared showing total expenditures of each Federal award program as identified in the Catalog of Federal Domestic Assistance (CFDA) and for other federal financial awards that have not been assigned a catalog number.

NOTE 3. Basis of Presentation

The Schedule 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 States, 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.

**City of Jackson**  
**Notes to the Schedule of Expenditures of Federal Awards, Continued**  
**For the year ended September 30, 2008**

NOTE 4. Subrecipients

Of the federal expenditures presented in the Schedule, the City of Jackson provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community Development Block Grant – Entitlement Grants	14.218	\$ 280,206
Home Investment Partnership Program	14.239	1,483,224
Emergency Shelter Grant Program	14.231	90,770
Urban Enterprise Grant	93.585	20,000
Housing Opportunities for Persons with AIDS	14.241	834,783
Edward Byrne Memorial Justice Assistance Grant	16.738	<u>208,429</u>
Total		\$ <u>2,917,412</u>

NOTE 5. Contingencies

The City is the recipient of numerous Federal grants and awards. These grants and awards are governed by various Federal requirements, guidelines, regulations and contractual agreements.

The administration of the programs and activities funded by these grants and awards is under the control of the City and is subject to audit and review by the applicable funding sources. Any grant or award found not to be properly spent in accordance with the requirements, guidelines, regulations and contractual agreements of the funding sources may be subject to recapture.





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**Independent Auditors' Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of the Schedule of Expenditures of Federal Awards Performed  
in Accordance with Government Auditing Standards**

The Honorable Mayor and Honorable  
Members of the City Council  
City of Jackson, Mississippi

We have audited the Schedule of Expenditures of Federal Awards of the City of Jackson (the City) as of and for the year ended September 30, 2008, and have issued our report thereon dated May 12, 2010. An explanatory paragraph was included in our report indicating that the City is subject to audit by Federal agencies or their designees for compliance with certain contractual and programmatic requirements with regard to its federal programs during the year ended September 30, 2008. The determination of whether any instances of noncompliance that will ultimately result in remittance of ineligible and disallowed cost cannot be presently determined. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to 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's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Schedule of Expenditures of Federal Awards but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

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

**Independent Auditors' Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of the Schedule of Expenditures of Federal Awards Performed  
in Accordance with Government Auditing Standards  
(CONTINUED)**

Internal Control Over Financial Reporting, continued

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the City's Schedule of Expenditures of Federal Awards that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting presented as findings 2008-08, and 2008-13 through 2008-15.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our considerations of internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies disclosed above, we consider finding 2008-08 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Schedule of Expenditures of Federal Awards is 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 the Schedule of Expenditures of Federal Awards 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard* and which are described in the accompanying schedule of findings and questioned costs as findings 2008-9 through 2008-13.

**Independent Auditors' Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an  
Audit of the Schedule of Expenditures of Federal Awards Performed  
in Accordance with Government Auditing Standards  
(CONTINUED)**

Compliance and Other Matters, continued

The City's responses to the findings as identified in our audit are described in the accompanying schedule of findings and questioned costs – the Corrective Action Plan. We did not audit the City's responses contained in the Corrective Action Plan and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the City 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.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 12, 2010





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**Independent Auditors' Report on Compliance With Requirements Applicable  
to Each Major Program and on Internal Control Over Compliance  
in Accordance With the Program – Specific Audit Option Under OMB Circular A-133.**

The Honorable Mayor and Honorable  
Members of the City Council  
City of 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, 2008. The City's major federal programs are identified in the summary of auditors' 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 the City's management. Our responsibility is to express an opinion on the City'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'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 of the City's compliance with those requirements.

As described in findings 2008-09 through 2008-15 in the accompanying schedule of findings and questioned costs, the City did not comply with the requirements regarding the down payment assistance, Davis-Bacon Act, data filing and maintenance, HUD required provision, untimely completion of required audit, misclassification of grant funding and strengthening control over recordkeeping that are applicable to CFDA #14.239, CFDA #14.218, CFDA #14.239, and CFDA

**Independent Auditors' Report on Compliance With Requirements Applicable  
to Each Major Program and on Internal Control Over Compliance  
In Accordance With the Program – Specific Audit Option Under OMB Circular A-133.  
(CONTINUED)**

#20.205 federal financial assistance programs. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to these 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, 2008.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with 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 an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the City's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies and others that we consider to be material weaknesses.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as findings 2008-09, 2008-11, 2008-12, 2008-14 and 2008-15 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the City's internal control. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, we consider findings 2008-08, 2008-10, and 2008-13 to be material weaknesses.

