



Comprehensive Annual Financial Report  
For the Year Ended September 30, 2015  
Department of Administration  
Finance Division

Mayor Tony T. Yarber

**CITY OF JACKSON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2015**

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# **INTRODUCTION SECTION**



**May 11, 2016**

**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, 2015 for the City of Jackson, MS is submitted herewith.

An unmodified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley & White Co. for the year ended September 30, 2015. The Independent Auditor's Report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1996 regarding grants received from the federal government. The Single Audit report was issued by Banks, Finley & White Co.

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

All of the governmental activities and business-type activities 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 2015 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 Proprietary 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 Proprietary Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2015 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 4-12 be carefully examined by the reader in order to provide a more concise picture of the financial position of the City.

## **CITY PROFILE AND REPORTING ENTITY**

### **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 173,514 citizens within its radius of 113 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. Public Safety, Economic Development, Infrastructure Stability, Innovation and Education were the policy initiatives for FY15.

The City of Jackson, MS is required to submit its municipal budget on an annual basis to the City Council for adoption on or before the fifteenth day of the last month in the fiscal year. A budget process, linking policy initiatives, services, and available resources, is utilized to develop the budget. As the primary financial planning and control document, the budget provides the foundation for City operations.

The budget is crafted to include expenditures by fund, department and category:

Fund: General, Special Revenue, Debt Service, Proprietary, Trust, and Capital,

Department: Administration, General Government, Human & Cultural, Parks & Recreation, Police, Fire, Personnel, Public Works, and Planning

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 directors 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. However, due to the national economic downturn, the city, state, and industries alike have been impacted by the national recession. Jackson continues to be the site of the largest financial institutions in the state. Numerous healthcare facilities and health service agencies, including the state's only medical school, provide employment to more than 30,090 professionals and staff.

As the educational, cultural, medical, and governmental center of the state, the Jackson metropolitan surrounding area has a relatively stable unemployment rate of 6.4 percent (Source: MS Department of Employment Security, Annual Labor Force Report) with an employed labor force of 171,155. This unemployment rate compares favorably to the state's overall unemployment rate of 6.6 percent. Over the previous years, the unemployment rate has ranged from a high of 9.2 percent to a low of 4.8 percent for 2015.

Jackson, MS, 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.

The City of Jackson has taken a proactive approach to addressing this issue. Our approach is multi-pronged, Jackson is partnered with the Central Mississippi Planning and Development District (CMPDD), Mississippi Development Authority (MDA), Hinds County Economic Development Authority, and the Greater Jackson Chamber Partnership. The City of Jackson is poised to make significant economic development changes in the immediate future. Over the last year we have seen major industry growth, an increase in job creation and new developments. The Meridian at Fondren is a pro-proposed mixed-use development in the Fondren (midtown) area of Jackson that is comprised of over 9400 square feet of residential, retail/restaurant and office space. Seraphim Solar System anticipates generating 250 new jobs within three years of commencing operations. Seraphim will offer on the job training and benefits for employees, and will utilize the City's Jobs for Jacksonians Program to recruit qualified individuals and construction firms to meet the company's needs. Cherokee Brick & Tile Company, is a Georgia corporation that has expanded its private brick manufacturing company by purchasing Tri-State Brick and remodeling the facility. Cherokee Brick & Tile is committed to the City of Jackson, and will create 20-50 new jobs.

The City has also begun to benefit from a variety of downtown revitalization efforts. These efforts include the Capital Street Resurfacing Project; which has transformed Capital Street, a major thoroughfare in downtown Jackson into a two-way street that includes roundabouts, new landscaping and other traffic calming measures. The completion of the first phase of this parkway project has made it possible to easily connect the greater downtown area to Jackson State University. Overall occupancy in the downtown area is 85 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 total renovation and completion of the King Edward Hotel (Hilton Garden Inn); the development of Class A office space at the Pinnacle building; and the opening of the Standard Life Building as a mixed use facility continues to generate resurgence in the downtown area. Upon completion, the District at Eastover will be a 585,000 square foot mixed use development located on Interstate 55 in Jackson, will feature a cinema, retail/restaurant components, medical offices, banking and residential units. Phase I has been completed and construction of the entire project is expected to be completed in FY17.

Jackson property owners pay property taxes for county, city, and school totaling \$178.80 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 remains financially stable. As mentioned elsewhere in this report, the city experienced a decrease in its unrestricted fund balance reserve. The city is taking the following steps to restore its unrestricted fund balance reserve and to reduce the likelihood of this occurring in the future:

1. The city's proposed financial plan includes the establishment of a budget stabilization fund which will provide a mechanism by which funds which exceed budget needs (including the required fund balance) may be set aside.
2. The city must re-define its **core services**. The city has historically provided services that extend beyond public safety, water and wastewater and infrastructure (streets & bridges) management. Our citizens have benefited tremendously from these services but the cost of providing them has begun to drain the city of much needed resources which has affected the city's ability to provide the core services.
3. The city must continue to explore, create and implement additional revenue streams (i.e. parking meters, explore ways to monetize the city's assets, explore private management of certain city facilities).
4. The hiring of all non-essential personnel will be suspended.
5. All non-emergency overtime and overtime not previously approved by the department director will be suspended.
6. Requests for non-emergency purchases and travel will be suspended.
7. Reduce funding provided to outside agencies.
8. Discontinue the youth employment and the summer enrichment programs until the city's reserve has been restored.
9. The city must be pro-active in its efforts to eliminate fraud and abuse of city resources.

The unassigned General Fund balance available for future appropriation is \$5,524,550 million, which includes \$4,991,025 million attributable to the City's General Fund reserve policy. An additional \$3,209,682 million is reserved for inventories and state tort claims.

As of FYE 2015, the City's ratings were:

	General Obligation Bonds	Revenue Bonds
Standard & Poor's	AA-	A+
Moody's	Aa2	A2

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2015 are useful gauges of the City's debt position.

POPULATION:		173,514
BONDED DEBT PER CAPITA:	\$	675.22
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$	1,022,124,591
NET BONDED DEBT (G.O):	\$	128,750,000
RATIO OF DEBT TO ASSESSED VALUE:		12.16%

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

**BONDS OUTSTANDING**

Category	Amount Outstanding Sept. 30, 2015	Amount Outstanding Sept. 30, 2014
General Obligation	\$ 124,150	\$ 132,380
General Obligation Note	4,600	6,900
Tax Increment Limited Obligation	4,572	5,111
<b>Bonded Debt</b>	<b>\$ 133,322</b>	<b>\$ 144,391</b>
Revenue Bonds	227,910	233,660
Urban Renewal Bonds - Component Unit	14,877	15,370
<b>Total</b>	<b>\$ 376,109</b>	<b>\$ 393,421</b>

PROPRIETARY FUNDS – CHANGES IN NET POSITION

Fund	2015	2014
Water/Sewage Disposal Fund	\$ 12,202	\$ 12,674
Madison Sewage Disposal Fund	(7)	(35)
Transportation Fund	227	3,173
Sanitation and Recycling Fund	626	364
Change in Net Position	<u>\$ 13,048</u>	<u>\$ 16,176</u>

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi employer, cost-sharing pension plan and an agent multi employer pension plan. Substantially, the City of Jackson full-time employees participate in the multi employer cost-sharing pension plan. Benefit and contribution provisions are established by state law and may be amended only by the State of Mississippi Legislature. The employer and employees' contributions represented 15.75% and 9.00% of covered payroll, respectively.

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 \$7,887,975 and employee benefit costs were \$15,635,230 during fiscal year 2015. The City's General fund appropriated \$7,435,233 to the Employees' Group Benefit fund.

**FINANCIAL POLICIES**

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

## **SELECT RECOGNITIONS**

**JACKSON POLICE DEPARTMENT ACCREDITATION:** The Jackson Police Department received Accreditation from the MS Law Enforcement Accreditation Commission (MSLEAC) in February 2016. The MSLEAC assessment team consists of law enforcement practitioners (Chiefs and Sheriffs) whose agencies are already accredited. JPD met 140 standards set forth by the Accreditation Commission. JPD is the 27th agency to become accredited in the State of Mississippi.

**PARKS AND RECREATION RECEIVES AWARD:** The Mississippi Recreation and Parks Association (MRPA) named the City of Jackson Parks and Recreation Department the winner of the "Special Event Award of Merit Class III" for the 2015 Easter Egg Hunt. Class III is the largest city population of 35,000 or greater. The Department of Parks and Recreation hosts a free Easter Egg Hunt each year. The 2015 hunt was held at VA Legion Softball Complex in April 2015. The mission of the Mississippi Recreation and Parks Association is to provide avenues to build communities, reduce crime, and improve the health of Mississippians. The association works closely with state and local recreation professionals to publicize and support statewide and local parks and recreational activities.

**BEST PLACE TO START A BUSINESS:** Wallet Hub released rankings in 2015 of the best cities to startup a business. Jackson was ranked No. 5 out of 150. Wallet Hub analyzed the relative start-up opportunities that exist in the 150 most populated U.S. cities. The company used 13 unique metrics, ranging from 5-year survival rate and the affordability of office space to the educational attainment of the local labor force. Our findings, as well as expert commentary and a detailed methodology, can be found below.

**FORBES: JACKSON AMONG TOP 10 UP-AND-COMING CITIES FOR RECENT COLLEGE GRADS:** The business magazine in 2015 named the Capital City as one of the 10 up-and-coming cities for recent college graduates. Here's the magazine's description: Jackson is located on the Pearl River and is famous for its music, including Gospel, Blues, and R&B. Jackson is also home to the world famous Malaco Records recording studio, where many notable musicians got their start. The city hosts a number of cultural events including CelticFest Mississippi, Crossroads Film Festival, Jubilee Jam, Mississippi State Fair and the USA International Ballet Competition. A number of Jackson's downtown sites provide historical and cultural homage to the city's past and present including the Alamo Theatre, the Mississippi Governor's Mansion, the Oaks House Museum, the Mississippi Sports Hall of Fame and Museum, the Mississippi Agriculture and Forestry Museum and the Mississippi Museum of Art.

**PGA TOURNAMENT:** Sanderson Farms announced that it would remain the title sponsor of the PGA event in Mississippi's capital city through 2026. The Sanderson Farms PGA Championship is a premiere tournament drawing thousands to Jackson, where they patronize retail shops, restaurants and hotels. The tournament helps boost our economy and place us on a national stage, showing that our great city is a venue to host world-class events.

## FUTURE INITIATIVES

**WHAT WORKS CITIES INITIATIVE:** The City of Jackson was selected to participate in the Bloomberg Philanthropies *What Works Cities Initiative*. Following extensive preparation, the city unveiled its new Open Data portal in April 2016. The portal will enable all citizens to access current city data. The City has been heavily involved in the What Works Cities initiative since late last year. The mission of What Works Cities is to elevate and accelerate cities' use of data and evidence to engage citizens, make government more effective, and improve people's lives. Initially, our portal will track road repairs, economic development projects, crime statistics and the Mayor's goals.

**GATEWAY PROJECT:** The City began work on "Gateway Housing Initiative," a new multi-phase initiative to restore neighborhoods in West Jackson. We're currently in Phase I of the pilot project, representing a \$1.1 million investment. The overall project cost is estimated to be \$4.1 million. The project includes properties to be conveyed by the state to the city and made ready for development. In collaboration with the Mississippi Housing Partnership and other partners, the City is utilizing federal HOME grant funds to comprehensively rehabilitate qualified homes. The target area in Phase I includes Claiborne St., Ellis Ave., Holland St., Houston St., Jayne St., Macy St., and Moss St. The pilot project will have a focus on infrastructure, housing and economic development.

**NEIGHBORS FIRST LOT PROGRAM:** In early 2016, the City is approved the Neighbors First Lot Program, which is designed to address blight and revitalize underutilized residential properties in the City of Jackson. The Neighbors First Lot Program allows the City of Jackson to transfer City-owned lots in a pre-determined planning area to the neighbors of those properties for a designated amount that starts at \$10, but will not exceed \$250. The program requires the resident to own property in the neighborhood, street or block. The program supports city efforts to help citizens reclaim their communities, and will also help increase revenue for the City as residents continue to pay their property taxes after obtaining the new property.

**COMMUNITY IMPROVEMENT:** The administration restructured this division and placed it within the Police Department in 2014. Since then, nearly 200 dilapidated structures have been torn down. Compared to 2013 when no structures were being demolished. These efforts help rid communities of abandoned structures; which helps reduce crime. It also supports beautification and helps to build stronger communities.

**FEMA Hazard Mitigation Grant:** This grant was awarded to the City of Jackson for The Lynch Creek Drainage - Phase II Construction in the amount \$1,969,762.00 with a Federal Share of \$1,477,321.00 and a Non-Federal share of \$492,447.00. This Grant is designed to help communities implement hazard mitigation measures following a Presidential Major Disaster Declaration. This Grant will also reduce long term risk to people and property from natural hazards and reduce repetitive flooding to apartment buildings and households in the West Jackson area near Ellis Avenue and Robinson Rd. The City will widen the creek and improve the slope by deepening Lynch Creek from St. Charles Ave past Robinson Rd.

## **PROGRESS UPDATE**

Jackson's Infrastructure Master Plan (IMP) will transform the city through comprehensive improvement to its roads, bridges and drainage, and water/sewer systems. The City of Jackson will benefit immensely from the IMP. It will improve the quality of life for citizens and visitors alike by ensuring that jobs and minority participation are integrated components of the IMP projects as well as employment opportunities for local Jacksonians through the Jackson 500 program. Further, the IMP will emphasize complete streets ensuring safe, ADA compliant thoroughways that offer a variety of modes of transportation including public transportation, pedestrian and bike routes. Improving the state and capacity of our infrastructure systems will facilitate economic development opportunities which will attract, sustain and grow businesses. As part of the IMP, the City of Jackson will also incorporate green infrastructure projects. Greening the Capital City will make our communities more vibrant, protect natural resources and improve water quality.

## **TIGER GRANT AWARD**

Transportation Investment Generating Economic Recovery (TIGER) is a supplementary discretionary grant program included in the American Recovery and Reinvestment Act of 2009. The U.S. Department of Transportation allocated \$500 million towards infrastructure improvement projects across the United States. The City of Jackson submitted an application for the reconstruction of two streets. On October 27, 2015, the U.S. Department of Transportation announced the City of Jackson would be awarded \$16,500,000.00 for the construction and engineering design for the two roadway projects which includes the reconstruction of State Street from Hartfield Street to Sheppard Road and the West County Line Road Interchange at US 51. This allocation will also require the City to provide a 20% minimum match.

## **ACKNOWLEDGMENTS**

I would like to express my heartfelt appreciation to the staff of the Department of Administration, and specifically, the Finance Division for their diligence and dedication in the preparation of this report. We would also like to acknowledge and appreciate other departments and divisions across the city who has contributed, whether directly or indirectly, to the preparation of this report.

We acknowledge with appreciation the thorough, professional, and timely manner in which our independent auditors, Banks, Finley, White, & Co., conducted the audit.

Finally, we would like to acknowledge the Mayor and City Council members for their consistent dedication to the city's goal of excellence in all aspects of financial management. We sincerely appreciate their continued support.

Respectfully submitted,



Michelle Battee-Day, Interim Director  
Department of Administration



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Jackson  
Mississippi**

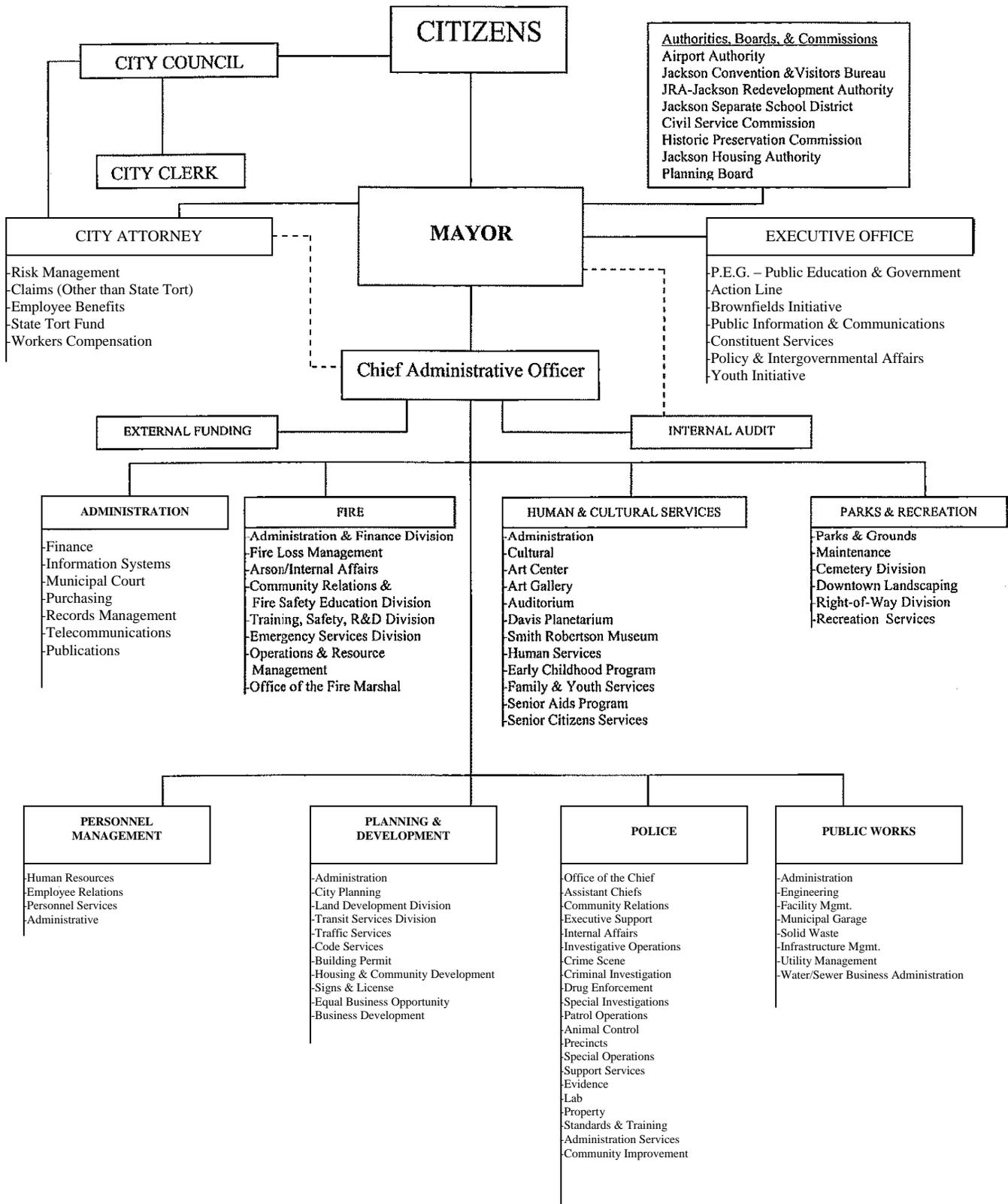
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**



Executive Director/CEO

# CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON  
MAYOR, CITY COUNCIL AND CITY OFFICIALS  
SEPTEMBER 30, 2015**

**EXECUTIVE**

Tony Yarber  
MAYOR

**LEGISLATIVE**

**CITY COUNCIL**

Ashby Foote  
Ward 1

Melvin Priester, Jr.  
Ward 2  
President of Council

Kenneth Stokes  
Ward 3

De'Keither Stamps  
Ward 4

Charles Tillman  
Ward 5

Tyrone Hendrix  
Ward 6  
Vice President of Council

Margaret C. Barrett-Simon  
Ward 7

Kristi Moore  
City Clerk

**EXECUTIVE BRANCH**

Gus McCoy  
Chief Administrative Officer

Jackie Woods  
Chief of Staff

Chief of Police  
Fire Chief  
Director of Public Works  
Director of Planning and Development  
Director of Human and Cultural Services  
Director of Parks and Recreation  
Director of Personnel Management  
Director of Administration  
Director of Communications  
City Attorney

Lee Vance  
Ronerick Simpson  
Kishia Powell  
Eric Jefferson  
Adriane Doresy-Kidd  
Allen Jones  
Denise McKay  
Trivia A. Jones  
Shelia Byrd  
Monica Joiner

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# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component unit of the City of Jackson, Mississippi, as follows: the Capital City Convention Center Commission which represents 11.84 percent, 8.44 percent, and 0.47 percent, respectively, of the assets, net position, and revenues of the Capital City Convention Center Commission. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2015, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Federal Grants Special Revenue Fund, and the Capital Project Improvement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

### *Change in Accounting Principles*

As explained in Note 6, 7, and 8 to the financial statements, in 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement Number 27*.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 81 through 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, capital asset schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*, and is also not a required part of the basic financial statements of the City of Jackson, Mississippi.

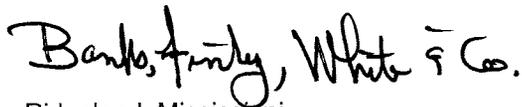
The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other

records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2016, on our consideration of the City of Jackson, Mississippi'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jackson, Mississippi's internal control over financial reporting and compliance.



Ridgeland, Mississippi  
May 11, 2016

## 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, 2015. 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 - x 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 \$227 million (*net position*). Of this amount, there is \$(114) million in unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position decreased by \$245 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$28.3 million, a decrease of \$13.5 million in comparison with the prior year. Approximately sixteen (16) percent of this total amount is \$4.6 million (unassigned) and is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year unassigned fund balance for the general fund was \$5.5 million, or four (4) percent of total general fund expenditures.
- The City of Jackson's total debt decreased by \$42.1 million (9.7 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 position presents information on all of the City of Jackson's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position 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 13-15 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, 2009 General Obligation Bond Fund, and Capitol Street 2-Way, all of which are considered to be major funds. Data from the other seven (7) 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 16-29 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 and Sanitation Fund, both of which are considered to be major funds of the City of Jackson. Data from the other two (2) proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report. The Internal Service Fund is presented in the Proprietary Fund financial statements as governmental activities.

The basic proprietary fund financial statements can be found on pages 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 6.A.2. The reporting focus is on net position and changes in net position 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 37-91 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 92-95 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 96-111 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$227 million at the close of September 30, 2015.

By far the largest portion of the City of Jackson's net position (1.48 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.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

<b>City of Jackson's Net Position</b> (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Current and other assets	\$ 127,959	\$ 138,222	\$ 97,990	\$ 115,028	\$ 225,949	\$ 253,250
Capital assets	286,634	358,743	482,310	466,200	768,944	824,943
Total assets	<u>414,593</u>	<u>496,965</u>	<u>580,300</u>	<u>581,228</u>	<u>994,893</u>	<u>1,078,193</u>
Deferred Outflows of Resources	25,591	63	1,930	125	27,521	188
Long-term liabilities outstanding	177,048	189,566	274,686	278,206	451,734	467,772
Other Liabilities	220,336	42,346	32,346	26,213	252,682	68,559
Total Liabilities	<u>397,384</u>	<u>231,912</u>	<u>307,032</u>	<u>304,419</u>	<u>704,416</u>	<u>536,331</u>
Deferred Inflows of Resources	88,773	69,917	2,386	-	91,159	69,917
Net position:						
Invested in capital assets, net of related debt	121,798	197,642	213,137	192,012	334,935	389,654
Restricted	5,926	5,726	-	-	5,926	5,726
Unrestricted	(173,697)	(8,169)	59,675	84,672	(114,022)	76,503
Total net position	<u>\$ (45,973)</u>	<u>\$ 195,199</u>	<u>\$ 272,812</u>	<u>\$ 276,684</u>	<u>\$ 226,839</u>	<u>\$ 471,883</u>

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

The City of Jackson's total net position decreased by \$245 million during the current fiscal year.

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

City of Jackson's Changes in Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 10,125	\$ 12,850	\$ 71,914	\$ 81,156	\$ 82,039	\$ 94,006
Operating grants and contributions	11,912	8,251	570	506	12,482	8,757
Capital grants and contributions	5,200	7,016	2,143	2,516	7,343	9,532
<b>General revenues:</b>						
Property taxes	77,881	77,634	-	-	77,881	77,634
Sales taxes	31,937	32,740	-	-	31,937	32,740
Franchise taxes	8,975	9,667	-	-	8,975	9,667
Other	1,448	2,349	126	316	1,574	2,665
Total revenues	<u>147,478</u>	<u>150,507</u>	<u>74,753</u>	<u>84,494</u>	<u>222,231</u>	<u>235,001</u>
<b>Expenses:</b>						
General government	40,626	15,780	-	-	40,626	15,780
Public safety	64,797	27,031	-	-	64,797	27,031
Public works	19,595	14,505	-	-	19,595	14,505
Human and cultural services	16,719	7,831	-	-	16,719	7,831
Employee benefits	1,564	8,232	-	-	1,564	8,232
Interest on long-term debt	5,911	844	-	-	5,911	844
Water/Sewer	-	-	45,439	55,554	45,439	55,554
Transportation	-	-	8,213	7,995	8,213	7,995
Madison-Ridgeland Sewage	-	-	55	109	55	109
Sanitation	-	-	10,857	10,765	10,857	10,765
Total expenses	<u>149,212</u>	<u>74,223</u>	<u>64,564</u>	<u>74,423</u>	<u>213,776</u>	<u>148,646</u>
Increase in net position before transfers	(1,734)	76,284	10,189	10,071	8,455	86,355
Transfers	(3,054)	(6,106)	3,054	6,106	-	-
<b>Increase in net position</b>	<u>(4,788)</u>	<u>70,178</u>	<u>13,243</u>	<u>16,177</u>	<u>8,455</u>	<u>86,355</u>
Net position - October 1, 2014	195,200	146,826	276,684	260,507	471,884	407,332
Prior year adjustment	(236,385)	(21,804)	(17,115)	-	(253,500)	(21,804)
<b>Net position - September 30, 2015</b>	<u>\$ (45,973)</u>	<u>\$ 195,200</u>	<u>\$ 272,812</u>	<u>\$ 276,684</u>	<u>\$ 226,839</u>	<u>\$ 471,883</u>

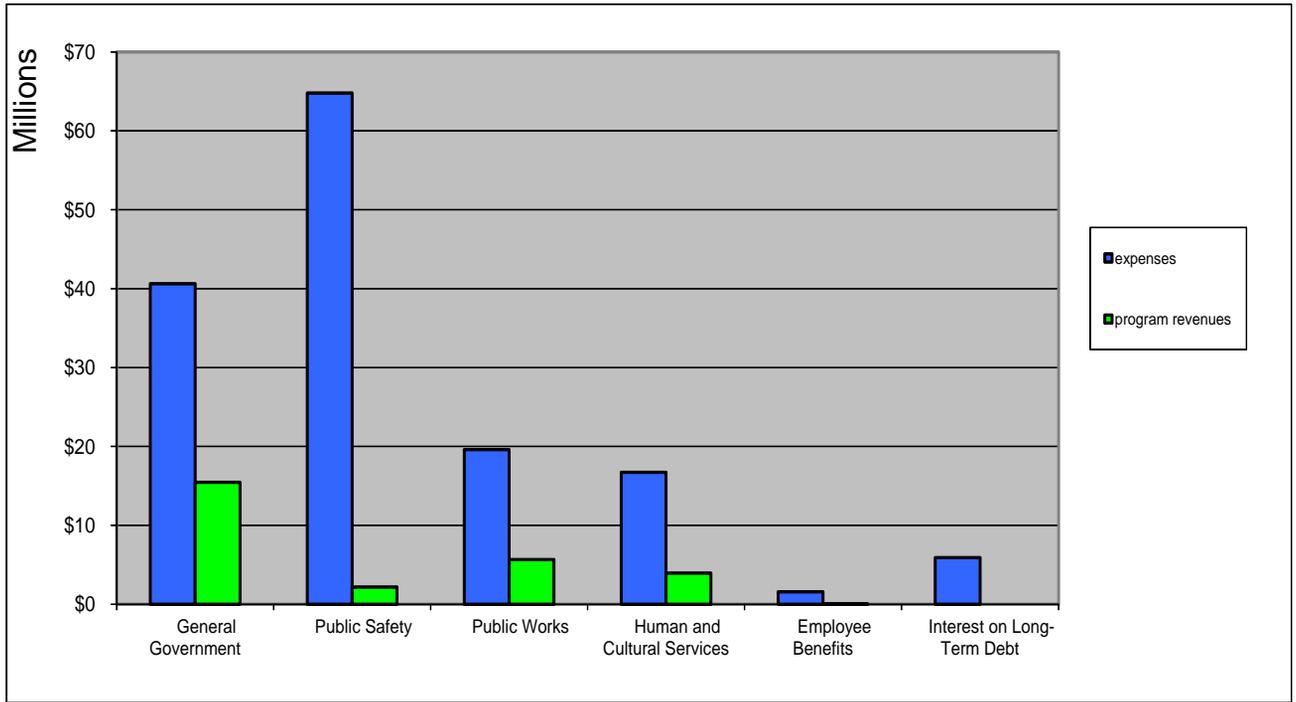
**Governmental activities.** Governmental activities decreased the City of Jackson's net position by \$241 million.

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

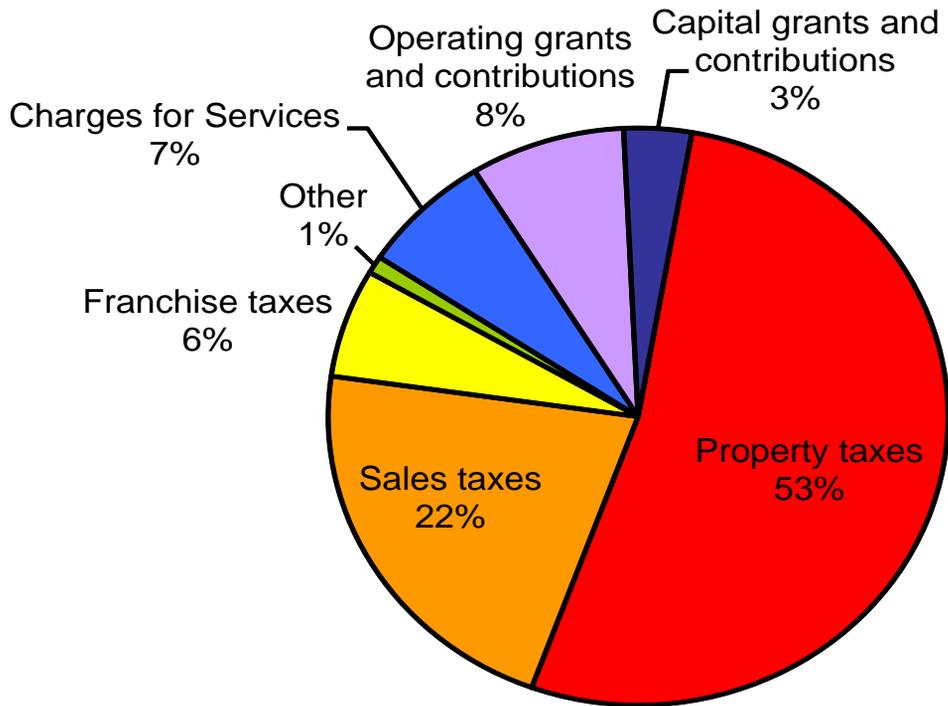
In prior years, the City had not presented the asset resulting from the 1997 contribution of bond proceeds to fund the actuarial accrued liability for the MRS plan. In 2007, pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City calculated its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

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

**Expenses and Program Revenues – Governmental Activities**



**Revenues by source – Governmental Activities**



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

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**Financial Analysis of the Government's Funds**

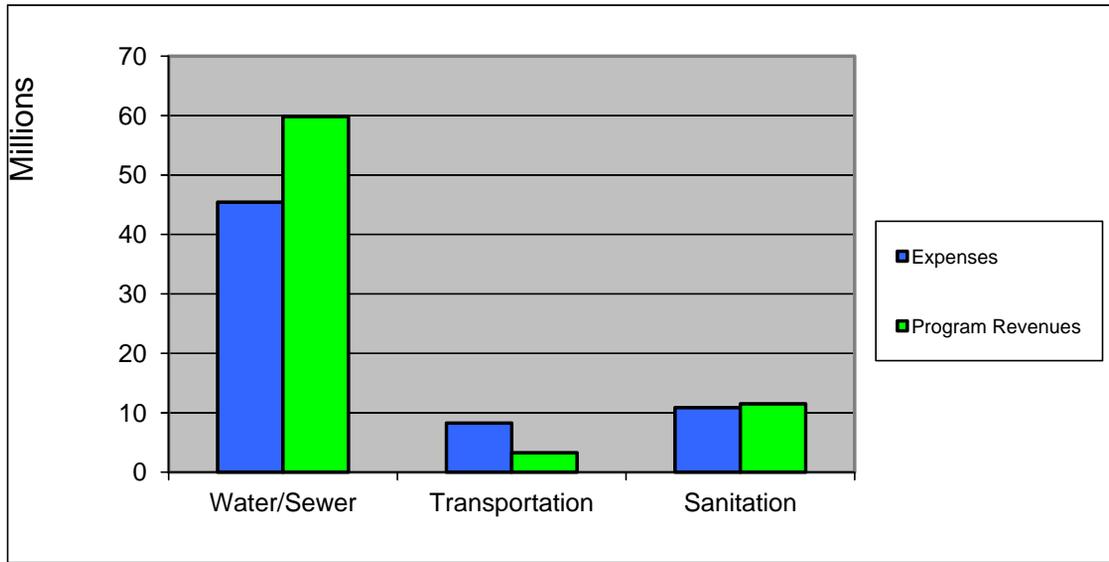
As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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.

**Business-type activities.** Business-type activities decreased the City of Jackson's net position by \$3.9 million. This increase is primarily in the Water Sewer fund.

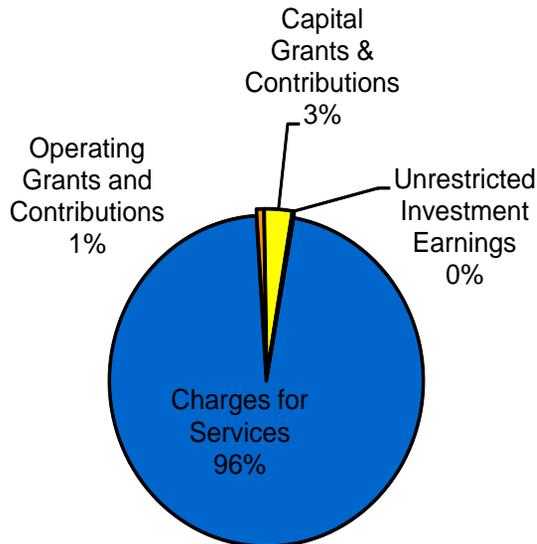
**Expenses and Program Revenues – Business-Type Activities**

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

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## 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 \$28.3 million, a decrease of \$13.5 million in comparison with the prior year. Sixteen (16) percent of this total amount is \$5 million which is available for spending at the government's discretion (*unassigned*). Of the remaining fund balance, \$875,212 is *nonspendable* and is not in spendable form, \$8,426,219 is *restricted* and has limitations imposed on its use by external parties, \$11,968,421 is *committed* for specific purposes imposed by the City Council, and \$2,004,467 is *assigned* for various purposes by the Director of Administration. Additional information on governmental fund balance can be found in Note 5 of the Notes to the Financial Statements including information on the specific purpose for amounts restricted, committed, and assigned.

The general fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5.5 million, while total fund balance reached \$12.7 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

During the current fiscal year, the fund balance of the City of Jackson's general fund decreased by \$11,708,104. The increase in fund balance for the federal grant fund \$204,195 is for a variety of restricted purposes. The debt service fund has a total fund balance increase of \$464,289 which is partially revenue from property taxes and the payment of debt. The decrease in fund balance for the improvement fund \$1,963,346 is to liquidate contracts and purchase orders. The increase in fund balance for the 1998 GO Bond \$250 and the decrease in fund balance for the 2003 GO Bond \$1,201,194 is the natural spend down of bond proceeds. The 2009 GO Bond had a fund balance decrease of \$807,652 due to indebtedness incurred during the year. The Capitol Street 2-Way had a fund balance decrease of \$1,744,100 due to street improvement projects.

The debt service fund has a total fund balance of \$4.5 million, all of which is reserved for the payment of debt service.

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

Unrestricted net position of the Water/Sewage Disposal System Fund at the end of the year amounted to \$56.8 million. The decrease in net position for the Water/Sewage Disposal System Fund was \$22 million.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were a \$2.5 million increase and can be briefly summarized as follows:

- \$0.8 million increase in capital outlay
- \$0.8 million increase in contract services and charges
- \$0.5 million decrease in personnel services
- \$1.4 million increase in supplies and materials

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

- Actual personnel services for all city departments was \$2.7 million less than the final budget.
- Actual capital outlay for all city departments was \$1.5 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$0.7 million less than the final budget.
- Actual supplies and materials for all city departments was \$1.5 million less than the final budget.

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

**Capital Assets 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, 2015, amounts to \$769 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total decrease in the City of Jackson's investment in capital assets for the current fiscal year was 6.8% (a 20.1% decrease for governmental activities and a 3.5% increase in business activities).

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

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

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

<b>City of Jackson's Capital Assets (net of depreciation) (amounts expressed in thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
Land	\$ 13,690	\$ 13,931	\$ 1,838	\$ 1,838	\$ 15,528	\$ 15,769
Building & systems	51,440	52,905	32,254	34,957	83,694	87,862
Machinery and equipment	16,577	15,211	15,616	16,251	32,193	31,462
Infrastructure	173,909	159,018	238,564	246,174	412,473	405,192
Construction in progress	31,018	117,678	194,039	166,980	225,057	284,658
Total	<u>\$ 286,634</u>	<u>\$ 358,743</u>	<u>\$ 482,311</u>	<u>\$ 466,200</u>	<u>\$ 768,945</u>	<u>\$ 824,943</u>

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 53-56 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$357 million. Of this amount, \$129 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).

GASB 68 was implemented in fiscal year 2015. Prior year amounts were not restated to reflect the implementation of GASB 68.

<b>City of Jackson's Outstanding Debt General Obligation and Revenue Bonds and Other Loans (amounts expressed in thousands)</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
General obligation bonds	\$ 124,150	\$ 132,380	\$ -	\$ -	\$ 124,150	\$ 132,380
Revenue bonds	-	-	227,910	233,660	227,910	233,660
Tax increment bonds	4,576	5,111	-	-	4,576	5,111
Loans, notes and leases	29,695	34,537	7,740	30,461	37,435	64,998
Total	<u>\$ 158,421</u>	<u>\$ 172,028</u>	<u>\$ 235,650</u>	<u>\$ 264,121</u>	<u>\$ 394,071</u>	<u>\$ 436,149</u>

The City of Jackson's total debt decreased by \$42 million during the current fiscal year.

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

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

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Revenue	A2	A+
General Obligation Bonds	Aa2	AA-
Urban Renewal Revenue Bonds	Aa3	A

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent and 20 percent of its total assessed valuation. The current debt limitation for the City of Jackson under the 15% rule is \$100 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 63-74 of this report.

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

- Major revenues sources are expected to remain basically at existing levels.
- 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 2015 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased \$11.1 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.

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# **BASIC FINANCIAL STATEMENTS**

**City of Jackson**  
**Statement of Net Position**  
**As of September 30, 2015**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
<b>ASSETS</b>					
Cash and cash equivalents	\$ 39,476,129	\$ 7,055,362	\$ 46,531,491	\$ 4,117,641	\$ 717,947
Accounts receivable, net	193,306	49,522,875	49,716,181	-	-
Other receivable	65,958,667	583,024	66,541,691	4,334,959	1,205,502
Intergovernmental receivable	10,125,546	273,485	10,399,031	-	-
Internal balances	1,891,730	(1,891,730)	-	-	-
Due from	-	92,735	92,735	-	-
Inventories	875,212	1,553,002	2,428,214	-	54,477
Prepaid Expenses	549	615,141	615,690	2,732	29,667
Net pension asset	9,437,769	-	9,437,769	-	-
Restricted assets:					
Cash and cash equivalents	-	28,285,183	28,285,183	30,267	1,500,000
Investments	-	11,900,693	11,900,693	-	500,000
Capital assets:					
Land	13,690,521	1,837,999	15,528,520	4,858,591	5,819,385
Buildings	51,440,045	32,254,222	83,694,267	26,409,395	63,283,445
Automotive and equipment	16,576,913	15,615,394	32,192,307	94,649	5,049,836
Infrastructure	173,908,550	238,564,202	412,472,752	-	-
Construction in Progress	31,018,202	194,038,723	225,056,925	-	-
Property held for development	-	-	-	5,924,146	-
Total assets	<u>414,593,139</u>	<u>580,300,310</u>	<u>994,893,449</u>	<u>45,772,380</u>	<u>78,160,259</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources	25,591,069	1,929,849	27,520,918	-	-
Total deferred outflows of resources	<u>25,591,069</u>	<u>1,929,849</u>	<u>27,520,918</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts Payable	7,958,179	5,394,757	13,352,936	532,550	338,761
Accrued interest payable	680,342	2,473,561	3,153,903	157,392	-
Unearned revenue	-	-	-	-	212,641
Due to	-	92,735	92,735	-	-
Other liabilities	9,779,981	3,453,936	13,233,917	22,682	177,182
Noncurrent liabilities:					
Net other postemployment benefits	29,702,405	4,473,594	34,175,999	-	-
Pension liability	172,214,687	16,457,793	188,672,480	-	-
Due within one year	19,303,851	14,704,315	34,008,166	514,959	-
Due in more than one year	157,744,187	259,981,953	417,726,140	14,225,666	-
Total liabilities	<u>397,383,632</u>	<u>307,032,644</u>	<u>704,416,276</u>	<u>15,453,249</u>	<u>728,584</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources	88,773,302	2,385,678	91,158,980	-	-
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	121,798,249	213,136,884	334,935,133	24,961,115	74,152,666
Restricted for:					
Debt service	4,509,339	-	4,509,339	7,585	-
Capital projects	1,416,460	-	1,416,460	-	-
Capital City Convention Center	-	-	-	-	1,991,904
Unrestricted	(173,696,774)	59,674,953	(114,021,821)	5,350,431	1,287,105
Total net position	<u>\$ (45,972,726)</u>	<u>\$ 272,811,837</u>	<u>\$ 226,839,111</u>	<u>\$ 30,319,131</u>	<u>\$ 77,431,675</u>

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, 2015

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 40,625,666	\$ 9,280,567	\$ 6,137,839	\$ 36,300
Public safety	64,796,862	195,125	1,890,160	96,649
Public works	19,594,624	194,494	392,870	5,064,998
Human and cultural services	16,719,318	454,958	3,486,630	2,092
Employee benefits	1,564,106	-	4,416	-
Interest on long-term debt	5,911,542	-	-	-
Total governmental activities	<u>149,212,118</u>	<u>10,125,144</u>	<u>11,911,915</u>	<u>5,200,039</u>
Business-type activities:				
Water/Sewer	45,439,320	59,849,314	-	-
Transportation	8,213,063	715,595	480,000	2,079,916
Madison-Ridgeland Sewage Sanitation	54,847	-	-	-
Sanitation	10,857,164	11,349,294	90,046	63,332
Total business-type activities	<u>64,564,394</u>	<u>71,914,203</u>	<u>570,046</u>	<u>2,143,248</u>
Total primary government	<u>\$ 213,776,512</u>	<u>\$ 82,039,347</u>	<u>\$ 12,481,961</u>	<u>\$ 7,343,287</u>
<b>Component units:</b>				
Jackson Redevelopment Authority	\$ 3,347,449	\$ 1,089,745	\$ 767,670	\$ 440,000
Capital City Convention Center Commission	10,262,069	2,202,678	-	-
Total component units	<u>\$ 13,609,518</u>	<u>\$ 3,292,423</u>	<u>\$ 767,670</u>	<u>\$ 440,000</u>

General revenues:

- Property taxes
- Sales taxes
- Franchise taxes
- Unrestricted investment earnings
- Gain on sale of capital assets
- Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning of year as previously reported

Prior period adjustment

Net position - beginning of year as adjusted

Net position - ending

(Continued)

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

**Net (Expenses) Revenues and  
Changes in Net Position**

<b>Primary Government</b>			<b>Component Unit</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Jackson Redevelopment Authority</b>	<b>Capital City Convention Center Commission</b>
\$ (25,170,960)	\$ -	\$ (25,170,960)	\$ -	\$ -
(62,614,928)	-	(62,614,928)	-	-
(13,942,262)	-	(13,942,262)	-	-
(12,775,638)	-	(12,775,638)	-	-
(1,559,690)	-	(1,559,690)	-	-
(5,911,542)	-	(5,911,542)	-	-
<u>(121,975,020)</u>	<u>-</u>	<u>(121,975,020)</u>	<u>-</u>	<u>-</u>
-	14,409,994	14,409,994	-	-
-	(4,937,552)	(4,937,552)	-	-
-	(54,847)	(54,847)	-	-
-	645,508	645,508	-	-
<u>-</u>	<u>10,063,103</u>	<u>10,063,103</u>	<u>-</u>	<u>-</u>
<u>\$ (121,975,020)</u>	<u>\$ 10,063,103</u>	<u>\$ (111,911,917)</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ (1,050,034)	\$ -
-	-	-	-	(8,059,391)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,050,034)</u>	<u>\$ (8,059,391)</u>
77,880,442	-	77,880,442	-	-
31,937,289	-	31,937,289	-	4,623,544
8,975,338	-	8,975,338	-	-
59,403	123,796	183,199	146,468	10,292
317,959	2,425	320,384	-	-
1,070,831	-	1,070,831	2,141,963	-
(3,053,897)	3,053,897	-	-	103
<u>117,187,365</u>	<u>3,180,118</u>	<u>120,367,483</u>	<u>2,288,431</u>	<u>4,633,939</u>
<u>(4,787,655)</u>	<u>13,243,221</u>	<u>8,455,566</u>	<u>1,238,397</u>	<u>(3,425,452)</u>
<u>195,199,270</u>	<u>276,684,091</u>	<u>471,883,361</u>	<u>28,110,567</u>	<u>80,857,127</u>
<u>(236,384,341)</u>	<u>(17,115,475)</u>	<u>(253,499,816)</u>	<u>970,167</u>	<u>-</u>
<u>(41,185,071)</u>	<u>259,568,616</u>	<u>218,383,545</u>	<u>29,080,734</u>	<u>80,857,127</u>
<u>\$ (45,972,726)</u>	<u>\$ 272,811,837</u>	<u>\$ 226,839,111</u>	<u>\$ 30,319,131</u>	<u>\$ 77,431,675</u>

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

**City of Jackson**  
**Balance Sheet**  
**Governmental Funds**  
**As of September 30, 2015**

	<u>General Fund</u>	<u>Federal Grant</u>	<u>Debt Service</u>	<u>Improvement Fund</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,284,627	\$ 3,000,105	\$ 4,675,371	\$ 4,909,341
Other receivable	55,717,060	3,500	-	-
Intergovernmental receivable	-	1,259,296	8,743,127	-
Special assessment receivable	-	-	42,547	-
Due from other funds	4,374,342	-	-	-
Inventories	875,212	-	-	-
Prepaid expenses	-	-	-	549
Total assets	<u>\$ 80,251,241</u>	<u>\$ 4,262,901</u>	<u>\$13,461,045</u>	<u>\$ 4,909,890</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 5,688,695	\$ 324,833	\$ 166,032	\$ 378,016
Contracts and Retainage Payable	-	47,840	-	-
Due to other funds	-	813,894	-	-
Other liabilities	9,551,653	35,165	-	-
Total liabilities	<u>15,240,348</u>	<u>1,221,732</u>	<u>166,032</u>	<u>378,016</u>
<b>DEFERRED INFLOWS OR RESOURCES</b>				
Unavailable revenue-deferred revenue	-	391,141	-	-
Unavailable revenue-property taxes	52,275,907	-	8,785,674	-
Total deferred inflows of resources	<u>52,275,907</u>	<u>391,141</u>	<u>8,785,674</u>	<u>-</u>
Fund Balances				
Nonspendable	875,212	-	-	-
Restricted	550,377	2,650,028	4,509,339	-
Committed	3,780,380	-	-	4,531,874
Assigned	2,004,467	-	-	-
Unassigned	5,524,550	-	-	-
Total fund balances	<u>12,734,986</u>	<u>2,650,028</u>	<u>4,509,339</u>	<u>4,531,874</u>
Total liabilities and fund balances	<u>\$ 80,251,241</u>	<u>\$ 4,262,901</u>	<u>\$13,461,045</u>	<u>\$ 4,909,890</u>

(Continued)

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

<b>1998 GO Bond</b>	<b>2003 GO Bond</b>	<b>2009 GO Bond</b>	<b>Capitol Street 2- way</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 178,738	\$ -	\$ 500,657	\$ 1,475,294	\$ 4,253,370	\$ 38,277,503
-	9,609	-	-	7,530,108	63,260,277
-	-	-	123,057	66	10,125,546
-	-	-	-	-	42,547
-	-	-	-	-	4,374,342
-	-	-	-	-	875,212
-	-	-	-	-	549
<u>\$ 178,738</u>	<u>\$ 9,609</u>	<u>\$ 500,657</u>	<u>\$ 1,598,351</u>	<u>\$ 11,783,544</u>	<u>\$ 116,955,976</u>
\$ -	\$ 70,771	\$ -	\$ 1,752	\$ 423,594	\$ 7,053,693
-	-	-	361,494	-	409,334
-	436,878	-	-	1,231,839	2,482,611
-	-	-	-	193,163	9,779,981
-	507,649	-	363,246	1,848,596	19,725,619
-	-	-	-	-	391,141
-	-	-	-	7,476,806	68,538,387
-	-	-	-	7,476,806	68,929,528
-	-	-	-	-	875,212
-	-	-	-	716,475	8,426,219
178,738	-	500,657	1,235,105	1,741,667	11,968,421
-	-	-	-	-	2,004,467
-	(498,040)	-	-	-	5,026,510
<u>178,738</u>	<u>(498,040)</u>	<u>500,657</u>	<u>1,235,105</u>	<u>2,458,142</u>	<u>28,300,829</u>
<u>\$ 178,738</u>	<u>\$ 9,609</u>	<u>\$ 500,657</u>	<u>\$ 1,598,351</u>	<u>\$ 11,783,544</u>	<u>\$ 116,955,976</u>

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

**City of Jackson**  
**Reconciliation of Balance Sheet - Governmental Funds**  
**To the Statement of Net Position**  
**September 30, 2015**

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

Total fund balances - governmental funds	\$ 28,300,829
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	286,634,231
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	9,437,769
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 position	608,805
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements	2,655,843
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements	(295,823)
Net pension obligations recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	
Net pension liability	(172,214,686)
Net other postemployment benefits	(29,702,406)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds	
Deferred outflows of resources related to pensions	25,591,069
Deferred inflows of resources related to pensions	(19,547,951)
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	(149,159,085)
Accrued interest on long-term debt	(680,342)
Capital leases	(15,676,897)
Compensated absences	(4,273,429)
Claims payable	(2,562,989)
Workers' Compensation Benefits	(5,375,638)
Other liabilities	287,974
Net position of governmental activities	<u>\$ (45,972,726)</u>

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

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**City of Jackson**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2015**

	<u>General Fund</u>	<u>Federal Grant</u>	<u>Debt Service</u>	<u>Improvement Fund</u>
<b>REVENUES</b>				
General property taxes	\$ 51,683,308	\$ -	\$ 8,870,529	\$ 990,861
Licenses and permits	1,970,581	-	1,431	-
Intergovernmental	35,914,158	6,074,284	274,195	471,070
Fines and forfeitures	3,457,187	-	-	-
Special assessments	-	-	20,650	-
Admissions, fees, rentals and concessions	4,492,443	-	-	-
Interest	31,894	1,576	8,771	8,207
Other	13,917,579	213,328	3,984,130	380,984
	<u>111,467,150</u>	<u>6,289,188</u>	<u>13,159,706</u>	<u>1,851,122</u>
<b>EXPENDITURES</b>				
Current:				
General government	24,577,913	2,655,163	-	1,137,554
Public safety	53,921,824	103,466	-	11,610
Public works	9,743,413	16,484	-	2,193,368
Human and Cultural services	4,177,595	4,431,742	-	56,487
Employee benefits	2,140,554	-	-	-
Debt Service:				
Principal	4,474,851	-	11,171,206	-
Interest and service charges	332,840	-	6,157,328	-
Capital outlay:				
General government	1,734,398	-	-	-
Public works	1,343,223	-	-	23,349
Public safety	3,019,210	85,121	-	6,526
Human and Cultural services	666,449	55,119	-	4,590
Total expenditures	<u>106,132,270</u>	<u>7,347,095</u>	<u>17,328,534</u>	<u>3,433,484</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,334,880</u>	<u>(1,057,907)</u>	<u>(4,168,828)</u>	<u>(1,582,362)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	1,262,102	4,633,117	-
Transfers out	(19,455,164)	-	-	(380,984)
Proceeds from capitalized leases	2,095,046	-	-	-
Sale of capital assets	317,134	-	-	-
Total other financing sources (uses)	<u>(17,042,984)</u>	<u>1,262,102</u>	<u>4,633,117</u>	<u>(380,984)</u>
Net change in fund balances	<u>(11,708,104)</u>	<u>204,195</u>	<u>464,289</u>	<u>(1,963,346)</u>
Fund balances at beginning of year	<u>24,443,090</u>	<u>2,445,833</u>	<u>4,045,050</u>	<u>6,495,220</u>
Fund balances at end of year	<u>\$ 12,734,986</u>	<u>\$ 2,650,028</u>	<u>\$ 4,509,339</u>	<u>\$ 4,531,874</u>

(Continued)

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

1998 GO Bond	2003 GO Bond	2009 GO Bond	Capitol Street 2-way	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 7,573,898	\$ 69,118,596
-	-	-	-	1,201	1,973,213
-	773,859	1,890	3,578,444	400,803	47,488,703
-	-	-	-	-	3,457,187
-	-	-	-	-	20,650
-	-	-	-	202,301	4,694,744
250	2,485	1,242	14	4,964	59,403
-	-	-	-	129,540	18,625,561
<u>250</u>	<u>776,344</u>	<u>3,132</u>	<u>3,578,458</u>	<u>8,312,707</u>	<u>145,438,057</u>
-	-	-	-	-	28,370,630
-	-	-	-	31,203	54,068,103
-	1,977,538	729,385	1,834,358	59,622	16,554,168
-	-	-	-	5,953,280	14,619,104
-	-	-	-	5,412,534	7,553,088
-	-	-	-	54,347	15,700,404
-	-	-	-	1,157	6,491,325
-	-	-	-	-	1,734,398
-	-	81,399	-	-	1,447,971
-	-	-	-	29,118	3,139,975
-	-	-	-	497,261	1,223,419
-	<u>1,977,538</u>	<u>810,784</u>	<u>1,834,358</u>	<u>12,038,522</u>	<u>150,902,585</u>
<u>250</u>	<u>(1,201,194)</u>	<u>(807,652)</u>	<u>1,744,100</u>	<u>(3,725,815)</u>	<u>(5,464,528)</u>
-	-	-	-	3,451,799	9,347,018
-	-	-	-	-	(19,836,148)
-	-	-	-	-	2,095,046
-	-	-	-	825	317,959
-	-	-	-	3,452,624	(8,076,125)
<u>250</u>	<u>(1,201,194)</u>	<u>(807,652)</u>	<u>1,744,100</u>	<u>(273,191)</u>	<u>(13,540,653)</u>
<u>178,488</u>	<u>703,154</u>	<u>1,308,309</u>	<u>(508,995)</u>	<u>2,731,333</u>	<u>41,841,482</u>
<u>\$ 178,738</u>	<u>\$ (498,040)</u>	<u>\$ 500,657</u>	<u>\$ 1,235,105</u>	<u>\$ 2,458,142</u>	<u>\$ 28,300,829</u>

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, 2015**

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

Net change in fund balances – total governmental funds	\$ (13,540,653)
Prior period adjustment	63,197
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	(1,837,787)
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 position. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are expensed and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	11,942,182
Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(2,095,046)
Retirement of prior leases	4,298,244
The statement of activities reports pension expenditure and other activity related to net pension liability	(121,580)
Increase 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	260,339
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	(3,804,248)
Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	(1,789,602)
Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	1,722,345
Internal service fund net activity not reported on the governmental fund statement	<u>114,954</u>
Change in the net position of governmental activities	<u>\$ (4,787,655)</u>

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

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**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	<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>		
<b>Revenues:</b>				
General property taxes				
Current realty taxes	\$ 30,462,693	\$ 30,462,693	\$ 29,929,822	\$ (532,871)
Current personal taxes	12,698,181	12,698,181	13,331,423	633,242
Ad valorem taxes on automobiles	6,321,806	6,321,806	6,843,822	522,016
Delinquent taxes	450,000	450,000	843,958	393,958
Delinquent personal taxes	50,000	50,000	21,663	(28,337)
Interest on delinquent taxes	590,000	590,000	583,492	(6,508)
Community improvement	177,000	177,000	129,128	(47,872)
Total general property taxes	<u>50,749,680</u>	<u>50,749,680</u>	<u>51,683,308</u>	<u>933,628</u>
Licenses and permits				
Privilege licenses	430,000	430,000	358,891	(71,109)
Building permits	825,000	1,155,225	1,157,499	2,274
Air conditioning and duct permits	36,300	36,300	57,179	20,879
Plumbing permits	30,000	30,000	51,610	21,610
Electric permits	127,000	127,000	162,785	35,785
Gas Permits	33,000	33,000	24,789	(8,211)
Historic preservation application	1,200	1,200	858	(342)
Landscape permits	220	220	45	(175)
Dance hall and other recreational fees	5,600	5,600	10,114	4,514
Taxicab license fees	1,100	1,100	1,191	91
Sign permits	59,500	59,500	52,966	(6,534)
Zoning permits	22,000	22,000	42,149	20,149
Combustible and flammable liquid permits	7,000	7,000	7,135	135
Fireworks Display Permit	400	400	600	200
Aircraft registration	8,000	8,000	7,799	(201)
Transit Merchants-Peddlers License	4,200	4,200	3,075	(1,125)
Boarding, Lodging-Licenses	250	250	530	280
Adult entertainment-and License	14,000	14,000	5,679	(8,321)
Special event fee	12,000	12,000	9,610	(2,390)
Maintenance fees	11,100	11,100	6,106	(4,994)
Fire inspection permit	4,000	4,000	6,420	2,420
Annual vehicle inspecton	7,150	7,150	3,551	(3,599)
Total licenses and permits	<u>1,639,020</u>	<u>1,969,245</u>	<u>1,970,581</u>	<u>1,336</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	<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 (Continued):				
Intergovernmental Revenues:				
State Grants and Shared Revenues:				
Alcohol permits	\$ 269,000	\$ 269,000	\$ 254,250	\$ (14,750)
Gasoline Tax	30,000	30,000	46,884	16,884
Municipal revolving fund	86,519	86,519	86,528	9
State reimb training academy	-	-	142,611	142,611
State fire protection	945,602	945,602	944,119	(1,483)
Sales tax	31,658,003	31,658,003	31,636,155	(21,848)
Bus & truck privilege tax	405,000	405,000	369,473	(35,527)
Wireless radio communication program	100,000	247,260	124,149	(123,111)
Homestead exemption	<u>1,563,921</u>	<u>1,563,921</u>	<u>1,538,537</u>	<u>(25,384)</u>
Total state grants shared revenues	<u>35,058,045</u>	<u>35,205,305</u>	<u>35,142,706</u>	<u>(62,599)</u>
Federal and State Grants and Shared Revenues:				
MDOT Summer Youth reimbursement	23,022	23,022	34,803	11,781
MDOT Litter Pick Up	18,000	18,000	18,379	379
Other police grants	<u>50,000</u>	<u>50,000</u>	<u>117,621</u>	<u>67,621</u>
Total federal and state shared revenues	<u>91,022</u>	<u>91,022</u>	<u>170,803</u>	<u>79,781</u>
County Revenues:				
Pro rata road tax	592,000	592,000	593,790	1,790
Smith Robertson Museum	-	-	6,859	6,859
Total county revenue	<u>592,000</u>	<u>592,000</u>	<u>600,649</u>	<u>8,649</u>
Total intergovernmental revenues	<u>35,741,067</u>	<u>35,888,327</u>	<u>35,914,158</u>	<u>25,831</u>
Fines and Forfeitures:				
Court & misdemeanor fines	750,000	750,000	707,516	(42,484)
Vehicle parking fines	135,000	135,000	106,108	(28,892)
Moving traffic violations	1,145,000	1,145,000	1,195,312	50,312
City court costs	16,000	16,000	15,506	(494)
Bad check fee and Warrant fee	142,200	142,200	153,212	11,012
Animal control citations	1,400	1,400	377	(1,023)
Municipal court computer	16,000	16,000	17,537	1,537
Municipal court drivers impr fee	40,000	40,000	37,360	(2,640)
Expungement fee	7,000	7,000	6,861	(139)
Jackson collection fee	146,000	146,000	170,458	24,458
Miscellaneous Court Docket fee	140,000	140,000	119,957	(20,043)
Dropped charge fee	4,500	4,500	2,250	(2,250)
Cash bond - clearing account	-	-	13,036	13,036
Rearrangement fee	25,000	25,000	19,525	(5,475)
Daily storage fee-vehicle	30,000	30,000	36,345	6,345
Administrative fee - del cases	400,000	400,000	354,878	(45,122)
Contempt fee	130,000	130,000	123,665	(6,335)
Computerized Crime prevention	24,000	24,000	20,196	(3,804)
Municipal Court Enhancement fee	150,000	240,610	180,199	(60,411)
Jackson Enhancement fee	100,000	100,000	90,124	(9,876)
Wrecker fees	<u>85,000</u>	<u>85,000</u>	<u>86,765</u>	<u>1,765</u>
Total fines and forfeitures	<u>3,487,100</u>	<u>3,577,710</u>	<u>3,457,187</u>	<u>(120,523)</u>