**Independent Auditors' Report on Compliance With Requirements Applicable  
to Each Major Program and on Internal Control Over Compliance  
in Accordance With the Program – Specific Audit Option Under OMB Circular A-133.  
(CONTINUED)**

The City's response to the findings as identified in our audit are described in the accompanying schedule of findings and questioned costs – the Correct Action Plan. We did not audit the City's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Mayor, City Council, management, others within the City 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.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

May 12, 2010



**CITY OF JACKSON, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**Section 1: Summary of Auditors' Results**

Basic Financial Statements:

- |   |             |
|---|-------------|
| 1. Type of auditor's report issued on the basic financial statements                      | Unqualified |
| 2. Independent auditor's report over financial reporting contains:                        |             |
| a. Material weakness(es) identified   | Yes         |
| b. Significant deficiencies   | Yes         |
| c. Significant deficiencies identified that are not considered to be material weaknesses. | No          |

Federal Awards:

- |  |           |
|--|-----------|
| 3. Type of auditors' report issued on compliance with major federal programs.  | Qualified |
| 4. Internal control over major programs:   |           |
| 1. Material weaknesses identified  | Yes       |
| 2. Significant deficiencies identified that are not considered to be material weaknesses.  | Yes       |
| 5. Any audit findings reported as required by Section ____ .510(a) of OMB Circular A-133?  | Yes       |
| 6. Federal programs identified as major programs:  |           |
| a. CFDA #14.218 U.S. Department of Housing and Urban Development<br>Community Development Block Grant.   |           |
| b. CFDA #14.239 U.S. Department of Housing and Urban Development<br>HOME Investment Partnership Program.                                       |           |
| c. CFDA #14.241 U.S. Department of Housing and Urban Development<br>Housing Opportunities for Persons with AIDS (HOPWA)                        |           |
| d. CFDA #16.580 U.S. Department of Justice<br>Edward Byrne Memorial State and Local Law Enforcement Assistance<br>Discretionary Grants Program |           |

**CITY OF JACKSON, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**Section 1: Summary of Auditors' Results, continued**

- e. CFDA #16.710 U.S. Department of Justice  
Public Safety Partnership and Community Policing Grant
- f. CFDA #16.738 U.S. Department of Justice  
Edward Byrne Memorial Justice Assistance Grant Program.
- g. CFDA #17.235 U.S. Department of Labor  
Senior Community Service Employment Programs – Title V
- h. CFDA #20.507 U.S. Department of Transportation  
Federal Transit Formula Grant
- i. CFDA #20.205 U.S. Department of Transportation  
Highway Planning and Construction
- j. CFDA #97.036 U.S. Department of Homeland Security  
State Domestic Preparedness Technical Assistance Program
- k. CFDA #93.575 U.S. Department of Health and Human Services  
Child Care Development Block Grant
- l. CFDA #10.000 U.S. Department of Agriculture  
Conservation Technical Assistance Grant
- m. CFDA #94.006 Corporation for National and Community Services  
Americorps

- 8. Dollar threshold used to distinguish between type A and B programs. \$647,209
- 9. The City of Jackson qualified as a low risk auditee. No

**CITY OF JACKSON, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**Section 2: Financial Statement Findings**

The audit of the basic financial statements of the City of Jackson, Mississippi was performed by other auditors whose reports dated May 12, 2010, and the related Schedule of Findings and Responses containing findings 2008-01 through 2008-07 appear in preceding sections of this document.

**2008-08 Schedule of Expenditures of Federal Awards**

**Federal Program and Specific Federal Award Identification**

CFDA Title and Number

- 14.218 – Community Development Block Grant
- 14.239 – Home Investment Partnership Program
- 16.738 – Edward Byrne Memorial Justice Assistance Grant Program
- 16.710 – Public Safety Partnership & Community Policing Grant (COPs Hiring)
- 10.000 – Conservation Technical Assistance Grant
- 20.205 – Highway Planning and Construction

Federal Agencies

- U.S. Department of Housing and Urban Development
- U.S. Department of Justice
- U.S. Department of Agriculture
- U.S. Department of Transportation

Statement of Condition

We noted some weaknesses relating to the preparation of the Schedule of Expenditures of Federal Awards (the Schedule). The weaknesses noted resulted in several revisions in the form of reported dollar amounts on the Schedule, additions and deletions of some reported programs, and corrections on provided assistance information. Some of the weaknesses noted are as follows:

- Selected program amounts recorded were based on cash collected instead of accrued amounts.
- Selected programs initially included on the Schedule were reported in error;
- Selected program titles reported on the Schedule by the City were not the official titles contained in the official CFDA catalog; and
- Selected programs were omitted.