City of Jackson  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2015

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 150,000	\$ 150,000	\$ 182,524	\$ 32,524
Municipal Auditorium:				
Rentals	398,000	398,000	175,823	(222,177)
Concessions	2,200	2,200	2,325	125
Local record fee	5,000	5,000	4,037	(963)
Pistol Range rent	3,000	3,000	3,583	583
Outdoor adversting	12,000	12,000	11,970	(30)
Fire Water flow test fee	2,250	2,250	900	(1,350)
Fire Reports	8,500	8,500	8,530	30
Daycare Fire Inspection-Aftercare	5,500	5,500	-	(5,500)
Accident report fee	87,000	87,000	126,825	39,825
Background check fee	12,000	12,000	8,175	(3,825)
Bail bondsman applicant photo	100	100	15	(85)
Bail bondsman mug shot fee	100	100	45	(55)
Bail bondsman ID card	675	675	-	(675)
Fingerprinting	16,000	16,000	13,985	(2,015)
Verification of records	25,000	25,000	28,017	3,017
Fire sprinkler plans review	100	100	5,050	4,950
Rents & Royalties	11,090	11,090	11,100	10
Telecommunication Franchise Agreement	664,514	664,514	660,943	(3,571)
Tower Rentals	2,779,000	2,779,000	3,185,188	406,188
Arts Center:				
Admissions, rents and royalties	3,500	3,500	-	(3,500)
Community room rent	9,000	9,000	9,240	240
Concessions	600	600	799	199
Planetarium:				
Admissions,Discovery Shop, etc.	32,300	32,300	45,322	13,022
Senior Centers Reservation Fee	5,100	5,100	833	(4,267)
Smith Robertson Museum:				
Gift shop	750	750	441	(309)
Donations	3,000	3,000	980	(2,020)
Admissions, rental	5,400	5,400	5,793	393
Total admissions and rentals	<u>4,241,679</u>	<u>4,241,679</u>	<u>4,492,443</u>	<u>250,764</u>
Interest:				
Earned on investments	25,000	25,000	967	(24,033)
Earned on accounts	800	800	30,927	30,127
Total interest earned	<u>25,800</u>	<u>25,800</u>	<u>31,894</u>	<u>6,094</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	<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 (Continued):				
Other Revenues:				
Public utility	\$ 4,800,000	\$ 4,800,000	\$ 5,059,663	\$ 259,663
Franchise cable television	1,590,000	1,590,000	1,475,320	(114,680)
Water Sewer Franchise Fee	830,597	830,597	830,597	-
Nuclear power plant	1,580,994	1,580,994	1,609,758	28,764
In-lieu-of property tax	-	-	23,703	23,703
Small animal control	6,000	6,000	465	(5,535)
Police-sale of weapons	-	-	9	9
Parking fee-City employees	600	600	11,396	10,796
Police	363,000	363,000	-	(363,000)
Indirect cost	2,608,590	2,608,590	2,639,526	30,936
Street index books	-	-	8	8
Downtown Jackson Partners	135,117	135,117	148,281	13,164
Electrical exam	100	100	100	-
Penalty on demo/grass/weeds	50,000	50,000	77,171	27,171
Cemeteries-openings/closings	11,000	11,000	9,675	(1,325)
Site plan review planning	14,000	14,000	10,602	(3,398)
Construction plan review	1,200	1,200	-	(1,200)
Building & Permit misc	100,000	100,000	107,094	7,094
Cafeteria plan-flexible spending	150,000	150,000	24,765	(125,235)
Administrative fee-payroll deductions	12,180	12,180	-	(12,180)
Sale of maps, plans, and specifications	1,000	1,000	948	(52)
Traffic	2,000	2,490	490	(2,000)
Legal/City Clerk/Finance and Management	9,000	9,000	11,027	2,027
Telecommunications	15,775	15,775	-	(15,775)
Fire Museum donations	600	600	650	50
Fire-Arson/Internal Affairs donations	3,700	3,700	341	(3,359)
Fire Department	13,000	13,500	2,500	(11,000)
Grants & Donations	241,454	240,353	2,890	(237,463)
I.D. Badge fee-city employee	-	-	270	270
Abstract fees	8,000	8,000	10,466	2,466
Settlement of insurance claim	82,000	84,355	72,187	(12,168)
Proceeds from assets and forfeitures	10,000	87,349	133,171	45,822
P E G Revenue	149,489	149,489	157,486	7,997
Other	-	958,507	1,497,020	538,513
	<u>12,789,396</u>	<u>13,827,496</u>	<u>13,917,579</u>	<u>90,083</u>
Total other revenues				
Total revenues	<u>108,673,742</u>	<u>110,279,937</u>	<u>111,467,150</u>	<u>1,187,213</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current Operations:				
General Government				
Administration and Intra-governmental				
Personnel services	\$ 12,073,925	\$ 11,973,175	\$ 11,233,170	\$ 740,005
Supplies	1,541,013	1,459,843	880,038	579,805
Other services and charges	6,401,385	8,062,705	6,025,183	2,037,522
Capital outlay	1,740,273	2,449,854	1,733,742	716,112
Total Department of Administration	<u>21,756,596</u>	<u>23,945,577</u>	<u>19,872,133</u>	<u>4,073,444</u>
Personnel				
Personnel services	907,528	907,828	857,581	50,247
Supplies	15,119	18,330	8,025	10,305
Other services and charges	157,083	172,636	151,226	21,410
Capital Outlay	4,234	170	-	170
Total Department of Personnel	<u>1,083,964</u>	<u>1,098,964</u>	<u>1,016,832</u>	<u>82,132</u>
Planning				
Personnel services	2,181,456	2,192,756	1,855,652	337,104
Supplies	78,329	81,879	46,774	35,105
Other services and charges	4,802,572	4,811,722	4,491,877	319,845
Capital Outlay	2,759	2,759	656	2,103
Total Department of Planning	<u>7,065,116</u>	<u>7,089,116</u>	<u>6,394,959</u>	<u>694,157</u>
Total General Government				
	<u>29,905,676</u>	<u>32,133,657</u>	<u>27,283,924</u>	<u>4,849,733</u>
Department of Human and Cultural Services				
Health and Welfare				
Personnel services	1,488,836	1,526,309	1,434,467	91,842
Supplies	37,740	33,159	28,605	4,554
Other services and charges	899,034	923,075	806,490	116,585
Capital outlay	282,766	292,769	292,768	1
Total Health and Welfare	<u>2,708,376</u>	<u>2,775,312</u>	<u>2,562,330</u>	<u>212,982</u>
Culture and Recreation				
Personnel services	666,894	624,205	546,987	77,218
Supplies	96,942	120,031	83,754	36,277
Other services and charges	1,625,110	1,852,538	1,596,707	255,831
Capital outlay	465,916	432,472	373,681	58,791
Total Culture and Recreation	<u>2,854,862</u>	<u>3,029,246</u>	<u>2,601,129</u>	<u>428,117</u>
Total Department of Human and Cultural Services	<u>5,563,238</u>	<u>5,804,558</u>	<u>5,163,459</u>	<u>641,099</u>
Department of Public Safety				
Personnel services	47,126,695	49,615,145	49,615,145	-
Supplies	3,735,615	3,223,130	3,223,130	-
Other services and charges	4,626,341	4,263,367	3,934,751	328,616
Capital outlay	4,599,256	4,414,401	3,019,210	1,395,191
Total Department of Public Safety	<u>60,087,907</u>	<u>61,516,043</u>	<u>59,792,236</u>	<u>1,723,807</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 7,991,883	\$ 6,983,883	\$ 6,413,622	\$ 570,261
Supplies	1,893,943	1,894,433	1,460,497	433,936
Other services and charges	2,785,315	2,726,998	2,534,755	192,243
Capital outlay	1,629,228	1,892,045	1,343,223	548,822
Total Department of Public Works	<u>14,300,369</u>	<u>13,497,359</u>	<u>11,752,097</u>	<u>1,745,262</u>
Current Operations				
Employee Benefits				
Supplies	100,000	165,585	123,538	42,047
Other services and charges	1,985,679	2,017,021	2,017,016	5
Total Employee Benefits	<u>2,085,679</u>	<u>2,182,606</u>	<u>2,140,554</u>	<u>42,052</u>
Total expenditures	<u>111,942,869</u>	<u>115,134,223</u>	<u>106,132,270</u>	<u>9,001,953</u>
Excess(deficiency) of revenues over expenditures	(3,269,127)	(4,854,286)	5,334,880	10,189,166
Other Financing Sources(Uses)				
Transfers in	-	25,000	-	25,000
Tranfers out	(19,476,240)	(20,503,016)	(19,455,164)	(1,047,852)
Proceeds from long term debt	2,555,465	3,021,465	2,095,046	926,419
Sale of capital assets	139,000	244,905	317,134	(72,229)
Total other financing sources(uses)	<u>(16,781,775)</u>	<u>(17,211,646)</u>	<u>(17,042,984)</u>	<u>(168,662)</u>
Net change in fund balance	<u>(20,050,902)</u>	<u>(22,065,932)</u>	<u>(11,708,104)</u>	<u>10,020,504</u>
Fund balances at beginning of year	24,443,090	24,443,090	24,443,090	-
Fund balances at end of year	<u>\$ 4,392,188</u>	<u>\$ 2,377,158</u>	<u>\$ 12,734,986</u>	<u>\$ 10,357,828</u>

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

**City of Jackson**  
**Federal Grants Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2015**

	<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	\$16,176,713	\$ 20,101,680	\$ 6,074,284	\$ (14,027,396)
Interest	-	-	1,576	1,576
Other	-	-	213,328	213,328
Total revenues	<u>16,176,713</u>	<u>20,101,680</u>	<u>6,289,188</u>	<u>(13,812,492)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	3,759,483	3,866,709	3,281,432	585,277
Supplies	811,812	788,967	579,925	209,042
Other Services and Charges	11,829,954	15,431,151	3,345,498	12,085,653
Capital Outlay	965,487	1,276,126	140,240	1,135,886
Total expenditures	<u>17,366,736</u>	<u>21,362,953</u>	<u>7,347,095</u>	<u>14,015,858</u>
Excess (deficiency) of revenues over expenditures	<u>(1,190,023)</u>	<u>(1,261,273)</u>	<u>(1,057,907)</u>	<u>(203,366)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	1,190,023	1,261,273	1,262,102	829
Total other financing sources (uses)	<u>1,190,023</u>	<u>1,261,273</u>	<u>1,262,102</u>	<u>829</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	204,195	204,195
Fund balances at beginning of year	<u>2,445,833</u>	<u>2,445,833</u>	<u>2,445,833</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,445,833</u>	<u>\$ 2,445,833</u>	<u>\$ 2,650,028</u>	<u>\$ 204,195</u>

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

**City of Jackson**  
**Improvement Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2015**

	<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>				
General property taxes	\$ 988,257	\$ 990,861	\$ 990,861	\$ -
Intergovernmental Revenue	4,946,103	5,367,072	471,070	(4,896,002)
Interest	-	-	8,207	8,207
Other revenues	-	380,984	380,984	-
Total revenues	<u>5,934,360</u>	<u>6,738,917</u>	<u>1,851,122</u>	<u>(4,887,795)</u>
<b>EXPENDITURES</b>				
Current Operations				
Supplies	1,860,979	1,250,081	74,715	1,175,366
Other Services and Charges	10,946,345	11,590,154	3,324,304	8,265,850
Capital Outlay	23,243	81,162	34,465	46,697
Total expenditures	<u>12,830,567</u>	<u>12,921,397</u>	<u>3,433,484</u>	<u>9,487,913</u>
Deficiency of revenues over (under) expenditures	(6,896,207)	(6,182,480)	(1,582,362)	(4,600,118)
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers out	-	(380,984)	(380,984)	-
Total other financing sources uses	<u>-</u>	<u>(380,984)</u>	<u>(380,984)</u>	<u>-</u>
Net change in fund balances	(6,896,207)	(6,563,464)	(1,963,346)	(4,600,118)
Fund balances at beginning of year	6,495,220	6,495,220	6,495,220	-
Fund balances at end of year	<u>\$ (400,987)</u>	<u>\$ (68,244)</u>	<u>\$ 4,531,874</u>	<u>\$ (4,600,118)</u>

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

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**City of Jackson**  
**Statement of Net Position**  
**Proprietary Funds**  
**As of September 30, 2015**

	<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	\$ 7,055,362	\$ -	\$ -	\$ 7,055,362	\$ 1,198,626
Accounts receivable, less allowances	41,145,515	8,377,360	-	49,522,875	193,306
Intergovernmental receivables	-	-	273,485	273,485	-
Other receivables	583,024	-	-	583,024	-
Prepaid expenses	615,141	-	-	615,141	-
Due from other funds	92,735	-	-	92,735	-
Restricted Assets					
Cash and cash equivalents	8,168,674	-	-	8,168,674	-
Inventories	1,553,002	-	-	1,553,002	-
<b>Total Current Assets</b>	<u>59,213,453</u>	<u>8,377,360</u>	<u>273,485</u>	<u>67,864,298</u>	<u>1,391,932</u>
Noncurrent Assets:					
Restricted Assets					
Cash and cash equivalents	20,116,509	-	-	20,116,509	-
Investments	11,900,693	-	-	11,900,693	-
<b>Total Noncurrent Assets</b>	<u>32,017,202</u>	<u>-</u>	<u>-</u>	<u>32,017,202</u>	<u>-</u>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,830,080	57,301	187,903	118,075,284	-
Water plant, distribution system and equipment	377,436,374	-	963,482	378,399,856	-
Automotive and other equipment	16,473,453	3,005,875	11,423,563	30,902,891	-
	513,127,906	3,063,176	13,024,948	529,216,030	-
Less: accumulated depreciation	(230,707,846)	(2,042,059)	(8,194,307)	(240,944,212)	-
	282,420,060	1,021,117	4,830,641	288,271,818	-
Construction in Progress	186,033,038	-	8,005,684	194,038,722	-
<b>Net property, plant and equipment</b>	<u>468,453,098</u>	<u>1,021,117</u>	<u>12,836,325</u>	<u>482,310,540</u>	<u>-</u>
<b>Total Assets</b>	<u>559,683,753</u>	<u>9,398,477</u>	<u>13,109,810</u>	<u>582,192,040</u>	<u>1,391,932</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows of resources	1,680,577	189,065	60,207	1,929,849	-
<b>Total deferred outflows of resources</b>	<u>\$ 1,680,577</u>	<u>\$ 189,065</u>	<u>\$ 60,207</u>	<u>\$ 1,929,849</u>	<u>\$ -</u>

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

**City of Jackson**  
**Statement of Net Position**  
**Proprietary Funds**  
**As of September 30, 2015**

	<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	\$ 2,476,254	\$ 214,986	\$ 719,160	\$ 3,410,400	\$ 1,208,913
Due to other funds	-	92,735	1,891,730	1,984,465	-
Compensated absences	265,491	47,416	5,234	318,141	-
Note payable	5,020,572	-	-	5,020,572	-
Retainage payable	1,984,357	-	-	1,984,357	-
Customer deposits	3,453,936	-	-	3,453,936	-
Current portion of Long-Term Debt:					
Lease obligations	1,096,950	193,512	259,745	1,550,207	-
State Department of Environmental Quality	1,885,395	-	-	1,885,395	-
Total Current Liabilities Payable from Unrestricted Assets	<u>16,182,955</u>	<u>548,649</u>	<u>2,875,869</u>	<u>19,607,473</u>	<u>1,208,913</u>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	5,930,000	-	-	5,930,000	-
Accrued interest payable	2,472,170	1,391	-	2,473,561	-
Total Current Liabilities Payable from Restricted Assets	<u>8,402,170</u>	<u>1,391</u>	<u>-</u>	<u>8,403,561</u>	<u>-</u>
Total Current Liabilities	<u>24,585,125</u>	<u>550,040</u>	<u>2,875,869</u>	<u>28,011,034</u>	<u>1,208,913</u>
Post Employment Benefits accrual	3,895,755	503,279	74,560	4,473,594	-
Pension liability	14,331,995	1,612,349	513,449	16,457,793	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Compensated absences	158,209	6,555	10,681	175,445	-
Revenue bonds (net of unamortized discount/premium)	234,890,591	-	-	234,890,591	-
Lease obligations	658,482	327,335	182,877	1,168,694	-
State Department of Environmental Quality	23,747,223	-	-	23,747,223	-
Total Long-Term Debt	<u>259,454,505</u>	<u>333,890</u>	<u>193,558</u>	<u>259,981,953</u>	<u>-</u>
Total Liabilities	<u>302,267,380</u>	<u>2,999,558</u>	<u>3,657,436</u>	<u>308,924,374</u>	<u>1,208,913</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows of resources	<u>2,077,528</u>	<u>233,722</u>	<u>74,428</u>	<u>2,385,678</u>	<u>-</u>
Total deferred inflows of resources	<u>2,077,528</u>	<u>233,722</u>	<u>74,428</u>	<u>2,385,678</u>	<u>-</u>
<b>Net Position</b>					
Invested in capital assets, net of related debt	200,242,911	500,270	12,393,703	213,136,884	-
Unrestricted	<u>56,776,511</u>	<u>5,853,992</u>	<u>(2,955,550)</u>	<u>59,674,953</u>	<u>183,019</u>
Total Net Position	<u>\$ 257,019,422</u>	<u>\$ 6,354,262</u>	<u>\$ 9,438,153</u>	<u>\$ 272,811,837</u>	<u>\$ 183,019</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 Position**  
**Proprietary Funds**  
**For the Year Ended September 30, 2015**

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating Revenues:					
Sales to customers	\$ 59,188,454	\$11,349,294	\$ 715,595	\$ 71,253,343	\$ -
Contributions	-	-	-	-	4,712,847
Contributions - City Match	-	-	-	-	2,986,198
Other revenues	660,860	90,046	480,000	1,230,906	188,930
Total Operating Revenues	<u>59,849,314</u>	<u>11,439,340</u>	<u>1,195,595</u>	<u>72,484,249</u>	<u>7,887,975</u>
Operating Expenses:					
Personnel services	9,730,338	1,256,214	236,430	11,222,982	-
Supplies	5,968,638	228,731	623,168	6,820,537	-
Other services and charges	13,742,685	9,099,926	6,556,798	29,399,409	15,635,230
Depreciation	11,377,737	268,395	841,591	12,487,723	-
Total operating expenses	<u>40,819,398</u>	<u>10,853,266</u>	<u>8,257,987</u>	<u>59,930,651</u>	<u>15,635,230</u>
Operating income (loss)	<u>19,029,916</u>	<u>586,074</u>	<u>(7,062,392)</u>	<u>12,553,598</u>	<u>(7,747,255)</u>
Nonoperating revenues (expenses):					
Interest revenue	123,630	86	80	123,796	1,189
Interest and service charges on long-term debt and capitalized lease obligations	(4,619,922)	(3,898)	(9,923)	(4,633,743)	-
Gain (loss) on sale of capital assets	2,425	-	-	2,425	-
Total nonoperating revenues (expenses)	<u>(4,493,867)</u>	<u>(3,812)</u>	<u>(9,843)</u>	<u>(4,507,522)</u>	<u>1,189</u>
Income (loss) before contributions and transfers	<u>14,536,049</u>	<u>582,262</u>	<u>(7,072,235)</u>	<u>8,046,076</u>	<u>(7,746,066)</u>
Capital contributions from grants	-	63,332	2,079,916	2,143,248	-
Transfers In:					
General Fund	-	-	4,783,092	4,783,092	7,435,233
Special Revenue Fund	-	-	380,984	380,984	-
Enterprise Fund	-	-	47,571	47,571	-
Transfers Out:					
Enterprise Fund	(47,571)	-	-	(47,571)	-
Debt Service Fund	(2,110,179)	-	-	(2,110,179)	-
Total Transfers In (Out)	<u>(2,157,750)</u>	<u>-</u>	<u>5,211,647</u>	<u>3,053,897</u>	<u>7,435,233</u>
Change in Net Position	<u>12,378,299</u>	<u>645,594</u>	<u>219,328</u>	<u>13,243,221</u>	<u>(310,833)</u>
Total net position - beginning previously reported	<u>259,545,849</u>	<u>7,385,450</u>	<u>9,752,792</u>	<u>276,684,091</u>	<u>493,852</u>
Prior period adjustment	(14,904,726)	(1,676,782)	(533,967)	(17,115,475)	-
Total net position - beginning, as restated	<u>244,641,123</u>	<u>5,708,668</u>	<u>9,218,825</u>	<u>259,568,616</u>	<u>493,852</u>
Total net position - ending	<u>\$257,019,422</u>	<u>\$6,354,262</u>	<u>\$ 9,438,153</u>	<u>\$ 272,811,837</u>	<u>\$ 183,019</u>

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

**City of Jackson**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2015**

	<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	\$ 58,918,195	\$10,859,992	\$ 715,595	\$ 70,493,782	\$ 7,699,045
Receipts from other revenue	660,860	90,046	1,166,455	1,917,361	97,807
Payments to suppliers	(29,520,111)	(9,979,540)	(8,129,718)	(47,629,369)	(15,489,788)
Payments to employees	(9,495,944)	(1,234,051)	(222,874)	(10,952,869)	-
Net Cash provided by (used for)					
Operating Activities	<u>20,563,000</u>	<u>(263,553)</u>	<u>(6,470,542)</u>	<u>13,828,905</u>	<u>(7,692,936)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers In	-	-	5,211,647	5,211,647	7,435,233
Transfers Out	(2,157,750)	-	-	(2,157,750)	-
Net cash provided by noncapital financing activities	<u>(2,157,750)</u>	<u>-</u>	<u>5,211,647</u>	<u>3,053,897</u>	<u>7,435,233</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(26,045,996)	(388,133)	(2,084,852)	(28,518,981)	-
Proceeds from sale of capital assets	2,425	-	-	2,425	-
Proceeds from capital debt	5,439,799	195,755	272,688	5,908,242	-
Principal paid on capital debt	(8,567,776)	(273,172)	(201,034)	(9,041,982)	-
Proceeds from capital contributions	-	63,332	2,079,916	2,143,248	-
Interest paid on capital debt	(4,258,687)	(3,898)	(9,923)	(4,272,508)	-
Net cash provided by (used for) capital and related financing activities	<u>(33,430,235)</u>	<u>(406,116)</u>	<u>56,795</u>	<u>(33,779,556)</u>	<u>-</u>
<b>Cash Flow Provided by (Used for) Investing Activities:</b>					
Proceeds from sale and maturities of investment securities	20,029,755	-	-	20,029,755	-
Interest on investments	123,630	86	80	123,796	1,189
Net Cash provided by investing activities	<u>20,153,385</u>	<u>86</u>	<u>80</u>	<u>20,153,551</u>	<u>1,189</u>
Net increase (decrease) in cash and cash equivalents	5,128,400	(669,583)	(1,202,020)	3,256,797	(256,514)
Cash and cash equivalents at beginning of year	30,212,145	669,583	1,202,020	32,083,748	1,455,140
Cash and cash equivalents at end of year	<u>\$ 35,340,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,340,545</u>	<u>\$ 1,198,626</u>

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

**City of Jackson**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2015**

	<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)	\$ 19,029,916	\$ 586,074	\$ (7,062,392)	\$ 12,553,598	\$ (7,747,255)
Depreciation Expense	11,377,737	268,395	841,591	12,487,723	-
(Increase) decrease in accounts receivable, net	(1,421,309)	(489,302)	-	(1,910,611)	(91,123)
(Increase) decrease in inventories	(35,174)	-	-	(35,174)	-
(Increase) decrease in other receivable	1,151,050	-	811,285	1,962,335	-
(Increase) decrease in prepaid expenses	353,247	258,400	-	611,647	-
(Increase) decrease in deferred charges	-	-	(124,830)	(124,830)	-
(Increase) decrease in due from other funds	(92,735)	-	-	(92,735)	-
Increase (decrease) in due to other funds	-	92,735	(1,037,213)	(944,478)	-
Increase (decrease) in accounts payable and retainage	(9,269,572)	(1,003,409)	87,461	(10,185,520)	145,442
Increase (decrease) in accrued interest payable	(4,737)	1,391	-	(3,346)	-
Increase (decrease) in compensated absences	(53,332)	(11,700)	5,245	(59,787)	-
Increase (decrease) in customer deposits	(759,817)	-	-	(759,817)	-
Increase (decrease) in other liabilities	287,726	33,863	8,311	329,900	-
Total adjustments	<u>1,533,084</u>	<u>(849,627)</u>	<u>591,850</u>	<u>1,275,307</u>	<u>54,319</u>
Net cash provided by (used for) operating activities	<u>\$ 20,563,000</u>	<u>\$ (263,553)</u>	<u>\$ (6,470,542)</u>	<u>\$ 13,828,905</u>	<u>\$ (7,692,936)</u>
<b>Noncash Investing, Capital, and Financing</b>					
<b>Activities:</b>					
Borrowing under capital lease	\$ 74,733	\$ 195,755	\$ 272,688	\$ -	\$ -
Recap of cash and cash equivalents:					
Cash and cash equivalents	\$ 7,055,362	\$ -	\$ -	\$ 7,055,362	\$ 1,198,626
Restricted cash and cash equivalents	28,285,183	-	-	28,285,183	-
	<u>\$ 35,340,545</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,340,545</u>	<u>\$ 1,198,626</u>

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

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

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 541,270	\$ 19,984,084
Investment at fair value:		
Certificate of deposit	<u>32,598</u>	<u>-</u>
Total assets	<u>\$ 573,868</u>	<u>\$ 19,984,084</u>
 <b>Liabilities and Net Position</b>		
Liabilities:		
Payables to others	\$ <u>-</u>	\$ <u>19,984,084</u>
Total liabilities	<u>-</u>	<u>\$ 19,984,084</u>
Net Position:		
Held in trust	<u>573,868</u>	
Total net position	<u>573,868</u>	
Total liabilities and net position	<u>\$ 573,868</u>	

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

**CITY OF JACKSON  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 770
Other additions	<u>209,496</u>
Total additions	<u>\$ 210,266</u>
Deductions:	
General government Trust funds	\$ <u>143,483</u>
Total deductions	<u>143,483</u>
Change in Net Position	<u>66,783</u>
Net position at beginning of year	<u>507,085</u>
Net position at end of year	<u><u>\$ 573,868</u></u>

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

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# **NOTES TO THE FINANCIAL STATEMENTS**

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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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, 2015**

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**Note 1 – Summary of Significant Accounting Polices (Continued):**

**A. REPORTING ENTITY (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, sanitation, and public transit services are classified as business-type activities.

In the government-wide Statement of Net position, 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 position is reported in three parts: invested in capital assets, net of related debt; restricted net position; and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

**B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS (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 position 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**  
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**Note 1 – Summary of Significant Accounting Policies (Continued):**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (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. The revenues are provided by external grantors.

*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.

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

*Capitol Street 2-Way* – This fund is used to account for revenues restricted for improvements to Capitol Street.

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (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 6.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 position and changes in net position and is 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.).

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION 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.A, 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,

**CITY OF JACKSON**  
**Notes to Financial Statements**  
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**Note 1 – Summary of Significant Accounting Policies (Continued):**

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLows AND RESOURCES, AND NET POSITION OR EQUITY (Continued):**

**3. Investments (Continued)**

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 - \$1,000, 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.

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
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**Note 1 – Summary of Significant Accounting Policies (Continued):**

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):**

**6. Capital Assets (Continued):**

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 governmental 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 and bond premiums are 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. Bond issuance costs, excluding any prepaid bond issuance, are reported as expenses in the year of the debt issuance. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

**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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):**

**10. Revenues**

Substantially all governmental fund revenues are accrued. Property taxes are recognized at the levy date. All property taxes are billed, collected and recognized as revenue within the same period for which they are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non-operating revenues. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In, applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provided and deferred revenue by the recipient.

**11. Expenditures**

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

**12. Reserves and Designations**

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. City has a municipal bond debt service reserve insurance policy for the proprietary funds in lieu of cash. 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.

**13. Net Position**

Net position represents the difference between assets plus deferred outflows of resources, less liabilities, less deferred inflows of resources. Net investments 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 investments in capital 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.

**14. Fund Balance**

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components - nonspendable, restricted, committed, assigned and unassigned.

Nonspendable - This component includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):**

**14. Fund Balance (Continued)**

Restricted - This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

Committed – Amounts formally designated by City Council through equally binding ordinances or resolutions for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use.

Assigned - This component consists of amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The authority for assigning fund balance is expressed by the City Council, Mayor or their designee as established in the City's Fund Balance Policy.

Unassigned - This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount. Other governmental funds besides the general fund can only report a negative unassigned fund balance amount.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed. When unrestricted resources (committed, assigned and unassigned) are available for use it is the City's policy to use committed resources first, then assigned, and then unassigned as they are needed.

**15. Fund Balance/Net Position Policy**

The City has adopted a fund balance / net position policy that is tailored to the needs of the City to ensure against unanticipated events that would adversely affect the financial condition of the City and will not jeopardize the continuation of necessary public services. This policy will ensure the City maintains adequate fund balance / net position and reserves in the City's various operating funds to provide the capacity to: (1) provide sufficient cash flow for daily financial needs, (2) secure and maintain investment grade bond ratings, (3) offset significant economic downturns and revenue shortfalls, and (4) provide funds for unforeseen expenditures related to emergencies.

The City will maintain reservations of Fund Balance / Net Position in the General Fund and Proprietary funds of the City. The City shall retain the minimum requirement for each fund listed below.

General Fund – There shall be a reservation (unassigned) of fund balance equal to 7.5% of the adopted General Fund operating revenues. For the purposes of the calculation, the current fiscal year budget shall be the budget as originally adopted by resolution on or before September 15<sup>th</sup> for the subsequent fiscal year. The reserve shall be in addition to all other reserves or designations of the fund balance, including but not limited to reserves for encumbrances, donations, advances to other funds, designations for compensated absences, and insurance.

Enterprise Fund – The City maintains a Sanitation Fund, Water & Sewer Fund, and Transportation Fund. Under the Water & Sewer Bond Ordinance, the following Fund Balance/Reserves are required: 1/12 of O&M budget for Operation & Maintenance; 1/12 of actual debt service; and, 2/12 of O&M budget for Contingent Fund.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):**

**15. Fund Balance/Net Position Policy (Continued)**

The total Required Fund Balance/Reserve for 2015 is \$9,178,392. The amount on deposit is \$4,991,025 which has resulted in a reserve deficit \$4,187,367 at September 30, 2015.

Replenishment of Reserve Deficits - If, at the end of any fiscal year, the actual amount of unassigned fund balance or unassigned net position falls below the required fund levels set forth herein, the Mayor shall prepare and submit a plan for expenditure or expense reductions and / or revenue increases to the City Council. As a part of the annual budget review, the City Council shall review and, if necessary, amend the plan submitted by the Mayor for restoring the amounts of unassigned fund balance or unassigned net position to the required levels.

**16. 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 6.F.

**17. 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.

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

The statement of financial position will often report a separate section for deferred outflows and (or) deferred inflows of financial resources. *Deferred outflows* of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. *Deferred inflows* of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time.

All of the primary government's deferred outflows of resources on the statement of net position are a result of deferrals concerning bonded debt. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. Deferred amount on refunding of debt is reported in the deferred inflows or deferred outflow sections of the statement of position.

The governmental funds report unavailable revenues from two sources: property taxes and Federal and State financial assistance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLows AND RESOURCES, AND NET POSITION OR EQUITY (Continued):**

**19. New Accounting Pronouncements**

During the fiscal year 2015 the City implemented the following GASB pronouncements:

In June 2012, GASB issued Statement No. 68: The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans, and No. 50, Pension Disclosures, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2014.

In November 2013, the GASB issued Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date". This statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and nonemployer contributing entities. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2014.

The City will adopt the following new accounting pronouncements in future years:

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application". This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68". This statement will improve the usefulness of information for decisions made by the various users of the general purpose external financial reports. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2016. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans". This statement will improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
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**Note 1 – Summary of Significant Accounting Policies (Continued):**

**D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS AND RESOURCES, AND NET POSITION OR EQUITY (Continued):**

**19. New Accounting Pronouncements (Continued)**

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement are effective for financial statements for periods beginning after June 15, 2017. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

In June 2015, the GASB issued Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement will establish the hierarchy of GAAP for state and local governments. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City is evaluating the impact, if any, upon its financial statements, results of operations or cash flows upon adoption.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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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 position**

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$177,728 difference are as follows (in thousands):

Bonds payable	\$ 142,743
Less: Issuance premium	6,728
Less: Issuance discount (to be amortized as interest expense)	(312)
Accrued interest payable	680
Capital leases payable	15,677
Claims and judgments	2,563
Compensated absences	4,273
Workers’ Compensation Benefits	<u>5,376</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 177,728</u>

Another element of that reconciliation explains that “Internal service funds are used to account for the group benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$183 difference are as follows (in thousands):

Net position of the internal service funds	<u>\$ 183</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 183</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$(1,838) difference are as follows (in thousands):

Capital outlay	\$ 7,546
Depreciation expense	<u>(9,384)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,838)</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

**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 (Continued):**

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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$11,402 difference are as follows (in thousands):

Principal repayments:	
General obligation debt	\$ 8,230
Limited obligation debt	535
Other debt	<u>2,637</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 11,402</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 (\$2,203) difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ 2,095
Principal repayments:	
Payment on capital lease	<u>(4,298)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (2,203)</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 \$2,083 difference are as follows (in thousands):

Compensated absences	\$ (131)
Workers’ compensation benefits	1,405
Claims and judgments	353
Accrued interest	(40)
Amortization of bond premium	518
Amortization of bond discounts	<u>(22)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 2,083</u>

CITY OF JACKSON  
Notes to Financial Statements  
September 30, 2015

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

**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 (Continued):**

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 \$1,722 difference are as follows (in thousands):

Property taxes receivable	<u>\$ 1,722</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 1,722</u></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 \$115 difference are as follows (in thousands):

Change in net position of the internal service funds	<u>\$ 115</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u><u>\$ 115</u></u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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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, 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, 2015**

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

**A. BUDGETARY INFORMATION (Continued):**

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

8. Budgeted expenditure or expense amounts as originally adopted were amended by the City Council in September 2015 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 131,419	\$ 135,637	\$ 4,218
Special Revenue Funds	43,374	48,317	4,943
Debt Service Fund	23,687	26,283	2,596
Capital Projects Funds	17,373	29,204	11,831
Enterprise Funds	257,669	277,160	19,491
Internal Service Fund	14,654	14,654	-
	\$ 488,176	\$ 531,255	\$ 43,079

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

**B. DEFICIT FUND BALANCES / NET POSITION**

The City has no deficit fund balances/net position by individual fund as of September 30, 2015.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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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 \$95,342,028 and the bank balances totaled \$85,326,527. Of the bank balances, \$250,000 was insured by federal deposit insurance and \$85,076,527 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

**3. Investments – Primary Government**

As of September 30, 2015, the City had investments consisting of U.S. Agencies at a total fair value of \$11,900,693 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, 2015**

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

**A. DEPOSITS AND INVESTMENTS (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, 2015 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.

Investments are reflected at cost, which approximates fair value. These investments were uninsured, unregistered, and held by the counterparty brokerage firm. At September 30, 2015, investments of the component unit consisted of the following (in thousands):

Capital City Convention Center Commission  
Certificate of deposit:  
Unrestricted \$ 500

**B. RECEIVABLES**

Receivables at September 30, 2015, 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 (in thousands):

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Sanitation</u>	<u>Federal Grant</u>	<u>2003 G O Bond</u>	<u>Nonmajor and Other Funds</u>	<u>Capitol Street 2-Way</u>	<u>Total</u>
Receivables:									
Accounts receivable	\$ -	\$ -	\$ 41,146	\$ 8,377	\$ -	\$ -	\$ 193	\$ -	\$ 49,716
Intergovernmental	-	8,743	-	-	1,259	10	274	123	10,409
Other	<u>55,717</u>	<u>43</u>	<u>583</u>	<u>-</u>	<u>4</u>	<u>-</u>	<u>7,530</u>	<u>-</u>	<u>63,877</u>
Gross receivables	<u>\$55,717</u>	<u>\$ 8,786</u>	<u>\$ 41,729</u>	<u>\$ 8,377</u>	<u>\$ 1,263</u>	<u>\$ 10</u>	<u>\$ 7,997</u>	<u>\$ 123</u>	<u>\$ 124,002</u>

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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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 2014 were collected in the current fiscal year and statutory maximum millage rates were as follows:

Fund	Levy (in mills)	Purpose	Maximum
General Fund	42.42	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	7.56	Debt retirement	None
Disability and Relief Fund	<u>4.48</u>	Retirement	None
Total City of Jackson	<u>56.46</u>		
Jackson/Hinds Library System	<u>1.57</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	65.91	Public schools	None
Special Debt Retirement Levy	2.48	Public schools	None
Special Debt Retirement Bond	5.03	Public schools	None
Special Debt Retirement	<u>9.02</u>	Public schools	None
	<u>82.44</u>		
Total mills	<u>140.47</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, 2015**

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

**B. RECEIVABLES (Continued):**

**1. Property taxes (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 \$31,636,155 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)	\$ 865,621
Interest on delinquent property taxes receivable (general fund)	583,492
Special assessments not yet due (debt service fund)	42,547
Current year tax assessments (all funds)	67,046,727
Grant drawdowns prior to meeting all eligibility requirements	<u>391,141</u>
Total unearned revenue for governmental funds	<u>\$ 68,929,528</u>

**C. CHANGES IN CAPITAL ASSETS**

1. Primary government capital asset activity for the year ended September 30, 2015, was as follows (thousands):

	Balance September 30, 2014	Additions	Deletions	Adjustment	Balance September 30, 2015
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 13,930	\$ -	\$ 239	\$ -	\$ 13,691
Construction in progress	117,678	4,428	20,817	(70,271)	31,018
Total capital assets not being depreciated	131,608	4,428	21,056	(70,271)	44,709
Capital assets being depreciated:					
Buildings	81,480	-	-	-	81,480
Infrastructure	265,817	19,715	-	-	285,532
Automotive and equipment	72,402	4,480	987	-	75,895
Total capital assets being depreciated	419,699	24,195	987	-	442,907
Less accumulated depreciation for:					
Buildings	(28,574)	(1,466)	-	-	(30,040)
Infrastructure	(106,798)	(4,825)	-	-	(111,623)
Automotive and equipment	(57,192)	(3,092)	966	-	(59,318)
Total accumulated depreciation	(192,564)	(9,383)	966	-	(200,981)
Total capital assets being depreciated, net	227,135	14,812	21	-	241,926
Total governmental activities capital assets, net	\$ 358,743	\$ 19,240	\$ 21,077	\$ (70,271)	\$ 286,635

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

<b>Business-Type Activities:</b>	Balance September 30, 2014	Additions	Deletions	Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	166,980	27,243	184	194,039
Total capital assets not being depreciated	<u>168,818</u>	<u>27,243</u>	<u>184</u>	<u>195,877</u>
Capital assets being depreciated:				
Buildings	118,075	-	-	118,075
Infrastructure	378,214	184	-	378,398
Automotive and equipment	29,629	1,354	80	30,903
Total capital assets being depreciated	<u>525,918</u>	<u>1,538</u>	<u>80</u>	<u>527,376</u>
Less accumulated depreciation for:				
Buildings	(83,117)	(2,704)	-	(85,821)
Infrastructure	(132,040)	(7,794)	-	(139,834)
Automotive and equipment	(13,378)	(1,990)	80	(15,288)
Total accumulated depreciation	<u>(228,535)</u>	<u>(12,488)</u>	<u>80</u>	<u>(240,943)</u>
Total capital assets being depreciated, net	<u>297,383</u>	<u>(10,949)</u>	<u>-</u>	<u>286,433</u>
 Total business-type activities capital assets, net	 <u>\$ 466,201</u>	 <u>\$ 16,294</u>	 <u>\$ 184</u>	 <u>\$ 482,310</u>

2. Depreciation expense was charged to functions of the primary government as follows (in thousands):

Governmental Activities:	
General government	\$ 1,876
Public Works	3,003
Human & Cultural	1,689
Public Safety	<u>2,815</u>
Total depreciation expense – governmental activities	<u>\$ 9,383</u>
Business-Type Activities:	
Water/Sewer	\$ 11,378
Sanitation	268
Madison-Ridgeland Sewage	14
Transportation	<u>828</u>
Total depreciation expense – business-type activities	<u>\$ 12,488</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

3. Construction work in progress at September 30, 2015 for the governmental activities of the primary government is composed of the following:

Project	Spent-to-date	Remaining Commitment
1982 Industrial Park Bond	\$ 49,993	\$ -
1998 G O Public Improvement Construction Bond	12,304,909	-
2003 G O Public Improvement Construction Bond	9,161,326	127,791
2008 G O Street Construction Bond	426,842	17,621
Capital Project Fund	34,993	-
Capitol Street 2-Way Project	6,541,708	872,655
Museum to Market Trail	206,355	68,591
Economic Development Initiative –		
Traffic – Repair and Replacement	2,097,946	60,045
Drainage – Repair and Replacement	194,130	40,108
Total	<u>\$ 31,018,202</u>	<u>\$ 1,186,811</u>

4. Construction work in progress at September 30, 2015 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$194,038,723</u>	<u>\$18,631,514</u>
Total	<u>\$194,038,723</u>	<u>\$18,631,514</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

5. A summary of changes in capital asset for component units is as follows (in thousands):

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2015, was as follows:

<b>Business-Type Activities:</b>	Balance September 30, 2014	Additions	Deletions	Adjustments	Balance September 30, 2015
Capital assets not being depreciated:					
Land	\$ 4,538	\$ -	\$ -	\$ 321	\$ 4,859
Property held for development	1,913	-	389	4,400	5,924
Total capital assets not being depreciated	<u>6,541</u>	<u>-</u>	<u>389</u>	<u>4,721</u>	<u>10,783</u>
Other capital assets:					
Land improvements	80	-	-	(4)	76
Buildings	54,342	9	-	(3,746)	50,605
Equipment and furniture	1,466	-	-	-	1,466
Total other capital assets	<u>55,888</u>	<u>9</u>	<u>-</u>	<u>(3,750)</u>	<u>52,147</u>
Less accumulated depreciation for:					
Land improvements	(29)	-	-	-	(29)
Buildings	(22,995)	1,248	-	-	(24,243)
Equipment and furniture	(1,344)	26	-	(1)	(1,371)
Total capital assets being depreciated	<u>(24,368)</u>	<u>1,274</u>	<u>-</u>	<u>(1)</u>	<u>(25,643)</u>
Total other capital assets, net	<u>31,520</u>	<u>(1,265)</u>	<u>-</u>	<u>(3,751)</u>	<u>26,504</u>
Total capital assets, net	<u>\$ 37,971</u>	<u>\$ (1,265)</u>	<u>\$ 389</u>	<u>\$ 970</u>	<u>\$ 37,287</u>

Depreciation expense was charged to activities as follows (in thousands):

Urban renewal projects	\$ 825
Rehabilitation loan services	2
Parking facilities	447
Total	<u>\$ 1,274</u>

Activity for the Capital City Convention Center Commission for the year ended September 30, 2015, was as follows (in thousands):

<b>Business-Type Activities:</b>	Balance September 30, 2014	Additions	Deletions	Balance September 30, 2015
Capital assets not being depreciated:				
Land	\$ 5,852	\$ 17	\$ 50	\$ 5,819
Building and improvements	80,033	79	-	80,112
Equipment	4,837	213	-	5,050
	<u>90,722</u>	<u>309</u>	<u>50</u>	<u>90,981</u>
Less accumulated depreciation	(14,282)	(2,547)	-	(16,829)
Total capital assets, net	<u>\$ 76,440</u>	<u>\$ (2,238)</u>	<u>\$ 50</u>	<u>\$ 74,152</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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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, 2015 follows (in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 4,374	\$ -
Water/Sewage Disposal System	93	-
Sanitation	-	93
Federal Grant Fund	-	814
Capitol Street 2-Way	-	437
Nonmajor Governmental Fund	-	1,232
Nonmajor Proprietary Fund	-	1,891
Total	\$ 4,467	\$ 4,467

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

	Transfer In	Transfer Out
General Fund	\$ -	\$ 19,455
Debt Service Fund	4,633	-
Proprietary Fund	-	2,158
Federal Grant Fund	1,262	-
Nonmajor Governmental Funds	3,452	-
Internal Service Fund	7,435	-
Nonmajor Proprietary Funds	5,212	-
Improvement Fund	-	381
Total	\$ 21,994	\$ 21,994

Interfund transfers at September 30, 2015 consist of the following (in thousands):

\$	2,523	From the General Fund to the Debt Service Fund to subsidize operations.
	1,263	From the General Fund to the Federal Grant Fund to subsidize operations.
	3,451	From the General Fund to the Nonmajor Governmental Fund to subsidize operations.
	7,435	From the General Fund to the Internal Service Fund to subsidize operations.
	48	From the Proprietary Fund to the Nonmajor Proprietary Fund to subsidize operations.
	381	From the Improvement Fund to the Nonmajor Proprietary Fund to subsidize operations.
	4,783	From the General Fund to the Nonmajor Proprietary Fund to subsidize operations.
	2,110	From the Proprietary Fund to the Debt Service Fund to subsidize operations.
\$	21,994	

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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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, 2015, there were assets under capital lease totaling \$22,994,172 for machinery and equipment. Future minimum lease payments for capital leases are disclosed in Note 4.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, 2015, amounted to \$793,902. 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, 2015, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2016	\$ 188
2017	123
2018	32
2020	32
2020 and thereafter	<u>2,166</u>
Total	<u>\$ 2,541</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2015 totaled to \$1,540,703. There were no subleases or contingent rentals associated with the operating leases.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

On September 1, 2010 the City issued \$23,665,000 in General Obligation Refunding Bonds Series A & B. The bonds were issued to provide funds to the City in order to refund, defease and/or restructure certain outstanding maturities on the \$5,490,000 General Obligation Refunding Bond, Series 1998, the \$35,000,000 General Obligation Bonds, Series 1998, the \$20,000,000 General Obligation Bonds, Series 2003, the \$20,960,000 General Obligation Refunding Bonds, Series 2005, the \$5,155,000 General Obligation Refunding Bonds, Series 2008, and the \$26,210,000 General Obligation Bonds, Series 2009, and to pay the costs of issuance.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

The average interest rate on the 2010 General Obligation Refunding Bond is 4.17%. The net proceeds of \$25,128,292 resulted in an economic loss to the City in the amount of (\$2,116,552). The 1998 General Obligation Bond \$5,490,000, the 1998 General Obligation Bond \$35,000,000, and the 2008 General Obligation Bond \$5,155,000 are considered to be defeased and the liability for those bonds have been removed from the government-wide statement of net position. A portion of the 2003 General Obligation Bond \$20,000,000, 2005 General Refunding Bond \$20,960,000, and the 2009 General Obligation Bond \$26,210,000 were not refunded.

On April 1, 2012 the City issued \$11,500,000 in General Obligation Note, Series 2012. The note was issued to provide (a) erecting municipal buildings; (b) establishing sanitary, storm, drainage or sewage and repairing, improving and extending the same; (c) constructing bridges; and (d) constructing, improving or paving streets, sidewalks, driveways, parkways, walkways or public parking facilities and purchasing land.

On February 21, 2013 the City issued \$64,940,000 in General Obligation Refunding Bonds, Series 2013. Net present value savings related to the refunding bonds totaled \$2,463,877.02 or 4.05%, 3.79%, and 3.47% of the refunded bonds and reduced total debt service by \$2,518,549. The proceeds of the Series 2013 Bonds will be used by the City for the purposes of (a) refunding, defeasing and/or restructuring all or a portion of the outstanding maturities of the 2006 City Bond and (b) paying certain costs of issuance of the Series 2013 Bonds and the City Bond. The 2006 Bank Bonds were issued to provide funds to purchase the 2006 City Bond. The proceeds of the 2006 City Bond were used by the City to finance construction and equipping of the Capital City Convention Center (the "Convention Center").

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, 2015, were as follows (in thousands):

	<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>					
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	\$ 10,375
General Obligation Bonds, Refunding 2005	08/04/05	3.00-5.00%	10/01/17	20,960	5,030
General Obligation Bonds, Series 2006	11/08/06	3.60-5.00%	03/01/36	65,000	2,240
General Obligation Bonds, Series 2009	01/01/09	4.00-5.80%	01/01/24	26,210	18,045
General Obligation Refunding Series 2010A	09/01/10	3.00-5.00%	09/01/24	16,655	16,655
General Obligation Refunding Series 2010B	09/01/10	4.370%	09/01/24	7,010	7,010
General Obligation Refunding Series 2013	02/21/13	3.00-5.00%	03/01/36	64,940	<u>64,795</u>
Total General Obligation Bonds					<u>\$ 124,150</u>
	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>General Obligation Notes:</u>					
General Obligation Notes Payable Series 2012	04/01/12	1.71	09/01/24	11,500	<u>\$ 4,600</u>
Total General Obligation Notes					<u>\$ 4,600</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

**2. Revenue Bonds**

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.

On September 1, 2011, the City issued \$46,720,000 and \$2,565,000 in Water/Sewer System Revenue Refunding Bonds to advance refund \$42,355,000 of outstanding Water/Sewer System Revenue Bonds, Series 2002, \$1,140,000 of outstanding Water/Sewer Revenue Refunding, Series 2004, and \$2,790,000 of outstanding Water/Sewer Revenue Refunding, Series 2005. The purpose for issuing the Tax-Exempt Bonds is (a) to fund the 2011A Purchase Account, in order to provide funds for the purchase of the Tax-Exempt City Bond (which amounts are to provide financing for the refunding, defeasance and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Tax-Exempt Bonds, and (c) to fund the 2011A Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Tax-Exempt Bonds and the Tax-Exempt City Bond. The purpose for issuing the Taxable Bonds is (a) to fund the 2011B Purchase Account, in order to provide funds for the purchase of the Taxable City Bond (which amounts are to provide financing for the refunding and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Taxable Bonds, and (c) to fund the 2011B Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Taxable Bonds and the Taxable City Bond. The City completed the advance refunding to reduce its debt service payments over the next 23 years by \$3,838,070 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$144,146.

On September 1, 2012, the City issued \$63,045,000 and \$19,180,000 in Water/Sewer Revenue Refunding Bonds to advance refund \$76,120,000 of outstanding Water/Sewer System Revenue Refunding, Series 2004. The purpose for issuing the Tax-Exempt Bonds is (a) amount will provide financing for the refunding, defeasance and/or restructuring of the Series 2004 Bonds and the 2004 City Bonds, (b) as to the Taxable Bonds, to purchase the Taxable City Bond, which amount will provide financing for the refunding, defeasance and/or restructuring of the Series 2004 Bonds and 2004 City Bonds, (c) to pay premium for the Surety Bond and the Policy and (d) to fund the costs of issuance in connection with the Series 2012 Bonds and the Series 2012 City Bonds. The City completed the advance refunding to reduce its debt service payments over the next 22 years by \$3,067,182 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$3,062,988.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

On June 1, 2013, the City issued \$89,990,000 in Water/Sewer Revenue Bonds with an average interest rate of 6.07. The Series 2013 Bonds are being issued pursuant to the Act for the purpose of providing funds to purchase the Series 2013 City Bond. This amount will provide financing for improvement and repair of the system in accordance with the Performance Contract, pay the premium for the Surety Bond and the Policy, and a fund the costs of issuance in connection with the Series 2013 Bonds and the Series 2013 City Bond.

Revenue bonds outstanding, at September 30, 2015, were as follows (in thousands):

<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:					
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	\$ 18,325
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50-5.00%	09/01/34	46,720	41,880
Water/Sewer Revenue Refunding 2011B	09/01/11	4.070-5.40%	09/01/34	2,565	2,345
Water/Sewer Revenue Refunding 2012A	09/01/12	3.50-5.00%	09/01/34	63,045	63,045
Water/Sewer Revenue Refunding 2012B	09/01/12	1.00-2.375%	09/01/20	19,180	12,325
Water/Sewer Revenue 2013	06/01/13	5.00-6.875%	06/01/39	89,990	89,990
					<u>\$ 227,910</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

**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.

On April 23, 2009, the City issued \$407,000 of tax increment limited obligation bonds to provide funds for infrastructure improvements, including site utilities such as electrical, water, sanitary sewer and natural gas lines; installation of storm drainage and site work; construction of entrances with curb and gutter, sidewalks; landscaping of rights-of-way; installation of fencing and entry gates; capitalized interest; related engineering costs and expenses; TIF plan preparation fees; other incidental costs; and related professional fees.

On June 16, 2009, the City issued \$375,000 of tax increment limited obligation bonds to provide funds for the purpose of constructing various infrastructure improvements in connection with a tax increment finance project including, but not limited to, installation and/or relocation of utilities such as water, sanitary sewer, construction of drainage improvements, construction of roadways with curb and gutter, asphalt overlay, landscaping of rights-of-way, related engineering fee, attorney’s fees, TIF plan preparation fees, capitalized interest and other related costs.

On June 19, 2009, the City issued \$1,600,000 of tax increment limited obligation bonds to provide funds for infrastructure improvements supporting the project including, installation of site utilities such as water, sanitary sewer, and natural gas lines; landscaping of rights-of-way; capitalized interest; engineering; TIF Plan preparation fees; other incidental costs; and related professional fees for the project.

On December 30, 2010, the City issued \$2,800,000 of tax increment limited obligation bonds to provide funds for the renovation and related construction of properties generally known as the King Edward Hotel and Garage and the Standard Life Building and related properties located in a portion of the City Block bounded by Mill, Capitol, Roach, and Pearl Street.

Limited obligation bonds outstanding at September 30, 2015, are as follows (in thousands):

<u>Limited Obligation Bonds:</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Long-Term Debt:					
Tax Increment Financing Bonds, 2007	12/28/2007	4.47%	3/1/2020	2,270	\$ 1,145
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407	280
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600	980
Tax Increment Financing Bonds, 2010	12/30/2010	4.75-5.50%	3/1/2030	2,800	<u>2,171</u>
Total Limited Obligation Bonds					<u>\$ 4,576</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

**4. Section 108 Loan**

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

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

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

**5. Jackson Redevelopment Authority**

**Urban Renewal Bonds and Notes**

Urban renewal bonds and notes are issued to provide funds for various rehabilitation projects at September 30, 2015, were as follows (in thousands):

	<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 Bond, Series, 2011-A	06/01/11	3.25%	06/01/31	7,165	\$ 6,265
Urban Renewal Bond, Series, 2011-B	06/01/11	5.15%	06/01/23	2,745	2,360
Note Payable, Series 2012	10/01/13	5.25%	10/26/19	2,500	2,402
Urban Renewal Bond, Series 2013	05/01/14	1.375%	11/01/15	3,850	<u>3,850</u>
Total Urban Renewal Bonds and Notes					<u>\$ 14,877</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

**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, 2015, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and loans payable:					
General obligation bonds	\$ 132,380	\$ -	\$ 8,230	\$ 124,150	\$ 6,360
Limited obligation bonds	5,111	-	535	4,576	496
General Obligation Note	6,900	-	2,300	4,600	2,300
State revolving loan MDA	303	-	44	259	43
Miss. Development Bank Loan	2,453	-	294	2,159	294
Section 108 Loan	7,000	-	-	7,000	-
Less deferred amounts:					
For issuance discount	(291)	-	22	(313)	-
For issuance premium	7,246	-	518	6,728	-
Total bonds payable	<u>161,102</u>	<u>-</u>	<u>11,943</u>	<u>149,159</u>	<u>9,493</u>
Capital leases	17,881	2,095	4,299	15,677	3,911
Claims and judgments	2,211	446	94	2,563	640
Workers' Compensation Benefits	3,971	3,422	2,017	5,376	1,950
Compensated absences	4,404	2,216	2,347	4,273	2,776
	<u>28,467</u>	<u>8,179</u>	<u>8,757</u>	<u>27,889</u>	<u>9,277</u>
Total Governmental Activity	<u>\$ 189,569</u>	<u>\$ 8,179</u>	<u>\$ 20,700</u>	<u>\$ 177,048</u>	<u>\$ 18,770</u>
<b>Business-type activities:</b>					
Bonds and loans payable:					
Revenue bonds	\$ 233,660	\$ -	\$ 5,750	\$ 227,910	\$ 5,930
Miss. Development Bank Loan	3,943	1,078	-	5,021	5,021
Less deferred amounts:					
For issuance discount	(2,333)	-	(131)	(2,203)	-
For issuance premiums	15,865	-	752	15,113	-
Total bonds payable	<u>251,135</u>	<u>1,078</u>	<u>6,371</u>	<u>245,841</u>	<u>10,951</u>
Capital leases	3,984	543	1,808	2,719	1,550
State Revolving Loan (DEQ)	22,534	4,582	1,484	25,633	1,885
Compensated absences	554	198	258	494	318
	<u>27,072</u>	<u>5,324</u>	<u>3,550</u>	<u>28,845</u>	<u>3,753</u>
Total Business-type activities	<u>\$ 278,207</u>	<u>\$ 6,401</u>	<u>\$ 9,921</u>	<u>\$ 274,686</u>	<u>\$ 14,704</u>
<b>Component Unit – Jackson Redevelopment Authority</b>					
Urban Renewal bonds	\$ 15,370	\$ -	\$ 492	\$ 14,877	\$ 4,365
Less deferred amounts:					
On refunding	(136)	-	-	(136)	-
Total Component Unit	<u>\$ 15,234</u>	<u>\$ -</u>	<u>\$ 492</u>	<u>\$ 14,741</u>	<u>\$ 4,365</u>
Total Long-Term Debt	<u>\$ 483,010</u>	<u>\$ 14,580</u>	<u>\$ 31,110</u>	<u>\$ 466,475</u>	<u>\$ 37,839</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

**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 \$105,716,895 at September 30, 2015.

**8. Annual Maturities Requirements**

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$136,460 for the component unit as of September 30, 2015, including interest, by source of retirement are as follows (in thousands):

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

Fiscal Year	General Obligation Bonds		Total
	Interest	Principal	
2016	\$ 5,017	\$ 6,360	\$ 11,377
2017	5,266	4,180	9,446
2018	4,935	7,055	11,990
2019	4,466	8,065	12,531
2020	4,074	8,540	12,614
2021 – 2025	13,496	42,545	56,041
2026 – 2030	7,422	17,625	25,047
2031 – 2035	3,636	24,025	27,661
2036 – 2040	113	5,755	5,868
<b>Total</b>	<b>\$ 48,425</b>	<b>\$ 124,150</b>	<b>\$ 172,575</b>

Fiscal Year	State Revolving Loan MDA		Total
	Interest	Principal	
2016	\$ 7	\$ 43	\$ 50
2017	6	46	52
2018	5	47	52
2019	2	49	51
2020	2	50	52
2021 – 2025	-	24	23
<b>Total</b>	<b>\$ 22</b>	<b>\$ 259</b>	<b>\$ 280</b>

Fiscal Year	General Obligation Note		Total
	Interest	Principal	
2016	79	2,300	2,379
2017	39	2,300	2,339
<b>Total</b>	<b>\$ 118</b>	<b>\$ 4,600</b>	<b>\$ 4,718</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

Fiscal Year	MS Development Bank Loan		Total
	Interest	Principal	
2016	\$ 31	\$ 294	\$ 325
2017	31	294	325
2018	31	294	325
2019	31	294	325
2020	31	294	325
2021-2025	62	689	750
Total	\$ 217	\$ 2,159	\$ 2,375

Fiscal Year	Limited Obligation Bonds		Total
	Interest	Principal	
2016	\$ 168	\$ 496	\$ 664
2017	143	527	670
2018	117	554	671
2019	90	588	678
2020	655	606	1,261
2021-2025	346	785	1,131
2026-2030	10	1,020	1,030
Total	\$ 1,529	\$ 4,576	\$ 6,105

**General Fund (General Fund Revenues)**

Fiscal Year	Obligation Under Capital Leases		Total
	Interest	Principal	
2016	\$ 287	\$ 3,911	\$ 4,198
2017	227	3,311	3,538
2018	183	2,241	2,424
2019	146	1,363	1,509
2020	112	1,397	1,509
2021-2025	225	3,057	3,282
2026-2030	7	397	404
Total	\$ 1,187	\$ 15,677	\$ 16,864

Fiscal Year	HUD Section 108		Total
	Interest	Principal	
2016	\$ 29	\$ -	\$ 29
2017	29	-	29
2018	29	250	279
2019	29	650	679
2020	29	650	679
2021-2025	29	3,250	3,279
2026-2030	29	2,200	2,229
Total	\$ 203	\$ 7,000	\$ 7,203

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

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

Fiscal Year	Revenue Bonds		Total
	Interest	Principal	
2016	\$ 11,676	\$ 5,930	\$ 17,606
2017	11,441	7,720	19,161
2018	11,168	7,990	19,158
2019	10,864	8,295	19,159
2020	10,528	8,635	19,163
2021-2025	46,555	44,520	91,075
2026-2030	34,062	49,785	83,847
2031-2035	19,515	58,525	78,040
2036-2040	7,785	29,335	37,120
2041-2045	247	7,175	7,422
Total	\$ 163,841	\$ 227,910	\$ 391,751

Fiscal Year	Obligation Under Capital Lease		Total
	Interest	Principal	
2016	\$ 44	\$ 1,550	\$ 1,594
2017	34	986	1,020
2018	6	183	189
Total	\$ 84	\$ 2,719	\$ 2,803

Fiscal Year	State Revolving Loan		Total
	Interest	Principal	
2016	\$ 519	\$ 1,885	\$ 2,404
2017	467	1,897	2,364
2018	415	1,950	2,365
2019	363	1,735	2,098
2020	328	1,504	1,832
2021 – 2025	1,198	6,523	7,721
2026 – 2030	654	5,350	6,004
2031 – 2035	193	4,789	4,982
Total	\$ 4,137	\$ 25,633	\$ 29,770

Fiscal Year	MS Development Bank Loan		Total
	Interest	Principal	
2016	\$ -	\$ 658	\$ 658
2017	-	717	717
2018	-	717	717
2019	-	717	717
2020	-	717	717
2021 – 2025	-	1,495	1,495
Total	\$ -	\$ 5,021	\$ 5,021

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

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

<u>Fiscal Year</u>	<u>Jackson Redevelopment Authority Notes Payable, Urban Renewal Notes and Bonds</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2016	\$ 534	\$ 4,365	\$ 4,899
2017	487	528	1,015
2018	465	556	1,021
2019	443	1,064	1,507
2020	284	2,724	3,008
2021 – 2025	1,011	2,660	3,671
2026 – 2030	462	2,425	2,887
2031 – 2035	<u>25</u>	<u>555</u>	<u>580</u>
	3,711	14,877	18,588
Unamortized refunding cost and discounts	-	(136)	(136)
<b>Total</b>	<b><u>\$ 3,711</u></b>	<b><u>\$ 14,741</u></b>	<b><u>\$ 18,452</u></b>

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. Principal and interest maturities for 2015 were paid by contributions from the General Fund of \$801,968.