**CITY OF JACKSON, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**2008-08 Schedule of Expenditures of Federal Awards - Continued**

Criteria

Pursuant to the requirements of Office of Management and Budget (OMB) Circular A-133 Part III Subpart C – Auditees, Paragraph .300 – Auditee Responsibilities

“The Auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.” Also

Paragraph .310(b) – Financial Statements

“The auditee shall also prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee’s financial statements.... At a minimum the schedule shall include (1) list of Federal programs by Federal agency, (2) for Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity, and (3) provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available....”

Cause of Condition

We understood that the City’s staff prepared the Schedule based on confirmations received from the funding agencies without checking the accuracy of the program names and CFDA numbers to the Catalog of Federal Domestic Assistance and other sources.

Effect of Condition

Lack of preparation of an accurate Schedule of Expenditures of Federal Awards is a violation of compliance requirements pertaining to auditee’s responsibilities and maintenance of books and records in accordance with OMB Circular A-133.

Questioned Costs

None

Auditors’ Recommendation

The City should strengthen internal controls relating to the preparation of an accurate and complete Schedule of Expenditures of Federal Awards on a timely basis. Appropriate supervisory oversight should also be established to ensure that works performed by subordinates are reviewed to ensure accuracy and completeness.

**CITY OF JACKSON, MISSISSIPPI**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**Section 3: Federal Award Findings and Questioned Costs**

**2008-09 Down Payment Assistance**

**Federal Program and Specific Federal Award Identification**

CFDA Title and Number

14.239 – HOME Investment Partnership Program

Federal Agency

U.S. Department of Housing and Urban Development

Statement of Condition

Our audit of down payment assistance provided by the University of Southern Mississippi/Institute of Disability Studies, a subrecipient on this grant, and subsequent discussions with management revealed that one beneficiary (participant) on the program received assistance in the amount of \$10,000 instead of \$15,000 as recalculated by us. Hence, there was an underpayment of \$5,000 undetected by the City.

Criteria

Pursuant to the Project Objectives of Project Description 2007-2008, issued by the University of Southern Mississippi/Institute of Disability Studies, qualified residents having income of fifty-nine percent (59%) or less of HUD's average median household income should receive \$15,000 in HUD assistance.

Cause of Condition

The employee of the University of Southern Mississippi/Institute of Disability Studies miscalculated the benefit when processing the application. There was no evidence of independent supervisory review of such calculation by the City.

**CITY OF JACKSON, MISSISSIPPI**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**2008-09 Down Payment Assistance – Continued**

Effect of Condition

The participant was underpaid by \$5,000. Subrecipient's file was not reviewed appropriately. However, books and records were properly adjusted to reflect the correct amount after year-end.

Questioned Cost

None

Auditors' Recommendation

We recommend that the City take necessary actions to ensure records received from subrecipients of grants are adequately reviewed by an independent reviewer to avoid future under/overpayments to homebuyers receiving assistance under the program.

**2008-10 Davis-Bacon Act**

**Federal Program and Specific Federal Award Identification**

CFDA Title and Number

14.218 - Community Development Block Grant  
14.239 - Home Investment Partnership Program

Federal Agency

U.S. Department Housing and Urban Development

Statement of Condition

We noted during our audit that the City did not have in place supervisory oversight procedures to ensure consistent monitoring of construction contracts for compliance with the Davis-Bacon Act requirements for works performed by contractors and subcontractors. Individuals from two different departments assigned to perform this function were not properly informed as to who was responsible for the monitoring. There was constant shifting of responsibility between individuals/departments based on our discussions with the management.

**CITY OF JACKSON, MISSISSIPPI**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**2008-10 Davis-Bacon Act - Continued**

Criteria

OMB Circular A-133 Compliance Supplement Part 3, Section D stipulates that a non-federal entity must ensure that contractors and subcontractors are paid prevailing wage rates for projects covered by the Davis-Bacon Act.

Cause of Condition

Lack of communication process between departments to ensure compliance with the Davis-Bacon Act requirements.

Effect of Condition

While procedures performed by us did not reveal any misstatement in payments disbursed, lack of proper monitoring is a violation by the City with the administrative terms of its grant agreement.

Questioned Costs

None

Auditors' Recommendation

We recommend that City management take necessary actions regarding monitoring of contractors and/or sub-contractors to ensure compliance with the Davis-Bacon Act requirements on a timely basis including establishing appropriate internal controls which will prevent or detect future occurrence.

**2008-11 Data Filing and Maintenance**

**Federal Program and Specific Federal Award Identification**

CFDA Title and Number

14.239 - Home Investment Partnership Program

**CITY OF JACKSON, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**2008-11 Data Filing and Maintenance - Continued**

Federal Agency

U.S. Department of Housing and Urban Development

Statement of Condition

The Development Assistance Division's procedures relative to the administration of subrecipients do not provide for appropriate oversight and submission of annual audit reports. During our testing of compliance with monitoring requirements for subrecipients, we noted one of three subrecipients did not submit the required 2007 and 2008 annual audits within six months of the subrecipient's fiscal year end as required by the contract between the City and the subrecipient.

Criteria

A pass-through entity is responsible for obtaining and reviewing subrecipients' audited reports to provide reasonable assurance that the Federal Awards are administered in compliance with Federal Award's requirements.

Cause of Condition

Turnover in key employee responsible for subrecipient compliance requirements and lack of timely follow-up on receipt of required annual audit reports.

Effect of Condition

Lack of compliance with the established applicable Federal rules and regulations and the possibility of intentional or unintentional misstatements in the financial statements submitted for the years that were not audited.

Questioned Costs

None

**CITY OF JACKSON, MISSISSIPPI**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**2008-11 Data Filing and Maintenance - Continued**

Auditors' Recommendation

We recommend that City management take necessary actions to ensure adequate personnel resources have been devoted to performing necessary and required procedures.

**2008-12 HUD Required Provision**

**Federal Program and Specific Federal Award Identification**

CFDA Title and Number

14.239 - Home Investment Partnership Program

Federal Agency

U.S. Department of Housing and Urban Development

Statement of Condition

During our audit we reviewed selected contract agreements signed by one of the City's subrecipients of the Home Investment Partnership Program. The agreement was between the City's subrecipient and one of its contractors. We noted the agreement did not contain the provisions in 24 CFR Section 92.504 as required by HUD.

Criteria

According to Basic Federal Document, participating jurisdictions are required to have a written agreement that contains the provisions in 24 CFR Section 92.504.

Cause of Condition

Turnover in key staffing responsible for reviewing subrecipient's compliance requirements is one of the contributing factors.

**CITY OF JACKSON, MISSISSIPPI**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**2008-12 HUD Required Provision - Continued**

Effect of Condition

Lack of compliance with the established applicable Federal rules and regulations.

Questioned Cost

None

Auditors' Recommendation

We recommend that management take necessary actions to ensure such condition is not reoccurring in future.

**2008-13 Untimely Completion of Required Audit**

**Federal Program and Specific Federal Award Identification**

None

Statement of Condition

The audited compliance and financial statements of the City for the year ended September 30, 2008 were not completed within the stipulated required period after the City's fiscal year end. As of January 27, 2010 the audit was yet to be completed.

Criteria

Pursuant to the requirements of OMB Circular A-133, Subpart B paragraph .320, audited financial statements are required to be submitted within nine months after the close of the City's year end unless a longer period is agreed to in advance by the cognizant or oversight agency. The extension obtained by the City ended August 31, 2009.

**CITY OF JACKSON, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**2008-13 Untimely Completion of Required Audit - Continued**

Cause of condition

Challenges resulting from staff changes and understaffing.

Effect

Non-compliance with the requirements of OMB Circular A-133 regarding submission of audited financial statements.

Recommendation

Management should make every effort to ensure timely completion of compliance and financial audit in future.

**2008-14 Misclassification of Grant Funding**

**Federal Program and Specific Federal Award Identification**

CFDA Title and Number

20.205 – Highway Planning and Construction

Federal Agency

U.S. Department of Transportation

Statement of Condition

At the wrap up stage of our engagement, we discovered via auditing procedures that three grants funded by the U.S. Department of Transportation with expenditures totaling \$2,969,775 were omitted from the Schedule of Expenditures of Federal Awards. The awards were included in the accounting records as bond funding rather than grant funding for a capital project. As a result the Federal awards expended were understated. The awards were not initially considered to be audited under OMB Circular A-133 despite being a high risk major program.

**CITY OF JACKSON, MISSISSIPPI**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2008**

**2008-14 Misclassification of Grant Funding - Continued**

Criteria

Pursuant to the requirements of the Office of Management and Budget (OMB) Circular A-133 Part III Subpart C – Auditees, Paragraph .300 – Auditee Responsibilities, “The Auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received.”