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, 2015, including interest of \$136,460 for the component unit are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2016	\$ 41,284	\$ 4,899
2017	39,661	1,015
2018	38,170	1,021
2019	37,747	1,507
2020	38,152	3,008
2021 and thereafter	<u>444,453</u>	<u>7,138</u>
<b>Total</b>	<b><u>\$ 639,467</u></b>	<b><u>\$ 18,588</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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

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

**10. 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 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, 2015, the mark to market value of the transaction was \$220,520.84 for the City, which is not recorded, in the financial statements. In fiscal year 2011, the City refunded the Water/Sewer System Revenue Bonds, Series 2002.

***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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
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**Note 5 – GASB 54 Fund Balance Presentation – Classification Total**

Details of nonspendable, restricted, committed, assigned, and unassigned fund balances for the year ended September 30, 2015 are as follows:

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Capitol Street 2-Way	Total Governmental Funds
<b>FUND BALANCES:</b>										
<b>NONSPENDABLE:</b>										
General Government	\$ 875,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 875,212
<b>RESTRICTED FOR:</b>										
General Government	-	409,586	-	-	-	-	-	190,677	-	600,263
Public safety	550,377	41,828	-	-	-	-	-	1,000,000	-	1,592,205
Public Works	-	515,564	-	-	-	-	-	(474,202)	-	41,362
Human and Cultural Services	-	1,683,050	-	-	-	-	-	-	-	1,683,050
Debt Service Reserve	-	-	4,509,339	-	-	-	-	-	-	4,509,339
<b>COMMITTED TO:</b>										
General Government	2,462,512	-	-	15,332	-	-	-	-	-	2,477,844
Public Safety	1,317,868	-	-	-	-	-	-	-	-	1,317,868
Public Works	-	-	-	4,516,542	178,738	-	500,657	-	1,235,105	6,431,042
Human and Cultural services	-	-	-	-	-	-	-	1,688,156	-	1,688,156
Employee Benefits	-	-	-	-	-	-	-	53,511	-	53,511
<b>ASSIGNED TO:</b>										
General Government	2,004,467	-	-	-	-	-	-	-	-	2,004,467
<b>UNASSIGNED:</b>										
General Government	5,524,550	-	-	-	-	-	-	-	-	5,524,550
Public Works	-	-	-	-	-	(498,040)	-	-	-	(498,040)
Total Fund Balances	<u>\$ 12,734,986</u>	<u>\$ 2,650,028</u>	<u>\$ 4,509,339</u>	<u>\$ 4,531,874</u>	<u>\$ 178,738</u>	<u>\$ (498,040)</u>	<u>\$ 500,657</u>	<u>\$ 2,458,142</u>	<u>\$ 1,235,105</u>	<u>\$ 28,300,829</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information**

**A. RISK MANAGEMENT**

**1. Workers Compensation Benefits**

The City maintains a self-funded workers' compensation plan accounted for in the General Fund. 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 include provisions for estimated claims adjustment expenses. Benefits paid to employees during fiscal year 2015 were \$2,017,016.

The excess workers' compensation insurance is obtained to cover the City for workers' compensation claims in excess of the City's liability of \$1,000,000. Coverage limit is up to \$750,000 except \$1,000,000 for police, firefighter, and first responders.

**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 \$14,000 paid each employee during the preceding year. As of September 30, 2015, the required amounts were funded. Claims totaled \$143,483 during fiscal year 2015. Estimates of the liability for unpaid claims are based on patterns of claims payments.

**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 \$7,887,975 and employee benefit costs were \$15,635,230 during fiscal year 2015. Claims incurred but not reported at September 30, 2015, 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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 6 – Other Information (Continued):**

**A. RISK MANAGEMENT (Continued):**

**4. Tort Liability (Continued):**

The City of Jackson is in compliance by using method number three as indicated above. The 2015 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, 2015 and 2014:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
2015:				
Beginning Balance	\$ 411,233	\$ 2,210,204	\$ -	\$ 3,970,366
Current Year Claims/Changes in Estimates	15,635,230	445,594	143,483	3,422,288
Claims Payments	15,635,230	92,809	143,483	2,017,016
Ending Balance	<u>\$ 411,233</u>	<u>\$ 2,562,989</u>	<u>\$ -</u>	<u>\$ 5,375,638</u>
2014:				
Beginning Balance	\$ 404,241	\$ 2,077,732	\$ -	\$ 4,483,867
Current Year Claims/Changes in Estimates	15,403,820	397,731	179,357	1,338,812
Claims Payments	15,396,828	265,259	179,357	1,852,313
Ending Balance	<u>\$ 411,233</u>	<u>\$ 2,210,204</u>	<u>\$ -</u>	<u>\$ 3,970,366</u>

**5. Other Risks:**

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.

The commercial policy also includes various amounts of additional coverage ranging from \$25,000 to \$250,000. Commercial property crime carries a limit of \$25,000 per occurrence for computer fraud, employee theft, forgery or alteration, funds transfer fraud, money and securities-inside buildings, money and securities-outside buildings. The property deductible is \$100,000; crime deductible is \$5,000; unintentional errors and omissions coverage is \$1,000,000 per occurrence; and catastrophe coverage is \$25,000,000 per occurrence. 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, 2015, was \$25,632,619.

**Federal Grants**

The City participates in a number of state and federally funded grant programs, principal of which are Community Development Block Grant, Federal Highway Administration, Department of Transportation and Department of Justice grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. During September 30, 2013 the City had disallowed expenditures resulting from audits performed by the following grantor agency: U. S. Department of Housing and Urban Development, Community Development Block Grant for the amount of \$1,939,952.41.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**B. COMMITMENTS (Continued):**

**Federal Grants (Continued)**

A settlement has been reached with the grantor to reimburse the Community Development Block Grant line of credit with non-federal funds over a three-year period in the following fiscal years:

1 <sup>st</sup> payment December 2014	\$ 646,650.81
2 <sup>nd</sup> payment December 2015	646,650.80
3 <sup>rd</sup> payment December 2016	646,650.80
Total	<u>\$ 1,939,952.41</u>

As of September 30, 2015, the outstanding balance is \$1,293,301.60.

At September 30, 2014, the City had disallowed expenditures resulting from a monitoring performed by the grantor agency, U. S. Department of Housing and Urban Development, Community Development Block Grant. The results of the compliance monitoring review for grant numbers B-97-MC-28-0003, B-98-MC-28-0003, B-99-MC-28-0003, B-10-MC-28-0003, B-11-MC-28-0003 and B-12-MC-28-0003 for the amount of \$1,510,810.00.

A settlement has been reached with the grantor to reimburse the Community Development Block Grant line of credit with non-federal funds over a three-year period in the following fiscal years:

1 <sup>st</sup> payment December 2016	\$ 503,603.34
2 <sup>nd</sup> payment December 2017	503,603.33
3 <sup>rd</sup> payment December 2018	503,603.33
Total	<u>\$ 1,510,810.00</u>

**C. WATER AND SEWER OPERATION & MAINTENANCE FUND DEFICIENCY**

As specified in Section 6.03 (d) of the General Bond Resolution, a transfer may be made from the Water and Sewer Contingent Fund when a deficiency occurs in the deposit amount for the Water and Sewer Operation and Maintenance Fund. In September 2015, a transfer of \$5,450,710 was made from the Water and Sewer Contingent Fund to the Water and Sewer Operation and Maintenance Fund. This transfer was specified in Section 6.03 (a) of the General Bond Resolution established in the order of priority for depositing monies received in the Water and Sewer Revenue Fund into the various Water and Sewer Funds as created by Section 6.03 of the General Bond Resolution. The Water and Sewer Operation and Maintenance Fund have first priority on revenues of the Water and Sewer System. Since the Water and Sewer Operation and Maintenance Fund had a deficiency of \$5,450,710 in meeting its deposit amount, the transfer from the Water and Sewer Contingent Fund to the Water and Sewer Operation and Maintenance Fund was made to meet the deposit amount specified in Section 6.03 (a) of the General Bond Resolution. As specified by Section 6.03 (d) of the General Bond Resolution for the Water and Sewer Contingent Fund is funded. As of May 11, 2016, the transfer from the Water and Sewer Contingent Fund has not been restored due to collected Water and Sewer System Revenues being insufficient to repay the transfer.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**D. SUBSEQUENT EVENT**

On November 1, 2015, the City of Jackson issued General Obligation Refunding Bonds, Series 2015A of seventeen four hundred sixty-five million dollars (\$17,465,000) for the purpose of refunding, defeasing and restructuring all or a portion of the outstanding General Obligation Bonds, Series 2003, the General Obligation Bonds, Series 2005, the General Obligation Bonds, Series 2006, the General Obligation Bonds, Series 2009.

On November 1, 2015, the City of Jackson issued General Obligation Refunding Bonds, Series 2015B of one hundred seventy thousand dollars (\$170,000) for the purpose of refunding, defeasing and restructuring a portion of the outstanding General Obligation Refunding Bonds, Series 2013.

On February 24, 2016, the City of Jackson terminated the 2004 Swap Agreement. The City received \$1,510,000 at the closing of the agreement.

Subsequent events have been evaluated through May 11, 2016, which represents the date the comprehensive annual financial report were available to be issued. Subsequent events after that date have not been evaluated.

**E. CONTINGENT LIABILITIES:**

**Litigation**

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$2,582,500 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.

**F. JOINT VENTURES**

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2015 (in thousands):

<u>Jackson/Hinds Library System</u>	
Total assets	\$ <u>983</u>
Total liabilities	\$ <u>229</u>
Total fund equity	\$ <u>754</u>
Total revenues	\$ <u>4,658</u> (1)
Total expenditures	\$ <u>4,749</u>
Net increase (decrease) in fund balance	\$ <u>(91)</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, 2015**

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**Note 6 – Other Information (Continued):**

**G. 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 9.00% of their annual covered salary and the City of Jackson, Mississippi is required to contribute at an actuarially determined rate. This rate was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Jackson, Mississippi contributions to PERS for the years ended September 30, 2015, 2014, and 2013 were \$11,504,087, \$11,299,471, and \$10,793,745, respectively, equal to the required contributions for each year.

As of most recent measurement date of the net pension liability, membership data for the pension plan is as follows:

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receive benefits	597
Former members entitled to benefits but yet receiving them	-
Former members – not entitled to benefits	-
Active members:	-
Vested	1
Non-vested	-
Total Participants	<u>598</u>

**3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At September 30, 2015, the City reported a liability of \$117,741,803 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contribution of all participating entities, actuarially determined. At September 30, 2015, the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. At June 30, 2014, the City's proportion was 1.105643 percent.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**G. EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

For the year ended September 30, 2015, the City recognized pension expense of \$9,858,153. At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

**A. Governmental Activities:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,836,737	\$ -
Net difference between projected and actual earnings on pension plan investments	-	17,067,540
Changes in proportion and differences between City contributions and proportionate share of contributions	1,876,464	-
City contributions subsequent to the measurement date	10,093,264	-
Total	\$ 13,806,465	\$ 17,067,540

**B. Business-Type Activities:**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 256,737	\$ -
Net difference between projected and actual earnings on pension plan investments	-	2,385,678
Changes in proportion and differences between City contributions and proportionate share of contributions	262,290	-
City contributions subsequent to the measurement date	1,410,823	-
Total	\$ 1,929,850	\$ 2,385,678

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**G. EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**3. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

At September 30, 2015, \$11,504,087 was reported as deferred outflows of resources, related to pensions resulting from City contributions, subsequent to the measurement date that will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended September 30</u>	<u>Amount</u>
2016	\$ 3,340,920
2017	3,340,920
2018	3,675,845
2019	<u>4,863,305</u>
Thereafter	<u>\$15,220,990</u>

**4. Actuarial Assumptions**

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary changes	4.25 – 19.50%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2025, set forward two years for males.

The actuarial assumptions used in the September 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2012. The experience report is dated June 12, 2013.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U. S. Broad	34%	5.20%
International Equity	19	5.20
Emerging Markets Equity	8	5.00
Fixed Income	20	5.45
Real Assets	10	0.25
Private Equity	8	4.00
Cash	<u>1</u>	<u>6.15</u>
Total	<u>100%</u>	<u>(0.50)</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)**

**4. Actuarial Assumptions (Continued)**

*Discount Rate.* The discount rate used to measure the total pension liability was 8.00 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the net pension liability to change in the discount rate.* Sensitivity of the City’s proportionate share of the net pension liability to changes in the discount rate. The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point-lower (7 percent) or 1-percentage-point higher (9 percent) than current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City’s proportionate share of net pension liability	\$ 182,954,069	\$ 134,199,596	\$ 93,531,118

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued PERS financial report.

**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 June 30, 2015, the date of the most recent actuarial verification, there was 1 participating municipal employee and 597 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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**G. EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**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. Net Pension Liability**

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The City's net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

<u>Net Pension Liability</u>	
Measurement Date	<u>June 30, 2015</u>
Total Pension Liability	\$ 117,438,604
Fiduciary Net Pension	<u>62,965,719</u>
Net Pension Liability	<u>\$ 54,472,885</u>

A schedule of Net Pension Liability, in addition to the information above, includes multi-year trend information (beginning with FY 2015) and is presented in the Required Supplementary Information Section on pages 92 – 95.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 6 – Other Information (Continued):**

**G. EMPLOYEES' RETIREMENT SYSTEM (Continued)**

**4. Schedule of Changes in Net Pension Liability**

The change in Net Pension Liability, for the Disability and Relief municipal pension plan, for the fiscal year ended September 30, 2015 is as follows:

Change in Net Pension Liability	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Service cost	\$ -	-	\$ -
Interest on the total pension liability	8,901,563	-	8,901,563
Benefit changes	3,676,246	-	3,676,246
Difference between expected and actual experience	(91,754)	-	(91,754)
Employer's contribution	-	5,544,877	(5,544,877)
Employees' contributions	-	4,750	(4,750)
Pension plan net investment income	-	2,166,108	(2,166,108)
Benefit payments, including refunds of employee contributions	(12,633,969)	(12,633,969)	-
Administrative expense	-	(114,673)	114,673
Other	-	-	-
Net Change	(147,914)	(5,032,907)	4,884,993
Net Pension Liability Beginning	117,586,518	67,998,626	49,587,892
Net Pension Liability Ending	<u>\$ 117,438,604</u>	<u>62,965,719</u>	<u>\$ 54,472,885</u>

**5. Pension Expense**

For the year ended September 30, 2015, the City recognized total pension expense of \$7,926,540. Pension expense recognized by the plan is as follows:

<u>Members Category</u>	<u>Pension Expense</u>
Changes for the Year:	
Service cost	\$ -
Interest on the total liability	8,901,563
Expensed portion of current-period difference between expected and actual experience in the total liability	(91,754)
Expensed portion of current-period changes of assumptions	3,676,246
Members contributions	(4,750)
Projected earnings on plan investments	(5,151,929)
Expensed portion of current-period difference between actual and projected earnings on plan investments	597,164
Total Pension Expense	<u>\$ 7,926,540</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**G. EMPLOYEES’ RETIREMENT SYSTEM (Continued)**

**6. Schedule of Deferred Outflows and Inflows of Resources**

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2015 for the Disability and Relief municipal plan are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,423,728	\$ -
Net difference between projected and actual earnings on pension plan investments	-	91,754
Net difference between projected and actual earnings on pension plan investments	-	2,388,657
Employers’ contributions subsequent to the measurement date	6,360,876	-
<b>Total</b>	<b>\$ 11,784,604</b>	<b>\$ 2,480,411</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2015 will be recognized in pension expense as follows:

Year ended September 30	Amount
2016	\$ (1,960,387)
2017	(1,960,387)
2018	(1,545,244)
2019	(477,731)
Total	<b>\$ (5,943,749)</b>

**7. Actuarial Assumptions**

*Discount Rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**G. EMPLOYEES' RETIREMENT SYSTEM (Continued):**

**7. Actuarial Assumptions (Continued)**

*Sensitivity of the net pension liability to change in the discount rate.* Sensitivity of the City's proportionate share of the net pension liability to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point-lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's net pension liability (Asset)	\$ 63,598,575	\$ 54,472,885	\$ 46,519,709

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

**8. Schedule of Assumptions**

The total pension liability in the September 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.5 percent
Salary changes	4.50 – 6.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Valuation Date	June 30, 2015
Actual Cost Method	Ultimate Asset Reserve
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	Five year smoothed market

The Accompanying Notes are an integral part of these Financial Statements.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**H. OTHER POSTEMPLOYMENT BENEFITS**

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

**Plan Description**

The City's OPEB plan provides post employment healthcare coverage, including dental benefits to eligible individuals. Eligible individuals include all regular, full-time employees of the City, as well as permanent part-time employees who work at least 20 hours per week, and their spouses and dependent children. Employees must have earned at least 25 years of service with the City in order to be eligible for retiree healthcare coverage. Coverage continues at the election of the retiree until age 65. Retirees must pay the required monthly premium for either single or family coverage, as applicable. As of September 30, 2015, 114 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.

**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. The ARC was calculated as part of the actuarial valuation performed by an outside actuary consultant. The following table shows the components of the government's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

	<b><u>Governmental Activities</u></b>	<b><u>Business-type Activities</u></b>	<b><u>Total OPEB Plan</u></b>
Annual Required Contribution	\$6,123,996	\$856,004	\$6,980,000
Interest on net OPEB obligation	1,026,515	143,485	1,170,000
Adjustment to ARC	<u>(2,264,475)</u>	<u>(316,525)</u>	<u>(2,581,000)</u>
Annual OPEB cost (expense)	4,886,036	682,964	5,569,000
Less: Contributions made	<u>(1,081,789)</u>	<u>(151,211)</u>	<u>(1,233,000)</u>
Increase in net OPEB obligation	3,804,247	531,753	4,336,000
Net OPEB obligation beginning	<u>25,898,158</u>	<u>3,941,842</u>	<u>29,840,000</u>
Net OPEB obligation end of year	<u>\$29,702,405</u>	<u>\$4,473,595</u>	<u>\$34,176,000</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 6 – Other Information (Continued):**

**H. OTHER POSTEMPLOYMENT BENEFITS (Continued):**

**Trend Information for OPEB Plan:**

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/13	\$7,060,000	30%	25,555,000
9/30/14	\$5,484,000	22%	29,840,000
9/30/15	\$5,593,000	22%	34,176,000

**Funding status and funding progress**

The City funds the plan on a pay-as-you-go basis. As of September 30, 2015, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$42,463,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll was \$64,572,000 and the ratio of the UAAL to the covered payroll was 65.8%. 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.

Although, the actuarial accrued liability for the OPEB plan has decreased, the City has not provided funding for the plan.

**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, 2015 actuarial valuation, the projected unit credit method was used. It is amortized as a level percent of payroll over a 15 year open period and a level-dollar payment. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate trend rate of 5 percent after ten years. Both rates include a 2.75 percent inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

**Note 7 – Prior Period Adjustment:**

The following is a summary of prior period adjustments made to the beginning Net Position during fiscal year 2015:

	Governmental Activities	Business Activities	Total
Beginning balance as previously reported	\$ 195,199,270	\$ 276,684,091	\$ 471,883,361
Net adjustment to correct the capitalization of construction in progress in error in FY 2014	(70,271,157)	-	(70,271,157)
Net adjustment to correct special assessment receivable balance in FY 2014	(63,194)	-	(63,194)
Net adjustment to record net pension liability per GASB 68 and GASB 71 implementation	<u>(166,049,990)</u>	<u>(17,115,475)</u>	<u>(183,165,465)</u>
Net Position Balance as Restated	<u>\$ (41,185,071)</u>	<u>\$ 259,568,616</u>	<u>\$ 218,383,545</u>

Below is a summary of significant Net Position/Fund Balance adjustments resulting from the implementation of GASB 68 and GASB 71 are as follows:

**A. Governmental Activities**

Explanation:	Municipal Employees' Retirement System	Disability and Relief Fund	Total
To Record Net Pension Liability (09/30/14)	\$ (131,778,528)	\$ (49,587,895)	\$ (181,366,423)
Deferred outflows – contributions made during fiscal year 2014	<u>9,331,569</u>	<u>5,984,864</u>	<u>15,316,433</u>
Total prior period adjustment related to GASB 68 and GASB 71	<u>\$ (122,446,959)</u>	<u>\$ (43,603,031)</u>	<u>\$ (166,049,990)</u>

**B. Business-Type Activities**

Explanation:	Water/Sewer Fund	Sanitation Fund	Non-Major JATLAN Fund	Total
To Record Net Pension Liability (09/30/14)	\$ (16,040,601)	\$ (1,804,568)	\$ (574,660)	\$ (18,419,829)
Deferred outflows – contributions made during fiscal year 2014	<u>1,135,875</u>	<u>127,786</u>	<u>40,693</u>	<u>1,304,354</u>
Total prior period adjustment related to GASB 68 and GASB 71	<u>\$ (14,904,726)</u>	<u>\$ (1,676,782)</u>	<u>\$ (533,967)</u>	<u>\$ (17,115,475)</u>

The accompanying notes are an integral part of these Financial Statements.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2015**

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**Note 8 – Effect of Deferred Amounts on Net Position:**

The unrestricted net position amount of \$(179,712,221) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$27,520,919 balance of deferred outflow of resources, a September 30, 2015 will be recognized as an expense and will decrease the unrestricted net position over the next three (3) years.

The unrestricted net position amount of \$(179,712,221) includes the effect of deferring the recognition of revenues resulting from a deferred inflow from pensions. The \$21,933,629 balance of deferred inflow of resources at September 30, 2015 will be recognized as revenue and will increase the unrestricted net position over the next four (4) years.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF FUNDING PROGRESS  
for the OPEB PLAN**

(Dollar amounts in Thousands)

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) - Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percentage Of Covered Payroll [(b-a)/c]</b>
10/1/2010	-	36,875	36,875	0.00%	66,782	55.2
5/1/2012	-	45,498	45,498	0.00%	N/A	N/A
5/1/2014	-	42,463	42,463	0.00%	64,572	65.8

CITY OF JACKSON, MISSISSIPPI  
 Required Supplementary Information  
 Schedule of the City's Proportionate Share of the Net Pension Liability  
 PERS  
 Last 10 Fiscal Years  
 September 30, 2015

	2014
City's proportion of the net pension liability (asset)	\$ 117,741,803
City's proportion of the net pension liability (asset)	1.105643%
City's covered-employee payroll	69,494,819
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	169.43%
Plan fiduciary net position as a percentage of the total pension liability	67.21%

\*The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in the fiscal year September 30, 2015, and, until a full 10-year trend is complied, the City has only presented information for the years in which information is available.

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF JACKSON, MISSISSIPPI  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER NET PENSION LIABILITY  
 PERS  
 Year Ended September 30, 2015

City's Contribution	\$	$\frac{2015}{5,544,877}$
Actuarially determined contribution	\$	$\frac{2015}{5,544,877}$
Contribution in relation to the actuarially determined Contribution		$\frac{5,544,877}{5,544,877}$
Contribution deficiency (excess)	\$	$\frac{-}{-}$
City's covered-employee payroll		N/A
Contribution as a percentage of covered-employee payroll		N/A

Payroll-related information not provided plan is closed to new entrants and there are very few remaining active members and many municipalities have no remaining active members.

**Notes to Schedule**

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2015 were based on the June 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate Asset Reserves
Armortization cost method	N/A
Amortization method	N/A
Remaining amortization period	Five year smoothed market
Inflation	N/A
Salary increases	4.5% - 6.00% including inflation

The Accompanying Notes are an integral part of these Financial Statements.

CITY OF JACKSON, MISSISSIPPI  
 Required Supplementary Information  
 Schedule of District Contributions  
 PERS  
 Last 10 Fiscal Years

		<u>2015</u>
Contractually required Contribution	\$	<u>11,504,087</u>
Contribution in relation to the contractually required Contribution		<u>11,504,087</u>
Contribution deficiency (excess)	\$	<u><u>-</u></u>
City's covered-employee payroll	\$	69,494,819
Contributions as a percentage of covered-employee payroll		15.75%

The Accompanying Notes are an intergal part of these Financial Statements.

# **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**

#### **1% Infrastructure Tax**

To account for proceeds received for the improvement of infrastructure in the City. Financing is provided by a special sales tax of 1%.

#### **2012 General Obligation Note**

To account for proceeds of general obligation note of \$11,500,000 providing updates to City Facilities and rehabilitation of sewer line projects.

#### **Thalia Mara Hall**

To account for proceeds received for the renovation and improvements being made to Thalia Mara Hall.

#### **Museum to Market Project**

To account for proceeds received for the walking and biking trail from LeFleur's Bluff State Park to the Mississippi Agriculture Museum.