Cause of Condition

The City’s financial system captures transactions by capital projects and does not separately identify expenditures belonging to a particular funding source when multiple fundings are received. As a result, the 2003 General Obligation Bond revenues and Highway Planning and Construction awards were not separately identified in the system because both items relate to the same capital project. Consequently the awards were omitted from the Schedule of Expenditures of Federal Awards. Additionally, compensating controls which would have reconciled Federal expenditures reported on the Schedule of Expenditures of Federal Awards to Federal funds received were not performed until when the condition was discovered by the auditors.

Effect of Condition

The City’s ineffective control over the record keeping of the Federal awards affected the reporting process and timely completion of the annual audit.

Questioned Costs

None

Auditors’ Recommendation

The City should guard against this condition by implementing policies and procedures that will ensure timely review, reconciliation and accurate reporting.

**CITY OF JACKSON, MISSISSIPPI**  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**2008-15 Strengthening Control Over Recordkeeping**

**Federal Program and Specific Federal Award Identification**

CFDA Title and Number

20.205 – Highway Planning and Construction

Federal Agency

U.S. Department of Transportation

Statement of Condition

During our audit, the City was unable to readily and timely locate the signed Memorandum of Understanding and other supporting information identifying the CFDA number relating to the Federal Award Program under audit. A copy for such agreement was requested from the pass-through entity when every effort to locate such proved abortive.

Criteria

Grantees receiving Federal funding, whether directly or as a sub-award are required to maintain a system of recordkeeping that will ensure that every documentation is retained for the time period required by the Federal regulations.

Cause of Condition

Lack of proper filing and data maintenance controls in addition to turnover in key staff contributed to this condition.

Effect of Condition

The City is not in compliance with the recordkeeping requirements.

Questioned Costs

None

**CITY OF JACKSON, MISSISSIPPI**  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, CONTINUED  
FOR THE YEAR ENDED SEPTEMBER 30, 2008

**2008-15 Strengthening Control Over Recordkeeping - Continued**

Auditors' Recommendation

The City should strengthen internal controls relating to data filing and retention to ensure all documents associated with grants awarded are properly filed and retained for the required contractual or statutory period of time.

CITY OF JACKSON  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2008

2007-1 FINDING NO. 1 – SECTION 2

**Condition:** We determined there is no procedure to account for all issued tickets processed after the tickets are returned to Traffic and Court Services. This finding was communicated to the City in the prior examination and no corrective action has been taken.

**Recommendation:** Management should develop procedures to ensure all tickets are returned promptly after issuance and properly recorded.

**Current Status:** Corrected

2007-2 FINDING NO. 2 – SECTION 2

**Condition:** The City is lacking an effective disaster recovery plan for its water, sewer and sanitation billing system. This situation leaves the water, sewer and sanitation billings open to loss of information and loss of revenue. While the City as apparently made some advances in data backup to allow recovery, an effective disaster recovery plan should contain written procedures on how the City can recover from various types of disasters or systems failures. This finding was communicated to the City in the previous examination.

**Recommendation:** The Water and Sewer Department, as well as all of the other departments at the City should have in place an effective disaster recovery plan to prevent business disruption whether caused by an internal problem or natural disaster.

**Current Status:** Not Corrected

2007-3 – FINDING NO. 3 – SECTION 2

**Condition:** The City should improve its controls over information technology. Various issues were discovered that place the City at risk for network outages and security breaches, as well as critical system failures. A comprehensive disaster plan should be developed to ensure that mission critical applications can be maintained. Although the City has made some improvements in its systems, the City continues to have single points of failure and several key applications have not been addressed from a disaster recovery standpoint. This finding was communicated to the City in the prior examination and no corrective action has been taken.

**Recommendation:** The City should undertake a comprehensive review of its Information Technology System. Such a review should include placing a high priority on replacement of the Water/Sewer/Sanitation billing application programs. Sufficient financial resources should be allocated to ensure that effective system controls can be implemented.

**Current Status:** Not Corrected

2007-4 – FINDING NO. 4 – SECTION 2

**Condition:** The City's procedures do not include account review and reconciliations in a number of significant account balances and transactions classes. This finding was communicated to the City in the prior examination and no corrective action has been taken. Our 2007 audit revealed there is a lack of adequate support and a lack of an appropriate level of review of journal entries.

Additionally, the City does not have an adequate system for accounting for its land, buildings and infrastructure records. A similar finding was communicated in the prior audit. Although the City has added additional staff in accounting and internal audit toward the end of its fiscal year, no changes in controls over financial recordkeeping have been implemented during 2007.

**Recommendation:** The auditors recommended that the City assign the responsibility for performing periodic account review and reconciliations of significant asset and liability accounts to appropriately trained employees. The frequency of such reviews should be based on the risk associated with the potential misstatement of the accounts. The procedures should include standards for documentation of work performed as well as documentation that the work has been reviewed by appropriate supervisory personnel. Additionally, the fixed assets records should be improved by incorporating the records into fixed asset ledger system.

**Current Status:** Corrected

2007-5 – FINDING NO. 5 – SECTION 2

**Condition:** The City does not have established procedures to ensure that its external financial statements are free from material errors. As a result, it was necessary for the auditor to propose a number of revisions to the footnotes to the financial statements to enable the disclosures to be in accordance with generally accepted accounting principles as well as to identify accounts and balances where material adjustment were required.

**Recommendation:** Internal control procedures should be implemented to ensure that the financial statements are free from material error or misstatement, such as a process of review by persons in the Department of Administration not directly involved in the preparation process, completion of a disclosure checklist and other similar procedures. Many of the errors in the financial statements that were determined by the audit were not technical accounting items but would have likely been detected by a critical reading of the statements by persons who are knowledgeable regarding City finances. However, the statements must be available for in a timely manner to allow for this review. Additionally, the City must maintain documentation which facilitates the review process.

**Current Status:** Corrected

2007-6 – FINDING NO. 6 – SECTION 2

**Condition:** The City does not have an adequate process related to the receipt of funds from major revenue sources in the Treasurer's office to ensure that all funds are received and deposited in a timely manner.

**Recommendation:** The auditors recommended that the City review its procedures for receipt and deposit of checks being received in the Treasurer's office. The auditors recommended that no check be received directly by those personnel for monitoring the collection of funds. Additionally, there should be a reporting procedure established whereby the failure to receive and deposit major sources of revenue is reported timely to the Director of Administration so that appropriate action can be taken.

**Current Status:** Corrected

2007-7 – FINDING NO. 7 – SECTION 3

**Condition:** It was noted during the audit significant weaknesses in internal control over compliance relating to the preparation of the Schedule of Expenditures of Federal Awards (the Schedule), identification of correct Catalog of Federal Domestic Assistance (CFDA) numbers, pass-through entities and other identifying federal financial assistance information. The identified weaknesses resulted from the following conditions:

- Program amounts used were based on draw downs and not actual expenditures;
- Selected programs initially included in the schedule and subsequently removed prior to finalization due to errors;
- Selected program titles in the schedule were not the official titles contained in the CFDA catalog;
- Selected program titles were recorded with incorrect CFDA numbers; and

We understand that the City's staff prepared the schedule based on confirmations received from the funding agencies without checking the accuracy of the program names and CFDA numbers to the Catalog of Federal Domestic Assistance and other sources.

**Recommendation:** The auditors recommended that the management of the City strengthen internal controls relating to the preparation of its Schedule of Expenditures of Federal Awards to ensure the accuracy and completeness of its financial reporting function. This strengthening of internal controls should include, but not be limited to, conducting a complete inventory of its federal financial assistance awards and contracts and review of applicable award documents and contract files to ensure accuracy and completeness of all applicable identifying award information (CFDA number, contract number, program title and description, primary recipients, etc.) in the accounting books and records. Appropriate supervisory controls should also be established to ensure that work is reviewed to ensure accuracy and completeness of the schedule. We also recommend that management segregate expenditures between those charged to Federal programs and those charged to the general fund.

**Current Status:** Partially Corrected

2007-8 – FINDING NO. 8 – SECTION 3

**Condition:** The City's procedures for the administration of grants do not provide for appropriate oversight and monitoring of its federal award transactions. As a result, the City has not established and maintained effective internal controls over compliance with each of the compliance requirements applicable to its major federal programs.

**Recommendation:** The auditors recommended that the City adopt appropriate internal controls over its grants administration related to compliance in order to ensure that there is no greater than a remote chance of noncompliance with grants in amounts not more than inconsequential. Such controls should ensure that grants administration personnel are appropriately trained and grants records and reports are subjected to appropriate internal review procedures.