**City of Jackson**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**As of September 30, 2015**

**Special Revenue**

	<b>Parks and Recreation</b>	<b>State Grant</b>	<b>Disability and Relief</b>	<b>Total</b>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,839,798	\$ 1,205,293	\$ 476,154	\$ 3,521,245
Other Receivable	2,307,375	41,621	5,181,112	7,530,108
Intergovernmental Receivable	66	-	-	66
<b>Total Current Asset</b>	<b><u>\$ 4,147,239</u></b>	<b><u>\$ 1,246,914</u></b>	<b><u>\$ 5,657,266</u></b>	<b><u>\$ 11,051,419</u></b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 176	\$ 747	\$ 422,643	\$ 423,566
Other Liabilities	163,213	29,950	-	193,163
Due to other funds	-	25,540	-	25,540
<b>Total liabilities</b>	<b><u>163,389</u></b>	<b><u>56,237</u></b>	<b><u>422,643</u></b>	<b><u>642,269</u></b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	2,295,694	-	5,181,112	7,476,806
<b>Total deferred inflows of resources</b>	<b><u>2,295,694</u></b>	<b><u>-</u></b>	<b><u>5,181,112</u></b>	<b><u>7,476,806</u></b>
<b>FUND BALANCES</b>				
Restricted	-	1,190,677	-	1,190,677
Committed	1,688,156	-	53,511	1,741,667
<b>Total Fund Balance</b>	<b><u>1,688,156</u></b>	<b><u>1,190,677</u></b>	<b><u>53,511</u></b>	<b><u>2,932,344</u></b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b><u>\$ 4,147,239</u></b>	<b><u>\$ 1,246,914</u></b>	<b><u>\$ 5,657,266</u></b>	<b><u>\$ 11,051,419</u></b>

(Continued)

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

**Capital Projects**

<u>1% Infrastructure Tax</u>	<u>2012 GO Note</u>	<u>Thalia Mara Hall Renovation</u>	<u>Museum To Market Project</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
	\$ 732,125	\$ -	\$ -	732,125	\$ 4,253,370
-	-	-	-	-	7,530,108
-	-	-	-	-	66
<u>\$ -</u>	<u>\$ 732,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,125</u>	<u>\$ 11,783,544</u>
\$ 28	\$ -	\$ -	\$ -	28	\$ 423,594
-	-	-	-	-	193,163
<u>58</u>	<u>-</u>	<u>999,886</u>	<u>206,355</u>	<u>1,206,299</u>	<u>1,231,839</u>
<u>86</u>	<u>-</u>	<u>999,886</u>	<u>206,355</u>	<u>1,206,327</u>	<u>1,848,596</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,476,806</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,476,806</u>
(86)	732,125	(999,886)	(206,355)	(474,202)	716,475
-	-	-	-	-	1,741,667
<u>(86)</u>	<u>732,125</u>	<u>(999,886)</u>	<u>(206,355)</u>	<u>(474,202)</u>	<u>2,458,142</u>
<u>\$ -</u>	<u>\$ 732,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 732,125</u>	<u>\$ 11,783,544</u>

(Continued)

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

**City of Jackson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year ended September 30, 2015**

	<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	\$ 2,329,280	\$ -	\$ 5,244,618	\$ 7,573,898
Licenses and permits	375	-	826	1,201
Intergovernmental	119,541	118,776	162,486	400,803
Admissions, fees, rentals and concessions	202,301	-	-	202,301
Interest	3,274	124	516	3,914
Other	125,124	-	4,416	129,540
Total revenues	<u>2,779,895</u>	<u>118,900</u>	<u>5,412,862</u>	<u>8,311,657</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	4,056,292	21,235	-	4,077,527
Supplies	572,263	9,804	-	582,067
Other Services and Charges	1,322,636	2,253	5,412,534	6,737,423
Capital Outlay	497,261	29,118	-	526,379
Debt Service:				
Principal	54,347	-	-	54,347
Interest and service charges	1,157	-	-	1,157
Total expenditures	<u>6,503,956</u>	<u>62,410</u>	<u>5,412,534</u>	<u>11,978,900</u>
Excess (deficiency) of revenues over expenditures	<u>(3,724,061)</u>	<u>56,490</u>	<u>328</u>	<u>(3,667,243)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	3,451,044	755	-	3,451,799
Sale of capital assets	825	-	-	825
Total other financing sources	<u>3,451,869</u>	<u>755</u>	<u>-</u>	<u>3,452,624</u>
Net change in fund balances	(272,192)	57,245	328	(214,619)
Fund balances at beginning of year	<u>1,960,348</u>	<u>1,133,432</u>	<u>53,183</u>	<u>3,146,963</u>
Fund balances at end of year	<u>\$ 1,688,156</u>	<u>\$ 1,190,677</u>	<u>\$ 53,511</u>	<u>\$ 2,932,344</u>

(Continued)

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

**Capital Projects**

<u>1% Infrastructure Tax</u>	<u>2012 GO Note</u>	<u>Thalia Mara Hall Renovation</u>	<u>Museum To Market Project</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,573,898
-	-	-	-	-	1,201
-	-	-	-	-	400,803
-	-	-	-	-	202,301
-	1,050	-	-	1,050	4,964
-	-	-	-	-	129,540
<u>-</u>	<u>1,050</u>	<u>-</u>	<u>-</u>	<u>1,050</u>	<u>8,312,707</u>
-	-	-	-	-	4,077,527
-	-	-	-	-	582,067
86	6,969	42,450	10,117	59,622	6,797,045
-	-	-	-	-	526,379
-	-	-	-	-	54,347
-	-	-	-	-	1,157
<u>86</u>	<u>6,969</u>	<u>42,450</u>	<u>10,117</u>	<u>59,622</u>	<u>12,038,522</u>
<u>(86)</u>	<u>(5,919)</u>	<u>(42,450)</u>	<u>(10,117)</u>	<u>(58,572)</u>	<u>(3,725,815)</u>
-	-	-	-	-	3,451,799
-	-	-	-	-	825
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,452,624</u>
(86)	(5,919)	(42,450)	(10,117)	(58,572)	(273,191)
-	738,044	(957,436)	(196,238)	(415,630)	2,731,333
<u>\$ (86)</u>	<u>\$ 732,125</u>	<u>\$ (999,886)</u>	<u>\$ (206,355)</u>	<u>\$ (474,202)</u>	<u>\$ 2,458,142</u>

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

**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, 2015**

	<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	\$ 2,305,990	\$ 2,305,990	\$ 2,329,280	\$ 23,290
Licenses and permits	500	500	375	(125)
Intergovernmental	110,000	110,000	119,541	9,541
Admissions, fees, rentals and concessions	250,300	250,300	202,301	(47,999)
Interest	-	-	3,274	3,274
Other	-	-	125,124	125,124
Total revenues	<u>2,666,790</u>	<u>2,666,790</u>	<u>2,779,895</u>	<u>113,105</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	4,337,933	4,378,096	4,056,292	321,804
Supplies	805,220	883,386	572,263	311,123
Other Services and Charges	2,041,852	2,135,186	1,322,636	812,550
Capital Outlay	423,011	573,409	497,261	76,148
Debt Service:				
Principal	83,000	83,000	54,347	28,653
Interest and service charges	2,422	2,422	1,157	1,265
Total expenditures	<u>7,693,438</u>	<u>8,055,499</u>	<u>6,503,956</u>	<u>1,551,543</u>
Excess (deficiency) of revenues over expenditures	<u>(5,026,648)</u>	<u>(5,388,709)</u>	<u>(3,724,061)</u>	<u>1,664,648</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	3,451,044	3,451,044	3,451,044	-
Proceeds from capital leases	-	-	825	825
Total other financing sources	<u>3,451,044</u>	<u>3,451,044</u>	<u>3,451,869</u>	<u>825</u>
Net change in fund balances	(1,575,604)	(1,937,665)	(272,192)	1,665,473
Fund balances at beginning of year	<u>1,960,348</u>	<u>1,960,348</u>	<u>1,960,348</u>	<u>-</u>
Fund balances at end of year	<u>\$ 384,744</u>	<u>\$ 22,683</u>	<u>\$ 1,688,156</u>	<u>\$ 1,665,473</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, 2015**

	<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	\$ 132,361	\$ 556,386	\$ 118,776	(437,610)
Interest	-	-	124	124
Total revenues	<u>132,361</u>	<u>556,386</u>	<u>118,900</u>	<u>(437,486)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	-	86,670	21,235	65,435
Supplies	2,654	15,589	9,804	5,785
Other Services and Charges	112,507	118,378	2,253	116,125
Capital Outlay	<u>17,200</u>	<u>335,749</u>	<u>29,118</u>	<u>306,631</u>
Total expenditures	<u>132,361</u>	<u>556,386</u>	<u>62,410</u>	<u>493,976</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>56,490</u>	<u>56,490</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	-	-	755	755
Total other financing sources	<u>-</u>	<u>-</u>	<u>755</u>	<u>755</u>
Net change in fund balances	-	-	57,245	57,245
Fund balances at beginning of year	<u>1,133,432</u>	<u>1,133,432</u>	<u>1,133,432</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,133,432</u>	<u>\$ 1,133,432</u>	<u>\$ 1,190,677</u>	<u>\$ 57,245</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, 2015**

	<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	\$ 5,181,162	\$ 5,243,996	\$ 5,244,618	\$ 622
Licenses and permits	-	826	826	-
Intergovernmental	170,000	171,558	162,486	(9,072)
Interest	-	482	516	34
Other	-	3,976	4,416	440
Total revenues	<u>5,351,162</u>	<u>5,420,838</u>	<u>5,412,862</u>	<u>(7,976)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	<u>5,351,162</u>	<u>5,420,838</u>	<u>5,412,534</u>	<u>8,304</u>
Total expenditures	<u>5,351,162</u>	<u>5,420,838</u>	<u>5,412,534</u>	<u>8,304</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>328</u>	<u>328</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	328	328
Fund balances at beginning of year	<u>53,183</u>	<u>53,183</u>	<u>53,183</u>	<u>-</u>
Fund balances at end of year	<u>\$ 53,183</u>	<u>\$ 53,183</u>	<u>\$ 53,511</u>	<u>\$ 328</u>

**City of Jackson**  
**Debt Service Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2015**

	<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	\$ 5,481,074	\$ 5,481,074	\$ 5,455,121	\$ (25,953)
Current personal taxes	2,276,450	2,276,450	2,389,907	113,457
Delinquent taxes	-	-	37,312	37,312
Automobile ad valorem taxes	985,688	985,688	988,189	2,501
Homestead exemption	87,701	87,701	274,195	186,494
Licenses and permits	-	-	1,431	1,431
Interest	-	-	8,771	8,771
Special assessments	-	-	20,650	20,650
Other revenues	3,983,781	3,983,781	3,984,130	349
Total revenues	<u>12,814,694</u>	<u>12,814,694</u>	<u>13,159,706</u>	<u>345,012</u>
<b>EXPENDITURES</b>				
General obligation bonds				
Principal	8,723,236	11,171,206	11,171,206	0
Interest	6,115,321	6,190,312	6,142,028	48,284
Bank service charge	17,176	19,175	15,300	3,875
Other services and charges	73	69,500	-	69,500
Total expenditures	<u>14,855,806</u>	<u>17,450,193</u>	<u>17,328,534</u>	<u>121,659</u>
Deficiency of revenues over (under) expenditures	<u>(2,041,112)</u>	<u>(4,635,499)</u>	<u>(4,168,828)</u>	<u>(466,671)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,906,051	4,908,072	4,633,117	(274,955)
Total other financing sources (uses)	<u>4,906,051</u>	<u>4,908,072</u>	<u>4,633,117</u>	<u>(274,955)</u>
Net change in fund balances	2,864,939	272,573	464,289	(191,716)
Fund balances at beginning of year	4,045,050	4,045,050	4,045,050	-
Fund balances at end of year	<u>\$ 6,909,989</u>	<u>\$ 4,317,623</u>	<u>\$ 4,509,339</u>	<u>\$ (191,716)</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 250	\$ 250
Total revenues	<u>-</u>	<u>-</u>	<u>250</u>	<u>250</u>
<b>EXPENDITURES</b>				
Current Operations				
Other services and charges	178,236	178,488	-	178,488
Total expenditures	<u>178,236</u>	<u>178,488</u>	<u>-</u>	<u>178,488</u>
Deficiency of revenues over (under) expenditures	<u>(178,236)</u>	<u>(178,488)</u>	<u>250</u>	<u>178,738</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(178,236)	(178,488)	250	178,738
Fund balances at beginning of year	178,488	178,488	178,488	-
Fund balances at end of year	<u>\$ 252</u>	<u>\$ -</u>	<u>\$ 178,738</u>	<u>\$ 178,738</u>

**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, 2015**

	<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	\$ 7,809,142	\$ 7,570,956	\$ 773,859	\$ (6,797,097)
Interest	8,663	2,000	2,485	485
Total revenues	<u>7,817,805</u>	<u>7,572,956</u>	<u>776,344</u>	<u>(6,796,612)</u>
<b>EXPENDITURES</b>				
Current Operations				
Personnel services	17,120	17,120	-	17,120
Other services and charges	8,969,967	8,219,489	1,977,538	6,241,951
Capital outlay	39,500	39,500	-	39,500
Total expenditures	<u>9,026,587</u>	<u>8,276,109</u>	<u>1,977,538</u>	<u>6,298,571</u>
Deficiency of revenues over (under) expenditures	<u>(1,208,782)</u>	<u>(703,153)</u>	<u>(1,201,194)</u>	<u>(498,041)</u>
Net change in fund balances	(1,208,782)	(703,153)	(1,201,194)	(498,041)
Fund balances at beginning of year	703,153	703,153	703,154	(1)
Fund balances at end of year	<u>\$ (505,629)</u>	<u>\$ -</u>	<u>\$ (498,040)</u>	<u>\$ (498,042)</u>

City of Jackson  
2009 GO Bond Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
For the year ended September 30, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 1,890	1,890
Interest	-	-	1,242	1,242
Total revenues	<u>-</u>	<u>-</u>	<u>3,132</u>	<u>3,132</u>
<b>EXPENDITURES</b>				
Current Operations				
Supplies	15,692	-	-	-
Other services and charges	1,285,733	1,226,910	729,385	497,525
Capital outlay	246,771	81,399	81,399	-
Total expenditures	<u>1,548,196</u>	<u>1,308,309</u>	<u>810,784</u>	<u>497,525</u>
Deficiency of revenues over (under) expenditures	(1,548,196)	(1,308,309)	(807,652)	500,657
Net change in fund balances	(1,548,196)	(1,308,309)	(807,652)	500,657
Fund balances at beginning of year	<u>1,308,309</u>	<u>1,308,309</u>	<u>1,308,309</u>	<u>-</u>
Fund balances at end of year	<u>\$ (239,887)</u>	<u>\$ -</u>	<u>\$ 500,657</u>	<u>\$ 500,657</u>

**City of Jackson**  
**2012 GO Note Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2015**

	<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	\$ -	\$ -	\$ 1,050	\$ 1,050
Other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,050</u>	<u>1,050</u>
<b>EXPENDITURES</b>				
Current Operations:				
Supplies	1,068	-	-	-
Other Services and Charges	1,192,617	685,538	6,969	678,569
Capital Outlay	52,506	52,506	-	52,506
Total expenditures	<u>1,246,191</u>	<u>738,044</u>	<u>6,969</u>	<u>731,075</u>
Deficiency of revenues over (under) expenditures	<u>(1,246,191)</u>	<u>(738,044)</u>	<u>(5,919)</u>	<u>732,125</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,246,191)	(738,044)	(5,919)	732,125
Fund balances at beginning of year	738,044	738,044	738,044	-
Fund balances at end of year	<u>\$ (508,147)</u>	<u>\$ -</u>	<u>\$ 732,125</u>	<u>\$ 732,125</u>

**City of Jackson**  
**Capitol Street 2-Way**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2015**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 4,012,243	\$ 3,563,219	\$ 3,578,444	\$ 15,225
Interest	-	-	14	14
Total revenues	<u>4,012,243</u>	<u>3,563,219</u>	<u>3,578,458</u>	<u>15,239</u>
<b>EXPENDITURES</b>				
Current Operations				
Other services and charges	4,012,243	3,566,759	1,834,358	1,732,401
Total expenditures	<u>4,012,243</u>	<u>3,566,759</u>	<u>1,834,358</u>	<u>1,732,401</u>
Deficiency of revenues over (under) expenditures	-	(3,540)	1,744,100	1,747,640
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	(3,540)	1,744,100	1,747,640
Fund balances at beginning of year	<u>(508,995)</u>	<u>(508,995)</u>	<u>(508,995)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (508,995)</u>	<u>\$ (512,535)</u>	<u>\$ 1,235,105</u>	<u>\$ 1,747,640</u>

**City of Jackson**  
**Thalia Mara Hall Renovation Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2015**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Final Budget-</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Other	291,358	291,358	-	(291,358)
Total revenues	<u>291,358</u>	<u>291,358</u>	<u>-</u>	<u>(291,358)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	291,358	291,358	42,450	248,908
Total expenditures	<u>291,358</u>	<u>291,358</u>	<u>42,450</u>	<u>248,908</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(42,450)</u>	<u>(42,450)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	(42,450)	(42,450)
Fund balances at beginning of year	<u>(957,436)</u>	<u>(957,436)</u>	<u>(957,436)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (957,436)</u>	<u>\$ (957,436)</u>	<u>\$ (999,886)</u>	<u>\$ (42,450)</u>

**City of Jackson**  
**Museum To Market Project Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2015**

	<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>				
Other	\$ 1,070,059	\$ 1,053,762	\$ -	\$ (1,053,762)
Total revenues	<u>1,070,059</u>	<u>1,053,762</u>	<u>-</u>	<u>(1,053,762)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	<u>1,070,059</u>	<u>1,053,762</u>	<u>10,117</u>	<u>1,043,645</u>
Total expenditures	<u>1,070,059</u>	<u>1,053,762</u>	<u>10,117</u>	<u>1,043,645</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(10,117)</u>	<u>(10,117)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(10,117)</u>	<u>(10,117)</u>
Fund balances at beginning of year	<u>(196,238)</u>	<u>(196,238)</u>	<u>(196,238)</u>	<u>-</u>
Fund balances at end of year	<u>\$ (196,238)</u>	<u>\$ (196,238)</u>	<u>\$ (206,355)</u>	<u>\$ (10,117)</u>

**City of Jackson**  
**1% Infrastructure Tax Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2015**

	<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>				
Other	\$ -	\$ 13,791,000	\$ -	\$ -
Total revenues	<u>-</u>	<u>13,791,000</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Other Services and Charges	-	12,991,000	86	12,990,914
Capital Outlay	-	800,000	-	800,000
Total expenditures	<u>-</u>	<u>13,791,000</u>	<u>86</u>	<u>13,790,914</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(86)</u>	<u>13,790,914</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(86)</u>	<u>13,790,914</u>
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (86)</u>	<u>\$ 13,790,914</u>

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# **NON-MAJOR PROPRIETARY FUNDS**

## **Nonmajor Proprietary**

### **Madison-Ridgeland 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 the revenues over expenses are financed by the City.

**City of Jackson**  
**Combining Statement of Net Position**  
**Proprietary Funds - Nonmajor Funds**  
**As of September 30, 2015**

	<u>Madison- Ridgeland Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalent	\$ -	\$ -	\$ -
Intergovernmental Receivable	-	273,485	273,485
Total Current Asset	<u>-</u>	<u>273,485</u>	<u>273,485</u>
Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	187,903	187,903
Water plant, distribution system and equipment	552,792	410,690	963,482
Automotive and other equipment	5,278	11,418,285	11,423,563
	558,070	12,466,878	13,024,948
Less: accumulated depreciation	<u>(254,369)</u>	<u>(7,939,938)</u>	<u>(8,194,307)</u>
	303,701	4,526,940	4,830,641
Construction in progress	13,800	7,991,884	8,005,684
Net property, plant and equipment	<u>317,501</u>	<u>12,518,824</u>	<u>12,836,325</u>
<b>Total Assets</b>	<u>317,501</u>	<u>12,792,309</u>	<u>13,109,810</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources	-	60,207	60,207
Total deferred outflows of resources	<u>-</u>	<u>60,207</u>	<u>60,207</u>
Total assets and deferred outflows of resources	<u>\$ 317,501</u>	<u>\$ 12,852,516</u>	<u>\$ 13,170,017</u>

**City of Jackson**  
**Combining Statement of Net Position**  
**Proprietary Funds - Nonmajor Funds**  
**As of September 30, 2015**

	<u>Madison- Ridgeland Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 24,032	\$ 695,128	\$ 719,160
Due to other funds	-	1,891,730	1,891,730
Compensated absences	-	5,234	5,234
Current portion of long term debt:			
Lease Obligations	-	259,745	259,745
Total current liabilities	<u>24,032</u>	<u>2,851,837</u>	<u>2,875,869</u>
Post Employment Benefits accrual	-	74,560	74,560
Pension liability	-	513,449	513,449
Long Term Debt (less amounts classified as current liabilities):			
Compensated absences	-	10,681	10,681
Lease obligations	-	182,877	182,877
Total long-term debt	<u>-</u>	<u>193,558</u>	<u>193,558</u>
Total liabilities	<u>24,032</u>	<u>3,633,404</u>	<u>3,657,436</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources	<u>-</u>	<u>74,428</u>	<u>74,428</u>
Total deferred inflows of resources	<u>-</u>	<u>74,428</u>	<u>74,428</u>
Total liabilities and deferred inflows of resources	<u>24,032</u>	<u>3,707,832</u>	<u>3,731,864</u>
<b>NET POSITION</b>			
Invested in Capital Assets, net of related debt	317,501	12,076,202	12,393,703
Unrestricted	<u>(24,032)</u>	<u>(2,931,518)</u>	<u>(2,955,550)</u>
Total Net Position	<u>293,469</u>	<u>9,144,684</u>	<u>9,438,153</u>

**City of Jackson**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds - Nonmajor Funds**  
**For the Year Ended September 30, 2015**

	<u>Madison- Ridgeland Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Sales to Customers	\$ -	\$ 715,595	\$ 715,595
Other Revenue	-	480,000	480,000
Total Operating revenues	<u>-</u>	<u>1,195,595</u>	<u>1,195,595</u>
<b>Operating Expenses:</b>			
Personnel Services	-	236,430	236,430
Supplies	190	622,978	623,168
Other services and charges	40,715	6,516,083	6,556,798
Depreciation	<u>13,942</u>	<u>827,649</u>	<u>841,591</u>
Total operating expenses	<u>54,847</u>	<u>8,203,140</u>	<u>8,257,987</u>
Operating Income (loss)	<u>(54,847)</u>	<u>(7,007,545)</u>	<u>(7,062,392)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	-	80	80
Interest and service charges on long term debt and capitalized lease obligations	<u>-</u>	<u>(9,923)</u>	<u>(9,923)</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>(9,843)</u>	<u>(9,843)</u>
Loss before contributions and transfers	<u>(54,847)</u>	<u>(7,017,388)</u>	<u>(7,072,235)</u>
Capital contributions from grants	<u>-</u>	<u>2,079,916</u>	<u>2,079,916</u>
<b>Transfers In:</b>			
General Fund	-	4,783,092	4,783,092
Special Revenue Funds	-	380,984	380,984
Enterprise Funds	<u>47,571</u>	<u>-</u>	<u>47,571</u>
Total transfers in (out)	<u>47,571</u>	<u>5,164,076</u>	<u>5,211,647</u>
Change in Net Position	(7,276)	226,604	219,328
Total net position - beginning previously reported	<u>300,745</u>	<u>9,452,047</u>	<u>9,752,792</u>
Prior period adjustment	<u>-</u>	<u>(533,967)</u>	<u>(533,967)</u>
Total net position - beginning, as restated	<u>300,745</u>	<u>8,918,080</u>	<u>9,218,825</u>
<b>Total net position - ending</b>	<u>\$ 293,469</u>	<u>\$ 9,144,684</u>	<u>\$ 9,438,153</u>

**City of Jackson**  
**Combining Statement of Cash Flows**  
**Proprietary Funds - Nonmajor Funds**  
**For the Year Ended September 30, 2015**

	<u>Madison- Ridgeland Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ -	\$ 715,595	\$ 715,595
Receipts from other revenue	-	1,166,455	1,166,455
Payments to suppliers	(27,721)	(8,101,997)	(8,129,718)
Payments to employees	-	(222,874)	(222,874)
Net cash used for Operating activities	<u>(27,721)</u>	<u>(6,442,821)</u>	<u>(6,470,542)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In	<u>47,571</u>	<u>5,164,076</u>	<u>5,211,647</u>
Net cash provided by noncapital and related financing activities	<u>47,571</u>	<u>5,164,076</u>	<u>5,211,647</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(19,850)	(2,065,002)	(2,084,852)
Proceeds from capital debt	-	272,688	272,688
Principal paid on capital debt	-	(201,034)	(201,034)
Interest paid on capital debt	-	(9,923)	(9,923)
Proceeds from capital contributions	-	2,079,916	2,079,916
Net cash provided by capital and related financing activities	<u>(19,850)</u>	<u>76,645</u>	<u>56,795</u>
<b>Cash Flow Provided by Investing Activities:</b>			
Interest on investments	-	80	80
Net cash provided by investing activities	-	80	80
Net increase (decrease) in cash and cash equivalents	-	(1,202,020)	(1,202,020)
Cash and cash equivalents at beginning of year	-	1,202,020	1,202,020
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>\$ (54,847)</u>	<u>\$ (7,007,545)</u>	<u>\$ (7,062,392)</u>
Depreciation expense	13,942	827,649	841,591
(Increase) decrease in other receivable	-	811,285	811,285
(Increase) decrease in deferred revenue	-	(124,830)	(124,830)
Increase (decrease) in due to other funds	-	(1,037,213)	(1,037,213)
Increase (decrease) in accounts payable	13,184	74,277	87,461
Increase (decrease) in compensated absences	-	5,245	5,245
Increase (decrease) in other liabilities	-	8,311	8,311
Total adjustments	<u>27,126</u>	<u>564,724</u>	<u>591,850</u>
Net cash provided by operating activities	<u>\$ (27,721)</u>	<u>\$ (6,442,821)</u>	<u>\$ (6,470,542)</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Borrowing under capital lease	\$ -	\$ 272,688	\$ 272,688

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# **FIDUCIARY 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 POSITION AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	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	\$ 532,005	\$ 9,265	\$ -	\$ 541,270
Investment at fair value: Certificate of deposit	-	-	32,598	32,598
Total assets	<u>\$ 532,005</u>	<u>\$ 9,265</u>	<u>\$ 32,598</u>	<u>\$ 573,868</u>
<b>Liabilities and Net Position</b>				
Liabilities:				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:				
Held in trust	<u>532,005</u>	<u>9,265</u>	<u>32,598</u>	<u>573,868</u>
Total net position	<u>532,005</u>	<u>9,265</u>	<u>32,598</u>	<u>573,868</u>
Total liabilities and net position	<u>\$ 532,005</u>	<u>\$ 9,265</u>	<u>\$ 32,598</u>	<u>\$ 573,868</u>

**CITY OF JACKSON  
ALL TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Unemployment Compensation Revolving Fund	Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Additions:				
Interest	\$ 715	\$ 55	\$ -	\$ 770
Other additions	<u>209,496</u>	<u>-</u>	<u>-</u>	<u>209,496</u>
 Total additions	 <u>210,211</u>	 <u>55</u>	 <u>-</u>	 <u>210,266</u>
 Deductions:				
General government Trust funds	<u>143,483</u>	<u>-</u>	<u>-</u>	<u>143,483</u>
Change in Net Position	66,728	55	-	66,783
Net position at beginning of year	<u>465,277</u>	<u>9,210</u>	<u>32,598</u>	<u>507,085</u>
Net position at end of year	<u>\$ 532,005</u>	<u>\$ 9,265</u>	<u>\$ 32,598</u>	<u>\$ 573,868</u>

**CITY OF JACKSON  
ALL AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	<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, 2014	\$ 12,267	\$ 12,267	\$ 12,267	\$ 12,267
Additions	4,583,988	4,583,988	4,583,988	4,583,988
Deductions	<u>4,583,988</u>	<u>4,583,988</u>	<u>4,583,988</u>	<u>4,583,988</u>
Balance at September 30, 2015	<u>\$ 12,267</u>	<u>\$ 12,267</u>	<u>\$ 12,267</u>	<u>\$ 12,267</u>
<b>Jackson Convention &amp; Visitors Bureau</b>				
Balance at October 1, 2014	\$ -	\$ -	\$ -	\$ -
Additions	3,563,599	3,563,599	3,563,599	3,563,599
Deductions	<u>3,563,599</u>	<u>3,563,599</u>	<u>3,563,599</u>	<u>3,563,599</u>
Balance at September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Jackson/Hinds Library System</b>				
Balance at October 1, 2014	\$ -	\$ -	\$ -	\$ -
Additions	1,897,000	1,897,000	1,897,000	1,897,000
Deductions	<u>1,897,000</u>	<u>1,897,000</u>	<u>1,897,000</u>	<u>1,897,000</u>
Balance at September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Jackson Municipal Separate School District</b>				
Balance at October 1, 2014	\$ -	\$ -	\$ -	\$ -
Additions	9,451,452	9,451,452	9,451,452	9,451,452
Deductions	<u>9,451,452</u>	<u>9,451,452</u>	<u>9,451,452</u>	<u>9,451,452</u>
Balance at September 30, 2015	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>1% Infrastructure Tax</b>				
Balance at October 1, 2014	\$ 5,645,715	\$ 5,645,715	\$ 5,645,715	\$ 5,645,715
Additions	14,326,103	14,326,103	14,326,103	14,326,103
Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2015	<u>\$ 19,971,818</u>	<u>\$ 19,971,818</u>	<u>\$ 19,971,818</u>	<u>\$ 19,971,818</u>
<b>Total - All Agency Funds:</b>				
Balance at October 1, 2014	\$ 5,657,982	\$ 5,657,982	\$ 5,657,982	\$ 5,657,982
Additions	33,822,142	33,822,142	33,822,142	33,822,142
Deductions	<u>19,496,039</u>	<u>19,496,039</u>	<u>19,496,039</u>	<u>19,496,039</u>
Balance at September 30, 2015	<u>\$ 19,984,085</u>	<u>\$ 19,984,085</u>	<u>\$ 19,984,085</u>	<u>\$ 19,984,085</u>

# **CAPITAL ASSETS**

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE (1)**  
**SEPTEMBER 30, 2015 AND 2014**

	2015	2014
<b>Governmental funds capital assets:</b>		
Land	\$ 13,690,521	\$ 13,930,521
Buildings	81,480,260	81,480,260
Automotive and equipment:	75,895,455	72,402,475
Infrastructure	285,531,093	265,816,305
Construction in progress	31,018,202	117,678,217
Total governmental funds capital assets	\$ 487,615,531	\$ 551,307,778

**Investment in governmental funds capital assets by source:**

Assets prior to 1985 not segregated		
by sources	\$ 13,762,712	\$ 14,002,713
General Fund revenues	79,044,775	77,221,554
Special Revenue Fund revenues	95,891,964	95,487,155
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	250,723,795	317,614,688
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	41,131,814	39,921,197
State grants	110,159	110,159
County grants	430,949	430,949
Total governmental funds capital assets	\$ 487,615,531	\$ 551,307,778

(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 position.

CITY OF JACKSON  
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
 SCHEDULE BY FUNCTION AND ACTIVITY (1)  
 SEPTEMBER 30, 2015

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,606,352	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 13,651,221
<b>General Government:</b>						
Planning	-	43,001	658,952	363,011	-	1,064,964
Code Services	-	-	-	670,093	-	670,093
Telecommunication	-	4,554,834	37,152	132,555	-	4,724,541
Data Processing / Information System	-	42,257	27,065	5,566,050	-	5,635,372
Vehicle Pool Fund	-	-	-	1,630,245	-	1,630,245
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	288,302	-	2,720,932
Personnel	-	-	-	225,894	-	225,894
Municipal Court Services	-	-	-	1,466,044	-	1,466,044
Vehicle Maintenance	-	5,816	-	720,841	-	726,657
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	<u>100,000</u>	<u>6,945,300</u>	<u>856,407</u>	<u>11,392,099</u>	<u>-</u>	<u>19,293,806</u>
<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
Total urban development and housing	<u>88,078</u>	<u>15,044,796</u>	<u>243,000</u>	<u>80,999</u>	<u>-</u>	<u>15,456,873</u>
<b>Health and Welfare:</b>						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	498,346	-	749,690
Day Care Services	-	281,849	16,109	256,428	-	554,386
Senior Centers/Community Centers	-	1,271,615	-	19,813	-	1,291,428
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	15,645	1,876	44,613	-	62,134
Total health and welfare	<u>46,245</u>	<u>1,820,453</u>	<u>17,985</u>	<u>834,029</u>	<u>-</u>	<u>2,718,712</u>
<b>Public Safety:</b>						
Fire Department	75,000	5,300,973	3,672,248	16,901,309	-	25,949,530
Police Department	123,992	6,037,047	1,304,848	27,470,092	21,466,235	56,402,214
Small Animal Control	-	1,366,367	-	17,746	-	1,384,113
Juvenile Justice	-	431,482	4,502,506	86,199	-	5,020,187
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
Total public safety	<u>198,992</u>	<u>14,428,748</u>	<u>9,479,602</u>	<u>44,823,223</u>	<u>21,466,235</u>	<u>90,396,800</u>
<b>Public Works:</b>						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	49,275,948	5,120,000	426,842	56,428,929
Traffic Engineering	-	17,215	638,701	2,392,214	872,972	3,921,102
Traffic Signals	-	-	2,355,398	425,559	1,224,974	4,005,931
Care and Maintenance of Public Buildings	-	7,817,689	8,536,528	106,498	-	16,460,715
Custodial Services	-	-	-	46,568	-	46,568
Public Works Deputy Dir/Adm	-	-	-	41,124	-	41,124
Pest Control	-	-	-	1,426	-	1,426
Streets	354,278	-	129,100,975	-	6,783,056	136,238,309
Storm Drainage	-	-	71,942,748	992,716	244,123	73,179,587
Bridges	-	-	1,787,206	-	-	1,787,206
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	<u>939,551</u>	<u>8,984,200</u>	<u>263,749,663</u>	<u>9,269,423</u>	<u>9,551,967</u>	<u>292,494,804</u>
<b>Culture and Recreation:</b>						
Planetarium	-	827,314	34,963	1,342,865	-	2,205,142
Jackson Zoological Park	-	3,000,000	-	465,122	-	3,465,122
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks and Recreation	225,820	16,678,250	8,069,927	3,429,987	-	28,403,984
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	2,198,621	156,099	-	8,065,653
Smith Robertson Cultural Center	-	1,238,810	340,745	57,595	-	1,637,150
City Auditorium and Art Center	-	3,849,374	511,131	64,922	-	4,425,427
Total culture and recreation	<u>225,820</u>	<u>31,310,439</u>	<u>11,184,436</u>	<u>5,527,790</u>	<u>-</u>	<u>48,248,485</u>
<b>Miscellaneous:</b>						
City Council/Mayor	-	402,665	-	427,895	-	830,560
City Clerk	-	-	-	192,219	-	192,219
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	246,356	-	263,643
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
Total miscellaneous	<u>1,485,483</u>	<u>2,946,324</u>	<u>-</u>	<u>923,024</u>	<u>-</u>	<u>5,354,831</u>
Total governmental funds capital assets	<u>\$ 13,690,521</u>	<u>\$ 81,480,260</u>	<u>\$ 285,531,093</u>	<u>\$ 75,895,455</u>	<u>\$ 31,018,202</u>	<u>\$ 487,615,531</u>

(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 position.