**Current Status:** Corrected

2007-9 – FINDING NO. 9 – SECTION 3

**Condition:** It was noted during the audit that management of the City of Jackson did not have procedures in place to monitor construction contracts for compliance with the Davis-Bacon Act.

**Recommendation:** The auditors recommended that management of the City of Jackson establish procedures with regard to monitoring contractors and/or sub-contractors for compliance with the Davis-Bacon Act. Because of the decentralized operations with respect to grant management at the City of Jackson, the auditors also recommended that management establish procedures to ensure that appropriate internal controls are in place to prevent or detect the failure to monitor contracts for compliance with the Davis-Bacon Act.

**Current Status:** Corrected

2007-10 – FINDING NO. 10 – SECTION 3

**Condition:** It was noted during the audit that management of the City of Jackson did not file the required Financial Reports for each of the grants below applicable to the fiscal year ended September 30, 2007.

CFDA Title and Number

16.710-Public Safety Partnership & Community Policing Grant  
20.500-Federal Transit Administration Grant  
20.507-Federal Transit Formula Grant

Federal Agencies

U.S. Department of Justice  
U.S. Department of Transportation

The auditors also noted that amounts drawn down from the Public Safety Partnership and Community Policing Grant (CFDA #16.710) were based on estimates and not actual expenditures. Management is in the process of attempting to reconcile a detail of police officers charged to program to those officers actually eligible to be charged to the program to those amounts actually drawn down during the year.

In addition to the above, the auditor also noted that management failed to draw down approximately \$3 million dollars of eligible costs related to the Federal transit grant, resulting in a significant cash flow impact on City finances.

**Recommendation:** The auditors recommend the City management take necessary actions to ensure that grant reports are prepared and submitted on a timely basis, including establishing appropriate internal controls which will prevent or detect missed reporting deadlines. The auditors further recommended that appropriate cash management procedures be established.

**Current Status:** Corrected

**Condition:** It was noted during the audit of the Federal Transit Grants:

- Costs recorded in the general ledger are comprised of both grant expenditures and matching funds charged to the program. Management has not reviewed, monitored, and allocated expenditures between grant expenditures and expenditures charged to the matching funds on a regular basis, resulting in not having adequate records to support federal financial reports; and
- Management also has not adequately reviewed those expenditures that were billed to the City by the JATRAM management company.

The auditors noted the following condition during the audit of the Public Safety Partnership and Community Policing Grants program.

- During the course of the audit, the auditors noted that management was unable to provide a detailed listing of police officers whose time was charged to the Public Safety Partnership and Community Policing Grant, due to personnel changes and missing documentation. However, prior to the issuance of the audit report, management was able to provide a listing of officers whose time was charged to the grant, but due to the timing of receipt of the listing and the need to issue the audit report, we were unable to audit the documentation provided by management, and as such we are questioning the amount charged to the program.

**Recommendation:** The auditors recommend that management take the necessary steps to ensure that all costs charged to federal programs are properly segregated from those matching costs being funded by the general fund. An allocation should be prepared and reviewed by management on a monthly basis. This allocation should be the basis for financial reports prepared by management.

The auditors recommended that management prescribe procedures, which would require appropriate personnel to review and approve the expenditures submitted for reimbursement by the JATRAM management company.

The auditors recommended that management prescribe procedures requiring documentation to be maintained by management to support amounts billed to the funding source, which would enable information to be able to be audited timely.

**Current Status:** Corrected





## CORRECTIVE ACTION PLAN

05/12/10

The City of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2008.

Name and address of independent public accounting firm: Bruno & Tervalon LLP, CPAs and BKD LLP, CPAs and Advisors, 190 E. Capitol Street, Suite 500, Jackson MS 39201  
Audit period: Year Ended September 30, 2008

### 2. FINDINGS-FINANCIAL STATEMENT AUDIT

#### **Finding No. 2008-8 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Recommendation:** The auditor recommends that the management of the city strengthen internal controls relating to the preparation of its Schedule of Expenditures of Federal Awards to ensure the accuracy and completeness of its financial reporting function.

**Action Taken:** Financial Management of grants have been centralized. The city has employed two (2) grant accountants to manage the city's grants. The accountants prepare financial reports and initiate drawdowns for the city's grants. The financial reports are reviewed and approved by upper management. The grant accountants and programmatic grant managers share reports and all information relating to the city's grants. The grant accountants work directly with the overall Grants Manager for the city in managing the city's grants. In preparing the Schedule of Expenditures of Federal Awards the grant accountants will use the catalog of Federal Domestic Assistance to get the appropriate name of the funding agency and the CFDA number. Since the grant accountants prepare the financial reports for the grants and the respective drawdowns, the grant accountants have the knowledge of the grants to correctly prepare the Schedule of Expenditures of Federal Awards. The work of the grant accountants in preparing the Schedule of Expenditures of Federal Awards will be reviewed and approved by upper management. The grant accountants have received training in grant management by attending grant-training sessions sponsored by the Department of Justice and the Federal Transit Administration.

### 3. FINDINGS-MAJOR FEDERAL AWARDS PROGRAM FINDINGS AND QUESTIONED COSTS

#### **Finding No. 2008-9 DOWN PAYMENT ASSISTANCE**

**Recommendation:** The auditor recommends that management of the city take necessary actions to ensure records received by subrecipients are adequately reviewed by an independent reviewer to avoid future under/overpayments to homebuyers receiving assistance under the program.

**Action Taken:** The city does perform independent review of the sub-recipient; however there was oversight in this particular situation and the miscalculation was not noticed. The sub-recipient recalculated the benefit and submitted revised documentations to the city and in return the city processed a check to cover the shortage to the beneficiary. This condition has been corrected.

**Finding No. 2008-10 DAVIS-BACON ACT**

**Recommendation:** The auditor recommends that management of the city establish procedures with regard to monitoring contractors and/or sub-contractors for compliance with the Davis-Bacon Act. The auditor also recommends that management establish procedures to ensure that appropriate internal controls are in place to prevent or detect the failure to monitor contracts for compliance with the Davis-Bacon Act.

**Action Taken:** The city has established procedures for Davis-Bacon both in terms of monitoring contractors/sub-contractors for Davis-Bacon compliance and establishment of internal controls to assure monitoring is taking place.

**Finding No. 2008-11 DATA FILING AND MAINTENANCE**

**Recommendation:** The auditor recommends that management of the city take necessary actions to ensure adequate personnel resources have been devoted to performing necessary and required procedures.

**Action Taken:** Subrecipients applying for federal funds are required to submit a copy of their annual audit with their application. The agency was contacted by the city's representative and was informed that the subrecipient was unable to submit the annual audit when applying for federal assistance due to the subrecipient's CPA having not completed the subrecipient's annual audit due to awaiting third-party information. The audit was subsequently completed and submitted to the city. The city will ensure that adequate personnel resources are devoted to performing necessary and required procedures.

**Finding No. 2008-12 HUD REQUIRED PROVISION**

**Recommendation:** The auditor recommends that management of the city take necessary actions to ensure such condition is not reoccurring in future.

**Action Taken:** The city will maintain adequate staff to monitor contract provisions and will endeavor to ensure that contracts are in compliance with federal requirements.

**Finding No. 2008-13 UNTIMELY COMPLETION OF REQUIRED AUDIT**

**Recommendation:** Management of the city should make every effort to ensure timely completion of compliance and financial audit in the future.

**Action Taken:** The city has contracted with an outside auditor to prepare the FY 09 audit and the contract requires that the audit be completed no later than June 30, 2010.

**Finding No. 2008-14 MISCLASSIFICATION OF GRANT FUNDING**

**Recommendation:** The city's ineffective control over the record keeping of the Federal awards effected the reporting process and timely completion of the annual audit.

**Action Taken:** The MDOT grants are being used to augment bonds that the city issued for street improvement projects. In order to capture the total cost of the street projects for capitalization purposes, the grant funds are deposited into the Capital Projects Bond Fund for this purpose. The MDOT grants are separately coded as grant funds in the Capital Projects Bond Fund. When generating the grant fund report, a report of grant established funds; these grants were inadvertently omitted since they were accounted for in the Capital Projects Bond Fund. In order to prevent this from occurring again, reports will be run for all grant-established funds which was previously done and reports of all revenues coded as grant funds regardless of which funds the grant receipts are deposited and recorded. These reports will identify all grant funds received by the city regardless of where the grant funds are received and deposited by the city.

**Finding No. 2008-15 STRENGTHENING CONTROL OVER RECORDKEEPING**

**Recommendation:** The city should strengthen internal controls relating to data filing and retention to ensure all documents associated with grants awarded are properly filed and retained for the required contractual or statutory period of time.

**Action Taken:** The city has centralized the management of its grants. The city has employed a Grants Manager and two (2) grant accountants. Grant files have been reviewed and are now in compliance with the Federal Recordkeeping requirement.

If the U. S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-1097.

Sincerely yours,



Rick H. Hill,  
Director of Administration



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