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2015**

	Governmental Funds Capital Assets October 1, 2014	Additions	Deductions	Governmental Funds Capital Assets September 30, 2015
<b>General Government:</b>				
Planning	\$ 2,288,928	\$ 619,603	\$ 859,603	\$ 2,048,928
Code Services	560,216	-	-	560,216
Information Systems	1,827,611	458,448	-	2,286,059
Transportation	10,192,613	-	-	10,192,613
Data Processing	724,267	-	-	724,267
Vehicle Pool	969,031	90,962	-	1,059,993
Telecommunications	10,021,323	108,605	-	10,129,928
Office Services	1,669	-	-	1,669
Purchasing	50,839	-	-	50,839
Finance and Management	7,692,575	15,540	-	7,708,115
Personnel	136,244	-	-	136,244
Municipal Court Services	1,933,830	-	-	1,933,830
Vehicle Maintenance	1,628,972	-	-	1,628,972
Total general government	<u>38,028,118</u>	<u>1,293,158</u>	<u>859,603</u>	<u>38,461,673</u>
<b>Urban Development and Housing:</b>				
Redevelopment Projects	272,751	-	-	272,751
Union Station	13,448,496	-	-	13,448,496
Total urban development and housing	<u>13,721,247</u>	<u>-</u>	<u>-</u>	<u>13,721,247</u>
<b>Health and Welfare:</b>				
Senior Services	853,215	-	-	853,215
Day Care Services	1,208,980	-	-	1,208,980
Senior Centers/Community Centers	616,255	-	-	616,255
Human and Cultural Services	1,342,090	44,094	18,165	1,368,019
Total health and welfare	<u>4,020,540</u>	<u>44,094</u>	<u>18,165</u>	<u>4,046,469</u>
<b>Public Safety:</b>				
Fire Department	30,950,852	1,332,610	1,220,436	31,063,026
Police Department	43,242,431	1,958,638	1,254,185	43,946,884
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>91,952,203</u>	<u>3,291,248</u>	<u>2,474,621</u>	<u>92,768,830</u>
<b>Public Works:</b>				
Cemeteries	356,014	-	-	356,014
Engineering	100,806,730	5,249,783	17,853,644	88,202,869
Traffic Engineering	10,604,318	36,550	8,267,131	2,373,737
Public Works Administration	14,408	-	-	14,408
Care and Maintenance of Public Buildings	25,171,891	1,841,069	1,830,520	25,182,440
Custodial Services	61,765	-	14,942	46,823
Pest Control	10,452	-	-	10,452
Central Supply	709,337	-	-	709,337
Streets	138,979,521	3,744,518	45,360,702	97,363,337
Storm Drainage	64,587,867	3,916,390	6,837,388	61,666,869
Soil Conservation	482,909	-	-	482,909
Total public works	<u>341,785,212</u>	<u>14,788,310</u>	<u>80,164,327</u>	<u>276,409,195</u>
<b>Culture and Recreation:</b>				
Planetarium	5,192,962	-	-	5,192,962
Jackson Zoological Park	3,687,674	-	-	3,687,674
Municipal Art Building	75,838	-	-	75,838
Parks and Recreation	18,642,533	536,849	171,641	19,007,741
Library	10,611,997	2,198,621	2,198,621	10,611,997
Smith Robertson Cultural Center	2,867,818	155,007	155,007	2,867,818
City Auditorium and Art Center	14,040,784	6,315,164	6,272,714	14,083,234
Total culture and recreation	<u>55,119,606</u>	<u>9,205,641</u>	<u>8,797,983</u>	<u>55,527,264</u>
<b>Miscellaneous:</b>				
City Council/Mayor	6,414,185	-	-	6,414,185
City Clerk	71,440	-	-	71,440
Legal	163,536	-	-	163,536
Mayor's Action Line	7,674	-	-	7,674
Internal Audit	24,018	-	-	24,018
Total miscellaneous	<u>6,680,853</u>	<u>-</u>	<u>-</u>	<u>6,680,853</u>
Total governmental funds capital assets	<u>\$ 551,307,779</u>	<u>\$ 28,622,451</u>	<u>\$ 92,314,699</u>	<u>\$ 487,615,531</u>

(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 position.

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# **STATISTICAL SECTION**

# STATISTICAL SECTION (UNAUDITED)

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.

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Financial Trends	123
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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	127
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These schedules contain information to help the reader assess the City of Jackson’s most significant local revenue source, the property tax.

Debt Capacity	131
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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	139
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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	141
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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.

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$121,798	\$197,641	\$179,234	\$187,511	\$180,357	\$188,172	\$180,607	\$197,359	\$207,047	\$168,144
Restricted	5,926	5,726	13,446	15,040	17,469	23,585	32,587	28,617	64,061	4,169
Unrestricted	(173,696)	(8,168)	(45,855)	(41,290)	(36,100)	(38,882)	(32,604)	(37,367)	(44,725)	33,779
<b>Total governmental activities net position</b>	<b><u>\$ (45,972)</u></b>	<b><u>\$195,199</u></b>	<b><u>\$146,825</u></b>	<b><u>\$161,261</u></b>	<b><u>\$161,726</u></b>	<b><u>\$172,875</u></b>	<b><u>\$180,590</u></b>	<b><u>\$188,609</u></b>	<b><u>\$226,383</u></b>	<b><u>\$206,092</u></b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$213,137	\$192,012	\$101,011	\$184,185	\$183,735	\$176,170	\$163,408	\$156,309	\$147,013	\$135,512
Restricted	-	-	-	-	-	-	3,861	3,820	3,765	3,661
Unrestricted	59,674	84,672	159,496	73,303	78,501	77,521	82,482	91,591	94,972	94,115
<b>Total business-type activities net position</b>	<b><u>\$272,811</u></b>	<b><u>\$276,684</u></b>	<b><u>\$260,507</u></b>	<b><u>\$257,488</u></b>	<b><u>\$262,236</u></b>	<b><u>\$253,691</u></b>	<b><u>\$249,751</u></b>	<b><u>\$251,720</u></b>	<b><u>\$245,750</u></b>	<b><u>\$233,288</u></b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$334,935	\$389,653	\$371,696	\$371,696	\$364,092	\$364,342	\$344,015	\$353,668	\$354,060	\$303,656
Restricted	5,926	5,726	15,041	15,040	17,469	23,585	36,448	32,437	67,826	7,830
Unrestricted	(114,022)	76,504	113,641	32,013	42,401	38,639	49,878	54,224	50,247	127,894
<b>Total primary government net position</b>	<b><u>\$226,839</u></b>	<b><u>\$471,883</u></b>	<b><u>\$407,332</u></b>	<b><u>\$418,749</u></b>	<b><u>\$423,962</u></b>	<b><u>\$426,566</u></b>	<b><u>\$430,341</u></b>	<b><u>\$440,329</u></b>	<b><u>\$472,133</u></b>	<b><u>\$439,380</u></b>

Source: Statement of Net Position.

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

Expenses	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental activities:</b>										
General government	\$ 40,625	\$ 15,780	\$ 40,602	\$ 29,456	\$ 29,312	\$ 32,358	\$ 44,790	\$ 69,721	\$ 49,147	\$ 29,179
Public safety	64,796	27,031	64,780	57,055	59,166	56,922	55,996	53,664	62,576	29,109
Public works	19,595	14,505	24,661	24,721	21,774	27,451	31,518	25,301	15,993	35,819
Human and cultural services	16,720	7,831	14,311	13,756	16,011	9,645	14,170	14,890	13,067	17,004
Employee benefits	1,564	8,232	7,860	8,685	8,625	8,764	2,149	1,765	2,180	1,836
Interest on long-term debt	5,912	844	8,230	7,448	5,864	8,830	5,389	5,917	5,647	4,731
<b>Total governmental activities expenses</b>	<b>149,212</b>	<b>74,223</b>	<b>160,444</b>	<b>141,121</b>	<b>140,752</b>	<b>143,970</b>	<b>154,012</b>	<b>171,258</b>	<b>148,610</b>	<b>117,678</b>
<b>Business-type activities:</b>										
Water/Sewer	45,439	55,553	48,891	55,347	41,795	41,064	42,275	45,279	39,904	41,184
Transportation	8,213	7,995	7,554	6,970	8,713	7,956	7,990	7,685	6,852	6,589
Madison Sewage	55	109	82	74	51	-	-	-	-	-
Sanitation	10,857	10,766	11,699	11,894	11,156	10,244	10,296	10,299	10,931	9,893
<b>Total business-type activities expenses</b>	<b>64,564</b>	<b>74,423</b>	<b>68,226</b>	<b>74,285</b>	<b>61,715</b>	<b>59,264</b>	<b>60,561</b>	<b>63,263</b>	<b>57,687</b>	<b>57,666</b>
<b>Total primary government expenses</b>	<b>\$ 213,776</b>	<b>\$ 148,646</b>	<b>\$ 228,670</b>	<b>\$ 215,406</b>	<b>\$ 202,467</b>	<b>\$ 203,234</b>	<b>\$ 214,573</b>	<b>\$ 234,521</b>	<b>\$ 206,297</b>	<b>\$ 175,344</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services										
General government	\$ 9,281	\$ 10,875	\$ 14,204	\$ 15,019	\$ 13,075	\$ 4,951	\$ 6,334	\$ 4,525	\$ 7,422	\$ 3,139
Public Safety	195	1,348	823	798	367	3,241	2,824	3,135	2,806	3,003
Public Works	195	162	200	253	15	1,206	1,469	1,393	1,147	1,698
Human and cultural services	455	464	595	885	619	2,025	1,575	2,813	1,667	1,481
Employee benefits	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	11,912	8,251	12,261	10,114	11,570	17,441	16,681	18,436	12,968	22,969
Capital grants and contributions	5,200	7,016	11,291	1,970	5,025	2,226	6,188	7,912	1,771	5,955
<b>Total governmental activities program revenues</b>	<b>27,238</b>	<b>28,116</b>	<b>39,374</b>	<b>29,039</b>	<b>30,671</b>	<b>31,090</b>	<b>35,071</b>	<b>38,214</b>	<b>27,781</b>	<b>38,245</b>
<b>Business-type activities:</b>										
Charges for services:										
Water/Sewer	59,849	69,423	44,052	47,966	47,578	41,974	41,440	47,468	43,847	42,262
Transportation	716	710	677	589	529	431	360	397	426	448
Sanitation	11,349	11,024	11,311	12,007	11,473	11,258	10,850	11,981	10,476	9,113
Operating grants and contributions	570	506	582	631	706	664	694	832	1,378	4,391
Capital grants and contributions	2,143	2,516	4,675	2,844	2,568	4,584	1,741	1,534	5,133	-
<b>Total business-type activities program revenue</b>	<b>74,627</b>	<b>84,179</b>	<b>61,297</b>	<b>64,037</b>	<b>62,854</b>	<b>58,911</b>	<b>55,085</b>	<b>62,212</b>	<b>61,260</b>	<b>56,214</b>
<b>Net (expense)/revenue</b>										
Governmental activities	(121,974)	(46,108)	(121,071)	(112,083)	(110,081)	(112,880)	(118,941)	(133,044)	(120,829)	(79,433)
Business-type activities	10,063	9,756	(6,929)	(10,248)	1,139	(353)	(5,476)	(1,051)	3,573	(1,452)
<b>Total primary government net expenses</b>	<b>\$(111,911)</b>	<b>\$(36,352)</b>	<b>\$(128,000)</b>	<b>\$(122,332)</b>	<b>\$(108,942)</b>	<b>\$(113,233)</b>	<b>\$(124,417)</b>	<b>\$(134,095)</b>	<b>\$(117,256)</b>	<b>\$(80,885)</b>
<b>General Revenues and Other Charges in</b>										
<b>Net Position</b>										
<b>Governmental activities:</b>										
Taxes										
Property taxes	\$ 77,881	\$ 77,634	\$ 72,437	\$ 74,856	\$ 68,108	\$ 68,523	\$ 71,298	\$ 65,845	\$ 65,037	\$ 61,945
Sales taxes	31,937	32,740	32,718	32,701	31,656	31,268	33,598	37,298	40,453	40,849
Franchise taxes	8,975	9,667	8,245	8,218	7,878	8,552	9,234	9,062	8,936	10,144
Investment earnings	59	74	145	395	341	187	616	3,021	5,251	1,864
Gain on sale of capital assets	318	561	108	166	172	40	-	478	198	301
Miscellaneous	1,071	1,714	577	282	317	204	203	106	20	25
Transfers	(3,054)	(6,106)	(9,585)	(5,000)	(10,232)	(4,027)	(4,027)	(4,613)	(4,369)	(5,473)
<b>Total governmental activities</b>	<b>117,187</b>	<b>116,284</b>	<b>104,644</b>	<b>111,617</b>	<b>98,240</b>	<b>104,747</b>	<b>110,922</b>	<b>111,197</b>	<b>115,526</b>	<b>109,655</b>
<b>Business-type activities:</b>										
Investment earnings	124	256	249	472	490	244	812	2,352	4,470	4,615
Gain on sale of capital assets	2	59	15	30	76	21	(1,332)	56	50	55
Transfers	3,054	6,106	9,585	5,000	5,565	4,027	4,027	4,613	4,369	5,473
<b>Total business-type activities</b>	<b>3,180</b>	<b>6,421</b>	<b>9,849</b>	<b>5,502</b>	<b>7,406</b>	<b>4,292</b>	<b>3,507</b>	<b>7,021</b>	<b>8,889</b>	<b>10,143</b>
<b>Total primary government</b>	<b>\$ 120,367</b>	<b>\$ 122,705</b>	<b>\$ 114,493</b>	<b>\$ 117,119</b>	<b>\$ 105,646</b>	<b>\$ 109,039</b>	<b>\$ 114,429</b>	<b>\$ 118,218</b>	<b>\$ 124,415</b>	<b>\$ 119,798</b>
<b>Changes in Net Position</b>										
Governmental activities	\$ (4,787)	\$ 70,177	\$ (16,426)	\$ (465)	\$ (11,841)	\$ (8,133)	\$ (8,019)	\$ (21,847)	\$ (5,303)	\$ 30,222
Business-type activities	13,243	16,175	2,918	(4,748)	8,545	3,939	(1,969)	5,970	12,462	8,691
<b>Total primary government</b>	<b>\$ 8,456</b>	<b>\$ 86,352</b>	<b>\$ (13,508)</b>	<b>\$ (5,213)</b>	<b>\$ (3,296)</b>	<b>\$ (4,194)</b>	<b>\$ (9,988)</b>	<b>\$ (15,877)</b>	<b>\$ 7,159</b>	<b>\$ 38,913</b>

Source: Statement of Activities

**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>
2015	77,880	31,636	8,975	47	254	118,792
2014	61,797	29,440	1,552	30	270	93,089
2013	56,970	29,902	1,590	26	270	88,758
2012	55,855	29,155	1,652	30	268	86,960
2011	54,594	30,798	1,823	28	268	87,511
2010	50,483	29,995	1,890	31	262	82,661
2009	53,256	32,301	1,572	31	274	87,434
2008	48,769	35,428	1,477	31	282	85,987
2007	44,240	35,838	1,442	31	304	81,855
2006	41,324	37,993	1,398	31	302	81,048

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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General fund										
Nonspendable	\$ 875	\$ 997	\$ 2,283	\$ 2,160	\$ 1,814	\$ 1,470	\$ 1,327	\$ 1,301	\$ 1,138	\$ 981
Restricted	550	517	492	658	437	-	-	-	-	-
Committed	3,780	3,833	3,585	4,789	6,086	2,659	2,807	2,747	2,731	2,641
Assigned	2,005	2,518	49	49	33	-	-	-	-	-
Unassigned	5,525	16,579	26,517	26,310	24,757	26,695	24,897	20,760	11,835	12,041
Total general fund	<u>\$ 12,735</u>	<u>\$ 24,444</u>	<u>\$ 32,926</u>	<u>\$ 33,966</u>	<u>\$ 33,127</u>	<u>\$ 30,824</u>	<u>\$ 29,031</u>	<u>\$ 24,808</u>	<u>\$ 15,704</u>	<u>\$ 15,663</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,876	8,362	7,210	4,045	3,600	4,876	7,205	4,215	3,855	2,270
Committed	8,188	10,699	13,943	11,692	19,780	21,075	27,311	27,271	63,120	16,116
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(498)	(1,663)	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 15,566</u>	<u>\$ 17,398</u>	<u>\$ 21,153</u>	<u>\$ 15,737</u>	<u>\$ 23,380</u>	<u>\$ 25,951</u>	<u>\$ 34,516</u>	<u>\$ 31,486</u>	<u>\$ 66,975</u>	<u>\$ 18,386</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									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
Taxes	\$ 69,118	\$ 77,435	\$ 70,026	\$ 69,887	\$ 68,253	\$ 67,772	\$ 69,315	\$ 62,702	\$ 63,606	\$ 60,221
Licenses and permits	1,973	2,006	2,291	2,676	2,873	2,541	3,453	4,198	3,167	2,968
Intergovernmental	47,489	50,291	55,535	49,721	46,069	48,425	55,498	62,448	56,783	63,338
Charges for services	4,695	4,092	4,152	3,693	3,499	3,314	3,324	3,456	3,032	3,150
Fines	3,457	3,109	3,923	4,166	4,537	4,092	4,245	3,602	3,106	3,202
Investment earnings	59	74	145	395	342	186	616	3,020	5,252	1,865
Special assessments	21	34	2	6	8	1	19	-	14	14
Other	18,625	18,626	18,423	16,560	15,923	14,707	13,526	13,331	13,374	15,950
<b>Total revenues</b>	<b>145,437</b>	<b>155,667</b>	<b>154,497</b>	<b>147,104</b>	<b>141,504</b>	<b>141,038</b>	<b>149,996</b>	<b>152,757</b>	<b>148,334</b>	<b>150,708</b>
<b>Expenditures</b>										
General government	28,371	30,515	30,718	29,269	30,977	30,506	39,351	63,886	46,176	29,119
Public safety	54,068	54,738	52,586	57,035	52,606	51,571	53,215	53,572	58,926	58,984
Culture and recreation	14,619	14,242	13,753	8,349	13,370	8,078	12,299	12,835	13,177	16,550
Public Works	16,554	30,334	23,232	24,698	19,126	24,430	36,742	26,302	17,243	30,012
Employee Benefits	7,553	8,070	7,780	8,685	8,625	8,071	2,149	1,765	2,180	1,836
Capital Outlay	7,546	10,463	21,090	10,539	5,749	9,982	15,311	1,379	9,040	2,049
Principal	15,700	6,030	2,780	873	624	3,806	10,731	14,330	13,830	13,190
Interest	6,491	6,013	5,061	6,575	6,424	7,128	5,789	6,419	6,314	4,584
<b>Total expenditures</b>	<b>150,902</b>	<b>160,405</b>	<b>157,000</b>	<b>146,023</b>	<b>137,501</b>	<b>143,572</b>	<b>175,587</b>	<b>180,488</b>	<b>166,886</b>	<b>156,324</b>
Excess of revenues over (under) expenditures	(5,465)	(4,738)	(2,503)	1,081	4,003	(2,534)	(25,591)	(27,731)	(18,552)	(5,616)
<b>Other financing sources (uses)</b>										
Transfer in	9,347	15,582	10,400	4,813	7,927	7,201	7,581	6,584	6,565	4,116
Transfer out	(19,836)	(28,448)	(26,745)	(16,442)	(18,159)	(15,006)	(15,474)	(15,012)	(14,354)	(13,443)
Proceeds from capital leases	2,095	4,808	12,144	3,098	172	3,488	12,070	-	1,119	47
Issuance of debt	-	-	11,098	402	9,041	3,488	12,070	2,208	186	6,783
Proceeds from refunding bonds	-	-	64,940	-	-	-	-	-	-	-
Proceeds from long-term debt	-	-	-	-	-	-	-	-	-	-
Proceeds from GO Bonds	-	-	-	-	-	-	-	5,155	66,117	-
Proceeds of tax increment bonds	-	-	-	-	-	-	-	-	-	-
Sales of Bonds	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	318	561	108	166	-	40	-	-	-	-
Issuance of refunding Bonds	-	-	(913)	-	-	23,665	26,210	267	-	-
Payments to refunded bond escrow agent	-	-	(69,891)	-	(33)	-	(359)	(124)	-	-
Payments to escrow agent	-	-	-	-	-	(25,089)	-	-	-	-
Premium on GO bond issue	-	-	5,738	-	-	1,463	430	-	-	-
Proceeds from Tax Increment Bonds	-	-	-	-	-	-	2,382	2,270	-	-
<b>Total other financing sources (uses)</b>	<b>(8,076)</b>	<b>(7,497)</b>	<b>6,879</b>	<b>(7,963)</b>	<b>(1,052)</b>	<b>(4,238)</b>	<b>32,840</b>	<b>1,348</b>	<b>59,633</b>	<b>(2,497)</b>
<b>Net change in fund balances</b>	<b>\$ (13,541)</b>	<b>\$ (12,235)</b>	<b>\$ 4,376</b>	<b>\$ (6,882)</b>	<b>\$ 2,951</b>	<b>\$ (6,772)</b>	<b>\$ 7,249</b>	<b>\$ (26,383)</b>	<b>\$ 41,081</b>	<b>\$ (8,113)</b>
Debt service as a percentage of noncapital expenditures	18.5%	8.4%	6.1%	5.7%	5.7%	8.9%	11.5%	12.6%	14.6%	13.0%

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2015	69,118	31,636	8,975	47	254	110,030
2014	77,435	29,440	1,552	30	270	108,727
2013	70,026	32,034	1,590	26	270	103,946
2012	69,887	29,155	1,652	30	268	100,992
2011	68,253	30,798	1,823	28	268	101,170
2010	67,772	29,995	1,890	31	262	99,950
2009	69,315	32,301	1,572	31	274	103,493
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

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

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

Fiscal Year	Real Property		Personal Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value (1)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value		
2015	\$ 782,206,847	\$ 6,106,236,603	\$ 429,291,423	\$ 1,975,757,483	\$ 1,211,498,270	\$ 8,081,994,086	56.46	10%,15%,and 30%
2014	792,551,066	6,169,507,167	423,157,579	1,950,263,833	1,215,708,645	8,119,771,000	62.07	10%,15%,and 30%
2013	805,068,802	6,271,511,887	396,924,146	1,871,856,147	1,201,992,948	8,143,368,034	56.54	10%,15%,and 30%
2012	810,977,848	6,317,262,297	413,249,466	1,993,670,330	1,224,227,314	8,310,932,627	56.63	10%,15%,and 30%
2011	809,368,529	6,323,192,313	396,605,625	1,897,105,793	1,205,974,154	8,220,298,106	56.63	10%,15%,and 30%
2010	798,026,041	6,252,141,950	400,770,321	1,887,134,230	1,198,796,362	8,139,276,180	56.72	10%,15%,and 30%
2009	790,601,910	6,190,265,033	423,164,849	1,988,646,047	1,213,766,759	8,178,911,080	56.72	10%,15%,and 30%
2008	658,357,211	5,139,019,840	452,411,093	2,076,697,273	1,110,768,304	7,215,717,113	56.75	10%,15%,and 30%
2007	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	56.75	10%,15%,and 30%
2006	657,256,904	5,079,239,993	452,073,610	2,081,230,213	1,109,330,514	7,160,470,206	54.75	10%,15%,and 30%

(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			Special Districts	
				Debt Service & Operating County Milage	Operating Millage	Debt Service Millage	Total School Millage		
2015	48.90	7.56	56.46	38.33	65.91	16.53	82.44	1.57	178.80
2014	56.77	5.30	62.07	38.33	64.79	7.17	71.96	1.49	173.85
2013	53.50	3.04	56.54	38.33	62.58	14.91	77.49	1.49	173.85
2012	53.43	3.20	56.63	38.33	62.66	12.33	74.99	1.40	171.35
2011	53.56	3.07	56.63	44.13	62.58	12.41	74.99	1.40	177.15
2010	50.09	6.63	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2009	51.25	5.47	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2008	52.28	4.47	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2007	47.23	9.52	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2006	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85

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

City of Jackson  
Principal Property Taxpayers  
September 30, 2015  
(amounts expressed in thousands)

<u>Taxpayer</u>	<u>2015</u>			<u>2006</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bell South	\$ 35,430	2	3.38%	\$ 77,680	1	8.60%
Entergy	123,844	1	11.82%	47,557	2	5.27%
Atmos Energy	13,975	5	1.33%	9,078	5	1.01%
Midcontinent Express Pipeline LLC	26,789	3	2.56%	-		-
AT& T	-		-	12,024	4	1.33%
Trustmark National Bank	-		-	5,287	8	0.59%
Parkway Properties	-		-	5,847	6	0.65%
Central MS Health Systems	-		-	13,932	3	1.54%
Entergy Services Inc	11,399	6	1.09%	-		-
Wal-Mart/Sam's Wholesale Club	6,350	8	0.61%	5,613	7	0.62%
Jackson Medical	-		-	-		-
Jackson HMA Inc. LLC	5,957	9	0.57%	-		-
Texas Eastern Transmission C	5,943	10	0.57%	-		-
Plaza Investments	-		-	4,281	9	0.47%
Home Depot	-		-	3,931	10	0.44%
St. Dominics Hospital	-		-	-		-
Baptist	-		-	-		-
Gulf South Pipeline Co. LP	24,474	4	2.33%	-		-
Illinois Central Railroad	8,115	7	0.77%	-		-
Mississippi Valley Gas Company	-		-	-		-
Totals	<u>\$ 262,276</u>		<u>25.02%</u>	<u>\$ 185,230</u>		<u>20.51%</u>

Source: Hinds County

**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
2015	\$ 59,436	\$ 59,314	99.8	\$ 528	\$ 59,842	100.7
2014	69,499	66,623	95.9	1,458	68,081	98.0
2013	69,069	61,147	88.5	1,106	62,253	90.1
2012	67,138	60,734	90.5	1,533	62,267	92.7
2011	-	-	-	-	-	-
2010	61,942	59,321	95.8	972	60,293	97.3
2009	61,363	59,602	97.1	376	59,978	97.7
2008	55,147	54,276	98.4	306	54,582	99.0
2007	55,147	54,276	98.4	306	54,582	99.0
2006	52,019	50,928	97.9	996	51,924	99.8

The data was not available from Hinds County in 2011.

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

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

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

Fiscal Year	Governmental Activities						
	General Obligation Bonds	Limited Obligation Bonds	State Revolving Loan MDA	Miss Development Bank Loan	Section 108 Loan	General Obligation Note	Capital Leases
2015	\$ 128,750	\$ 4,576	\$ 259	\$ 2,159	\$ 7,000	\$ 4,600	\$ 15,677
2014	139,280	5,111	302	2,452	6,889	6,900	17,880
2013	135,645	5,622	342	2,747	7,000	9,200	18,167
2012	131,290	6,102	383	3,040	7,000	402	17,058
2011	131,720	6,541	430	3,335	7,000	-	18,073
2010	131,720	4,231	462	2,650	7,000	-	13,520
2009	134,610	4,522	497	2,847	7,000	-	13,053
2008	112,535	2,270	534	737	-	-	13,027
2007	115,500	210	568	622	-	-	14,013
2006	58,715	405	602	668	-	-	16,009

(Continued)

Note: Details regarding the city's outstanding debt can be found in the notes to the financial statements.  
(1) See the Schedule of Demographic and Economic Statistics on page 130 for personal income and population data.

**Business-Type Activities**

	<u>Sewer Bonds</u>	<u>State Revolving Loan MDA</u>	<u>Capital Leases</u>	<u>State Revolving Loan (DEQ)</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$	227,910	\$ 5,021	\$ 2,719	\$ 25,633	\$ 424,304	7.07%	\$ 2,445
	233,660	3,943	4,187	22,534	443,138	7.39%	2,554
	239,265	2,727	4,137	15,653	440,505	7.34%	2,539
	154,430	-	3,069	12,578	335,352	5.59%	1,933
	148,325	-	2,758	13,799	331,981	5.54%	1,913
	148,920	-	4,704	15,428	328,635	5.26%	1,894
	155,830	-	5,722	16,997	341,078	5.59%	1,851
	161,345	-	1,716	18,508	310,672	4.98%	1,686
	167,670	-	2,272	19,005	319,860	5.46%	1,736
	173,700	-	1,379	18,125	269,603	4.69%	1,463

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

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>Limited Obligation Bonds</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2015	\$ 1,022,125	4,576	\$ 124,150	\$ 4,509	\$ 124,217	12.15%	\$ 675.09
2014	1,048,184	5,111	132,380	4,045	133,446	12.73%	725.25
2013	1,053,718	5,622	135,465	5,149	135,938	12.90%	738.79
2012	1,046,591	6,102	131,290	2,331	135,061	12.90%	734.03
2011	1,034,756	6,541	131,720	1,832	136,429	13.18%	741.46
2010	1,022,263	4,231	131,720	2,577	133,374	13.05%	724.86
2009	1,027,088	4,522	134,610	2,471	136,661	13.31%	742.72
2008	921,948	2,270	112,535	2,257	112,548	12.21%	611.67
2007	920,291	210	115,500	2,521	113,189	12.30%	615.16
2006	908,925	405	58,715	1,529	57,591	6.34%	312.99

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 129 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 139.

**City of Jackson**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2015**  
**(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	\$ 36,185	76.57%	\$ 27,707
Jackson Public Schools	138,295	100.00%	138,295
Subtotal, overlapping debt			<u>166,002</u>
 City of Jackson direct debt	 133,322	 100.00%	 <u>133,322</u>
 Total direct and overlapping debt			 <u><u>\$ 299,324</u></u>

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

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

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

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Debt limit	\$173,182	\$176,428	\$176,090	\$174,971	\$173,629	\$173,116	\$175,386	\$ 160,093	\$160,138	\$158,399
Total net debt applicable to limit	<u>105,717</u>	<u>100,148</u>	<u>94,548</u>	<u>73,224</u>	<u>73,261</u>	<u>70,951</u>	<u>74,132</u>	<u>43,375</u>	<u>50,710</u>	<u>59,120</u>
Legal debt margin	<u>\$ 67,465</u>	<u>\$ 76,280</u>	<u>\$ 81,542</u>	<u>\$101,747</u>	<u>\$100,368</u>	<u>\$102,165</u>	<u>\$101,254</u>	<u>\$ 116,718</u>	<u>\$109,428</u>	<u>\$ 99,279</u>
Total net debt applicable to the limit as a percentage of the debt limit										

**Legal Debt margin Calculation for Fiscal Year 2015**

Assessed value	\$1,218,259
Less Homestead Exemption	<u>\$ (63,713)</u>
Total assessed value	\$1,154,546
Debt limit (15% of total assessed value)	173,182
Debt application to limit:	
Bond indebtedness	295,375
Less: Amount set aside for repayment of revenue bond debt	<u>(227,910)</u>
Total net debt applicable to limit	<u>\$ 67,465</u>
Legal debt margin	<u>\$ 105,717</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)

**Water / Sewer Revenue Bonds**

Fiscal Year	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2015	\$ 59,883	\$ 29,442	\$ 30,441	\$ 14,063	\$ 12,205	1.16
2014	69,472	34,670	34,802	9,180	11,917	1.65
2013	44,186	33,337	10,849	9,380	6,680	0.68 <sup>1</sup>
2012	48,171	33,366	14,805	6,780	4,961	1.26
2011	47,578	32,755	14,823	4,870	6,876	1.26
2010	41,974	26,128	15,846	6,085	7,284	1.19
2009	41,440	27,837	13,603	6,910	7,617	0.94
2008	47,468	29,410	18,058	6,910	7,617	1.24
2007	44,180	22,830	21,350	6,325	8,212	1.47
2006	45,495	23,985	21,510	6,030	8,510	1.48

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.

<sup>1</sup> The City of Jackson increased water/sewer rates effective November 19, 2013. The sewer rate increase was 108% and the water rate increase was 29%. Applied fund balance was used for water/sewer shortfall for fiscal year 2013. An engineer consultant will conduct an analysis on the water/sewer system.

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

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (amounts expressed in thousands)</b>	<b>Per Capita Personal Income (3)</b>	<b>Median Age (4)</b>	<b>Education Level in Years of Formal Schooling (2)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
2015	173,514	5,739,843	33,080	31.3	12	30,000	4.8%
2014	173,514	5,675,296	32,708	31.5	12	30,000	5.9%
2013	173,514	5,801,267	33,434	31.5	12	30,000	6.7%
2012	173,514	5,997,858	34,567	31.0	12	30,000	7.3%
2011	173,514	5,995,776	34,555	32.0	12	30,600	8.4%
2010	173,514	6,247,025	36,003	31.0	12	30,600	7.8%
2009	184,256	6,104,770	33,132	31.9	12	30,600	7.9%
2008	184,256	6,238,540	33,858	31.0	12.3	31,000	6.5%
2007	184,256	5,860,815	31,808	31.9	12.3	31,000	5.0%
2006	184,256	5,744,549	31,177	31.9	12.3	32,403	4.4%

Data Sources

- (1) Mississippi Census Bureau
- (2) Jackson Public Schools Estimate
- (3) Bureau of Labor Statistics
- (4) U S Census Bureau

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

<b>Employer</b>	<b>2015</b>			<b>2006</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	31,556	1	17.13%			
University of Mississippi	8,000	2	4.34%			
U.S. Government	5,500	3	2.98%			
Jackson Public School District	4,814	4	2.61%			
Baptist Health Systems	2,875	5	1.56%			
St. Dominic Health Services	2,600	6	1.41%			
City of Jackson, Mississippi	1,926	7	1.05%			
Jackson State University	1,667	8	0.90%			
AT&T	1,300	9	0.71%			
Central MS Medical Center	1,200	10	0.65%			
	<u>61,438</u>		<u>33.34%</u>			

Source: MetroJackson Chamber of Commerce 2015

Note: Data for 2004 is currently not available.

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

<b>Function</b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2010</u></b>	<b><u>2009</u></b>	<b><u>2008</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
General government	267	278	302	290	315	307	310	325	330	377
Public safety										
Police										
Officers	389	412	455	499	479	465	-	500	425	468
Civilians	245	280	267	272	261	270	-	299	291	174
Fire										
Firefighters and officers	333	345	316	337	357	342	354	362	351	356
Civilians	24	23	17	11	11	10	11	11	7	8
Public works	395	425	461	484	482	449	466	606	552	625
Culture and Recreation	273	262	318	238	303	370	319	218	381	424
<b>Total</b>	<b><u>1926</u></b>	<b><u>2025</u></b>	<b><u>2136</u></b>	<b><u>2131</u></b>	<b><u>2208</u></b>	<b><u>2213</u></b>	<b><u>1460</u></b>	<b><u>2321</u></b>	<b><u>2337</u></b>	<b><u>2432</u></b>

Source: City of Jackson Information System Department.

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

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

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Police</b>										
Parking violations	9,197	10,098	12,281	17,190	18,101	13,777	11,076	13,223	14,832	20,490
Traffic violations	44,008	41,823	52,425	60,598	57,815	56,587	47,146	38,429	25,314	30,061
<b>Fire</b>										
Number of calls answered	14,567	14,025	11,825	9,403	-	-	11,577	7,644	7,342	12,259
Inspections (3)	3,205	4,141	4,500	4,635	3,590	3,701	4,510	3,241	4,500	4,086
<b>Highways and streets</b>										
Street resurfacing (miles)	6.2	6.1	4.2	10.6	-	-	68.3	8.3	5.6	7.1
Potholes repaired (2) (4)	30,389	29,921	37,565	29,871	38,776	51,431	3,619	4,154	3,626	4,011
<b>Sanitation</b>										
Refuse collected (tons/day)	5,496	5,361	5,301	7,904	4,523	5,718	5,058	5,848	2,398.4	1,447.8
Recyclables collected (tons/day)(1)	81.96	90.06	91.35	89.84	76.89	81.72	80.16	109.88	90.77	99.68
<b>Culture and recreation</b>										
Community center admissions (3)	110	64	89	118	53	68	90	34	101	95
<b>Water</b>										
New connections	-	-	-	212	-	198	670	334	530	602
Average daily consumption (thousands of gallons) (3)	-	-	-	-	-	24,024	-	21,080	21,530	20,630
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	-	-	-	-	-	46,650	47,170	44,650	42,100	47,200

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.

(4) Prior years has been recorded as the number of pothole calls not the number of potholes repaired.

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

Function	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Public safety										
Police stations	6	6	6	6	6	6	6	5	5	5
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,201	1,201	1,201	1,204	1,300	1,447	1,431	1,428	1,428	1,428
Traffic signals intersection	358	358	358	358	358	334	334	333	333	332
Culture and recreation										
Parks	57	54	54	54	54	54	54	54	54	54
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
Fire hydrants	-	-	-	-	-	7,500	7,500	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
Sewer										
Sanitary sewers (miles)	-	-	-	-	-	911	911	911	911	909
Storms sewers (miles)	-	-	-	-	-	460	460	460	460	460

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

# **SINGLE AUDIT**



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City of Jackson, Mississippi's basic financial statements and have issued our report thereon dated May 11, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City of Jackson, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Jackson, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Jackson, Mississippi's internal control over.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in 2015-4 in the accompanying schedule of findings and questioned costs to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in 2015-2 and 2015-3 in the accompanying schedule of findings and questioned costs to be significant deficiencies.

## **Compliance and Other Matters**

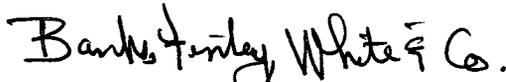
As part of obtaining reasonable assurance about whether the City of Jackson, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2015-1.

### **City of Jackson, Mississippi's Response to Findings**

City of Jackson, Mississippi's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jackson, Mississippi's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Ridgeland, Mississippi  
May 11, 2016

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

City of Jackson  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Food and Nutrition Service (MS Department of Education - Pass Through)			
Child and Adult Care Food Program	10.558	V0000718080	\$ 233,800
SUBTOTAL CFDA NUMBER 10.558			<u>233,800</u>
Summer Food Service Program for Children (MS Department of Education - Pass Through)	10.559	V0000718080	47,003
SUBTOTAL CFDA NUMBER 10.559			<u>47,003</u>
(Central Mississippi Planning and Development District - Pass Through)			
Commodity Supplemental Food Program	10.565	1193-25	26,589
Commodity Supplemental Food Program	10.565	1515-25	32,779
SUBTOTAL CFDA NUMBER 10.565			<u>59,368</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>340,171</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b>Direct Programs:</b>			
Community Development Block Grant	14.218	B-11-MC-28-0003	646,651
Community Development Block Grant	14.218	B-12-MC-28-0003	434,761
Community Development Block Grant	14.218	B-13-MC-28-0003	739,724
Community Development Block Grant	14.218	B-14-MC-28-0003	49,160
SUBTOTAL CFDA NUMBER 14.218			<u>1,870,296</u>
Emergency Shelter Grants Program	14.231	E-12-MC-28-0002	711
Emergency Shelter Grants Program	14.231	E-13-MC-28-0002	5,064
Emergency Shelter Grants Program	14.231	E-14-MC-28-0002	136,945
SUBTOTAL CFDA NUMBER 14.231			<u>142,720</u>
HOME Investment Partnership Program	14.239	M-10-MC-28-0200	115,229
HOME Investment Partnership Program	14.239	M-08-MC-28-0200	24,444
HOME Investment Partnership Program	14.239	M-09-MC-28-0200	322,168
SUBTOTAL CFDA NUMBER 14.239			<u>461,841</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H11-F001	2,547
Housing Opportunities for Persons with AIDS	14.241	MS-H12-F001	187,382
SUBTOTAL CFDA NUMBER 14.241			<u>189,929</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-MS-0133	2,092
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-10-SP-MS-0109	75,774
SUBTOTAL CFDA NUMBER 14.251			<u>77,866</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>2,742,652</u>
<b><u>U.S. Department of Justice</u></b>			
<b>Direct Programs:</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011DJBX3320	5,746
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012DJBX1095	7,511
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014DJBX0727	78,682
SUBTOTAL CFDA NUMBER 16.738			<u>91,939</u>
Public Safety Partnership & Community Policing Grant	16.710	2009CKWX0603	96,649
SUBTOTAL CFDA NUMBER 16.710			<u>96,649</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>188,588</u>

City of Jackson  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b><u>U.S. Department of Labor</u></b>			
<b>Direct Program:</b>			
Older Americans Act			
Senior Community Service Employment Program (Title V)	17.235	AD-26910-15-55-A-24	115,358
Senior Community Service Employment Program (Digital Inclusion Initiative)	17.235	AD-25533-14-55-A-24	389,406
SUBTOTAL CFDA NUMBER 17.235			<u>504,764</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>504,764</u>
<b><u>U.S. Department of Transportation</u></b>			
Federal Transit Administration			
<b>Direct Programs:</b>			
Federal Transit Formula Grants	20.507	MS-90-0072-01	204,939
Federal Transit Formula Grants	20.507	MS-90-00-88	1,474,280
Federal Transit Formula Grants	20.507	MS-90-X092-00	129,389
Federal Transit Formula Grants	20.507	MS-90-0081-01	271,306
SUBTOTAL CFDA NUMBER 20.507			<u>2,079,914</u>
Federal Transit Capital Investment Grants	20.500	MS-96-00-03	36,300
SUBTOTAL CFDA NUMBER 20.500			<u>36,300</u>
(Mississippi Department of Transportation-Pass Through)			
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-7300-00(001) 104587/811000	767,600
Highway Planning and Construction (Capitol Street Improvements)	20.205	STP-xxxx-00(002) 106058/801000	943,749
Highway Planning and Construction (Dr. Jessie Mosley Project)	20.205	STP-7285-00(002) 105325/801000	459,263
Highway Planning and Construction (Traffic Calming Project)	20.205	TCP-0250 103924/101000	11,806
SUBTOTAL CFDA NUMBER 20.205			<u>2,182,418</u>
(Mississippi Office of Highway Safety-Pass Through)			
Alcohol Open Container Grant	20.607	15-MD-219-1	21,399
SUBTOTAL CFDA NUMBER 20.607			<u>21,399</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>4,320,031</u>
<b><u>U.S. Environmental Protection Agency</u></b>			
(Mississippi Department of Environmental Quality - Pass Through)			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280886-03	2,186
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280886-02	200,992
SUBTOTAL CFDA NUMBER 66.458			<u>203,178</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>203,178</u>

City of Jackson  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b><u>U.S. Department of Health and Human Services</u></b>			
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers (Central MS Planning and Development District - Pass Through)			
Title III-B Outreach	93.044	1035-25	10,000
SUBTOTAL CFDA NUMBER 93.044			<u>10,000</u>
Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through)			
Congregate Nutrition Program (Non-cash)	93.045	1193-25	101,201
SUBTOTAL CFDA NUMBER 93.045			<u>101,201</u>
Substance Abuse and Mental Health Services Administration			
<b>Direct Program:</b>			
Comprehensive Community Mental Health Services for Children	93.104	14SM61630A	756,070
SUBTOTAL CFDA NUMBER 93.104			<u>756,070</u>
(State of MS Office of Child Nutrition - Pass Through)			
Child Care Development Block Grant	93.575	625Q641A	150,169
Child Care Development Block Grant	93.575	6005314	522,348
SUBTOTAL CFDA NUMBER 93.575			<u>672,517</u>
Title XX-Social Services Block Grant (Central MS Planning and Development District - Pass Through)			
Transportation	93.667	1535-25	125,115
Home Delivered Meals (Non-cash)	93.667	1515-25	140,692
SUBTOTAL CFDA NUMBER 93.667			<u>265,807</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>1,805,595</u>
<b><u>Corporation for National and Community Service</u></b>			
Mississippi Commission for Volunteer Service - Pass Through			
AMERICORPS	94.006	14AC161949	218,443
AMERICORPS	94.006	13AFMS00	8,454
SUBTOTAL CFDA NUMBER 94.006			<u>226,897</u>
<b>TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE</b>			<u>226,897</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Mississippi Emergency Management Agency (Pass-Through)			
Homeland Security Grant Program	97.067	13LE221	15,473
Homeland Security Grant Program	97.067	14LE221	23,448
SUBTOTAL CFDA NUMBER 97.067			<u>38,921</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>38,921</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 10,370,797</u>

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

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CITY OF JACKSON  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2015

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - CONTINGENCY

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

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

NOTE 3 - SUB-RECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Sub-recipients</u>
Community Development Block Grant – Entitlement Grants	14.218	\$ 145,575
Emergency Solutions Grant Program	14.231	136,945
Home Investment Partnership Program Grant – Entitlement Grants	14.239	314,428
Housing Opportunities for Persons With Aids	14.241	182,008
Edward Byrne Memorial Justice Assistance Grant	16.738	81,576
Comprehensive Community Mental Health Services for Children Grant Program	93.104	<u>680,490</u>
Total		<u>\$ 1,541,022</u>

NOTE 4 – LOAN AND LOAN GUARANTEES

In accordance with OMB Circular A-133, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Honorable Mayor Tony Yarber  
and Honorable Members of The City Council  
Jackson, Mississippi

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

We have audited the City of Jackson, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Jackson, Mississippi's major federal programs for the year ended September 30, 2015. City of Jackson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the City of Jackson, Mississippi's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jackson, Mississippi's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Jackson, Mississippi's compliance.

**Basis for Qualified Opinion on Federal Transit Cluster Programs**

As described in the accompanying schedule of findings and questioned costs, City of Jackson, Mississippi, did not comply with requirements regarding the Davis-Bacon Act that is applicable to its Federal Transit Cluster Grant Program CFDA Number 20.500 and 20.507 as described in finding number 2015-7. Compliance with such requirements is necessary, in our opinion, for City of Jackson, Mississippi to comply with the requirements applicable to those programs.

## **Qualified Opinion on Federal Transit Cluster Grant Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, City of Jackson, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

## **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, City of Jackson, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2015.

## **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2015-5 and 2015-7. Our opinion on each major federal program is not modified with respect to these matters.

City of Jackson, Mississippi's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jackson, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2014-6 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal

program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2015-5 and 2015-7 to be significant deficiencies.

City of Jackson, Mississippi's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. City of Jackson, Mississippi's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Banks Finley White & Co.*

Ridgeland, Mississippi  
May 11, 2016

CITY OF JACKSON, MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2015

**Section 1: Summary of Auditor's Results**

- |    |   |            |
|----|---|------------|
| 1. | Type of auditor's report issued on the basic financial statements.                        | Unmodified |
| 2. | Material noncompliance relating to the financial statements.                              | No         |
| 3. | Internal control over financial reporting:  |            |
|    | a. Material weaknesses identified?  | Yes        |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes        |

Federal Awards:

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

Community Development Block Grant Entitlement Grants Cluster:

- CFDA #14.218 - U. S. Department of Housing and Urban Development  
Community Development Block Grant
- CFDA #14.218 - U. S. Department of Housing and Urban Development  
Community Development Block Grant – Neighborhood Stabilization Program

Federal Transit Cluster:

- CFDA #20.500 - U.S. Department of Transportation  
Federal Transit Capital Investment Grants
- CFDA #20.507 - U.S. Department of Transportation  
Federal Transit Formula Grants

Highway Planning & Construction Cluster:

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

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

Federal programs identified as major programs: (continued)

Older Americans Act:

CFDA #17.235 - U.S. Department of Labor  
Senior Community Services Employment Training Program

Substance Abuse and Mental Health Services Administration:

CFDA #93.104 - U. S. Department of Health and Human Services  
Comprehensive Community Mental Health Services for Children Grant

8. The dollar threshold used to distinguish between type A and type B programs: \$305,029
9. The City of Jackson did not qualify as a low-risk auditee.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Section 2: Findings Relating to the Financial Statements Audit**

**FUND BALANCE/NET POSITION FOR GENERAL FUND BELOW REQUIRED THRESHOLD**

**Finding 2015-1**

**Finding Type: Significant Deficiency**

Statement of Condition

The City of Jackson's Fund Balance (Net Position) at September 30, 2015 is \$4,991,025, which amounts to 4.1% of operating revenues. This reserve amount is below the 7.5% policy adopted by the City Council.

Cause of Condition

Inadequate budgeting in various City Departments

Effect of Condition

Reduction of reserve funds available to cover anticipated events

Criteria

The City of Jackson's Fund Balance/Net Position Policy states that at the end of the fiscal year, "There shall be a reservation (unassigned) of fund balance equal to 7.5% of the adopted General Fund operating revenues".

Auditor's Recommendation

The City should take the appropriate steps to adhere to its Fund Balance/Net Position Policy at fiscal year-end. This will ensure that the City maintains a reasonable level of unexpended reserves that will allow it to plan against unanticipated expenditures, revenue shortfalls or both. Additionally, City officials should ensure that the level of reserves maintained is sufficient to provide adequate cash flow.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**GRANT ACCOUNTANT NEEDED FOR THE PUBLIC WORKS DEPARTMENT**

**2015-2**

**REPEAT FINDING**

**Finding Type: Significant Deficiency**

Statement of Condition

The City does not have a grant accountant for the Public Works Department. Currently, reimbursement requests related to grant funds received in the Public Works Departments are prepared and submitted from within the department. This current process does not allow for an appropriate review by the Finance Department to properly determine the amounts to be recorded as anticipated grant revenue. As a result, grant receipts are only recorded when funds are received and the Finance Department has to request for the proper allocation of those funds once received.

Cause of Condition

Improper administration of grants within the Public Works Department

Effect of Condition

Requests for reimbursement of grant expenditures are not originating in the proper department and are not being prepared by a grant accountant.

Criteria

The City of Jackson's External Funding Policies and Procedures Manual states that "All financial reports, including reimbursement requests and federal financial reports are to be prepared by the department of administration's grant accountants."

Auditor's Recommendation

We strongly recommend that the City provide a Grant Accountant for the grants administered by the Public Works Department. That person should be included within the Finance Department as stated in the City of Jackson's External Funding Policies and Procedures Manual. These changes will help with proper oversight and to ensure that reimbursement requests and financial reports are prepared and submitted in a systematic and timely manner.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**TIMESHEETS NOT SIGNED AND APPROVED**

**Finding 2015-3**

**REPEAT FINDING**

**Finding Type: Material Weakness**

Statement of Condition

Our audit testing of 40 payroll transactions revealed the following:

1. 24 out of 40 employee time cards were not electronically signed by the employee noted by department as follows:
  - a. Public Works – 4
  - b. Police – 5
  - c. Human and Cultural Services – 5
  - d. Fire – 4
  - e. Planning – 1
  - f. Personnel – 1
  - g. Administration – 1
  - h. Parks & Recreation – 1
  - i. Legal – 1
  - j. City Clerk – 1
  
2. 11 out of 40 employee time cards were not electronically signed by the supervisor documenting their review and approval noted by department as follows:
  - a. Police – 6
  - b. Public Works – 4
  - c. Planning - 1

Cause of Condition

Failure to follow established procedures for electronically signing and approving employee time cards

Effect of Condition

No verification of the time worked by the employee and no approval of the time by the supervisor

Criteria

The City of Jackson's Timekeeping Policy states that "All employees are responsible for signing their time cards and Supervisors and Timekeepers are authorized to approve time cards prior to the pay period deadline."

Auditor's Recommendation

The City should strengthen internal administrative controls to ensure that time cards are properly signed electronically by employees for time worked and ensure that supervisors review and electronically sign the time cards for approval prior to an employee receiving payment.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Section 3: Major Federal Awards Program Findings and Questioned Costs**

**Finding 2015-4 – REPORTING**

**Finding Type: Significant Deficiency**

**Grant Program/CFDA#: Comprehensive Community Mental Health Services for Children and Their Families Program/93.104**

Statement of Condition

During our review of the Federal Financial Report submitted to the funding source for the year ending September 30, 2015, we noted that the report did not include the year end accruals nor did it accurately reflect the amount of actual in-kind revenue and expenses incurred during the year.

Cause of Condition

City personnel failed to comply with reporting requirements

Effect of Condition

The City is not in compliance with the grant reporting requirements.

Criteria

Substance Abuse and Mental Health Services Administration Post-Award Reporting Requirements and City of Jackson External Funding Policies and Procedures Manual

Auditor's Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that the required reports are completed accurately to include all accruals for the stated period and the required amount of actual recorded in-kind revenue and expenses. Additionally, the annual report should be revised and re-submitted to include the corrected amounts.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Finding 2015-5 – WAGE RATE REQUIREMENTS**  
**Repeat Finding**

**Finding Type: Material Weakness**

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

**Grant Program/CFDA#: Federal Transit Cluster - 20.500 Federal Transit Capital Investment Grants,  
20.507 Federal Transit Formula Grants**

Statement of Condition

The City did not comply with the Davis-Bacon Act requirement that employee interviews must be conducted of the employees of the contractor and sub-contractors.

Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

The City did not ensure that the required employee interviews were conducted of the employees of the contractor and sub-contractors on federally financed construction projects.

Criteria

Grant award agreements and the City of Jackson External Funding Policies and Procedures Manual which states that “ The City of Jackson will adhere to the Davis-Bacon Act on federally funded projects to ensure that contractors are paying prevailing wage rates as determined by the U.S. Department of Labor (DOL) to all laborers and mechanics on federally funded construction projects. This policy applies to all City departments with contracting responsibilities.

Auditor’s Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that they comply with Davis-Bacon compliance requirements on federally financed construction projects.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2015

**Finding 2015-6 SUSPENSION AND DEBARMENT VERIFICATION**  
**Finding Type: Significant Deficiency**

**Grant Program/CFDA#: Federal Transit Cluster /20.500 & 20.507**

Statement of Condition

During the suspension and debarment testing, we noted that the City entered into two (2) contracts for goods and/or services for an amount equal to or exceeding \$25,000 in which no documentation was maintained to support the fact that the contractor or sub-recipient had not been suspended or debarred or otherwise excluded from receiving the contract

Cause of Condition

Failure to document that a search was performed to ascertain the contractors/sub-recipients were not suspended or debarred.

Effect of Condition

Non-compliance with grant requirements

Criteria

The OMB Circular A-133 Compliance Supplement states that entities are prohibited from contracting with or making sub-awards under covered transactions involving federal funds to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$25,000 and all non-procurement transactions (e.g., sub-awards to sub recipients).

Auditor's Recommendation

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

**CITY OF JACKSON, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2015**

**2014-1 FINDING NO. 1 – SECTION 2**

**Condition:** Our audit testing of 40 payroll transactions revealed the following: (1) 35 out of 40 employee time cards were not electronically signed by the employee; (2) 11 out of 40 employee time cards were not electronically signed by the supervisor documenting their review and approval.

**Current Status:** Not Corrected, repeated as finding 2015-3

**2014-2 FINDING NO. 2 – SECTION 2**

**Condition:** During our audit, we noted that there were no formal procedures with the Public Works Department for preparing requests for reimbursements of grant funds for grant expenditures. This practice has contributed to preparing requests for funds months after costs have been incurred and, in some cases, after the end of the City's fiscal year.

**Current Status:** Corrected

**2014-3 FINDING NO. 3 – SECTION 2**

**Condition:** The City does not have a Grants Accountant for the Public Works Department

**Current Status:** Not Corrected, repeated as finding 2015-2

**CITY OF JACKSON, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)  
YEAR ENDED SEPTEMBER 30, 2015**

**2014-4 FINDING NO. 4 – SECTION 3**

**SUB RECIPIENT MONITORING**

**Edward Byrne Memorial Justice Assistance Grant Program**

**Condition:** The City did not perform and document a programmatic monitoring of the sub-recipient to ensure compliance with applicable grant requirements and verify that performance goals were achieved.

**Current Status:** Corrected

**2014-5 FINDING NO. 5 – SECTION 3**

**REPORTING**

**Edward Byrne Memorial Justice Assistance Grant Program**

**Condition:** During our review of Annual Performance Reporting, we noted that the City did not submit 2 out of 5 Annual Performance Reports to the Department of Justice (DOJ) as required.

**Current Status:** Corrected

**2014-6 FINDING NO. 6 – SECTION 3**

**DAVIS-BACON ACT**

**Community Development Block Grant  
Federal Transit Cluster**

**Condition:** The City did not comply with the Davis-Bacon Act requirement that employee interviews must be conducted of the employees of the contractor and sub-contractor.

**Current Status:** Not corrected, repeated as finding 2015-5

**CITY OF JACKSON, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)  
YEAR ENDED SEPTEMBER 30, 2015**

**2014-7 FINDING NO. 7 – SECTION 3**

**SUSPENSION AND DEBARMENT VERIFICATION**

**Edward Byrne Memorial Justice Assistance Grant Program**

**Condition:** The City entered into three (3) contracts for goods and/or services for an amount equal to or exceeding \$25,000 and one (1) sub-recipient contract in which no documentation was maintained to support the fact that the contractor or sub-recipient had not been suspended or debarred or otherwise excluded from receiving the contract.

**Current Status:** Corrected

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## CORRECTIVE ACTION PLAN

05/11/16

### U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The City of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2015.

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

Audit period: Year Ended September 30, 2015

The findings from the September 30, 2015 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule, Section 1 of the schedule, Summary of Audit Results, does not include findings and is not addressed.

## 2. FINDINGS – FINANCIAL STATEMENT AUDIT

### Finding No. 2015-1

#### FUND BALANCE/NET POSITION FOR GENERAL FUND BELOW REQUIRED THRESHOLD

**Recommendation:** The City should take the appropriate steps to adhere to its Fund Balance/Net Position Policy at fiscal year-end. This will ensure that the City maintains a reasonable level of unexpended reserves that will allow it to plan against unanticipated expenditures, revenue shortfalls or both. Additionally, City officials should ensure that the level of reserves maintained is sufficient to provide adequate cash flow.

**Action Taken:** The City of Jackson's plan of action is:

- a. The City's proposed financial plan includes the establishment of a budget stabilization fund which will provide a mechanism by which funds which exceed budget needs (including the required fund balance) may be set aside.
- b. The City must re-define its **core services**. The provision of these services will be our primary focus as we continue to rebuild our reserves. The City has historically provided services that extend beyond public safety, water and wastewater and infrastructure (streets & bridges) management. Our citizens have benefited tremendously from these services but the cost of providing them has begun to drain the City of much needed resources which has affected the City's ability to provide the core services.

- c. The City must continue to explore, create and implement additional revenue streams (i.e. parking meters, explore ways to monetize the city's assets, explore private management of certain city facilities). The City will place priority and allocate resources in areas where the city generates revenue.
- d. The hiring of all non-essential personnel will be suspended.
- e. All non-emergency overtime and overtime not previously approved by the Department Director will be suspended.
- f. Requests for non-emergency purchases and travel will be suspended.
- g. Reduce funding provided to outside agencies until the City has rebuilt its reserves.
- h. Discontinue the youth employment and the summer enrichment programs until the City has rebuilt its reserves.
- i. The City must be pro-active in its efforts to eliminate fraud and abuse of city resources.

**Finding No. 2015-2**

**GRANT ACCOUNTANT NEEDED FOR THE PUBLIC WORKS DEPARTMENT**

**REPEAT FINDING**

**Recommendation:** We strongly recommend that the City provide a Grant Accountant for the grants administered by the Public Works Department. That person should be included within the Finance Department as stated in the City of Jackson's External Funding Policies and Procedures Manual. These changes will help with proper oversight and to ensure that reimbursement requests and financial reports are prepared and submitted in a systematic and timely manner.

**Action Taken:** The Department of Administration currently has two grant accountants who will take on the responsibility of providing additional oversight for the grants administered by the Department of Public Works. The fiscal year 2017 budget will include the addition of a grant accountant specifically for the Department of Public Works.

**Finding No. 2015-3  
TIMESHEETS NOT SIGNED AND APPROVED**

**REPEAT FINDING**

**Recommendation:** The City should strengthen internal administrative controls to ensure that time cards are properly signed electronically by employees for time worked and ensure that supervisors review and electronically sign the time cards for approval prior to an employee receiving payment.

**Action Taken:** The City of Jackson Department of Personnel will offer additional training to employees on the time clock system, Kronos. The training will convey information in accordance with the City's Timekeeping Policy which entails signing timecards electronically, reviewing and approving timecards. Employees who fail to comply with the Timekeeping Policy will be subject to disciplinary action, up to and including termination.

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

**Finding 2015-4 – REPORTING**

**Grant Program/CFDA#: Comprehensive Community Mental Health Services for Children and Their Families Program/ 93.104**

**Recommendation:** We recommend that the City strengthen internal administrative control procedures to ensure that the required reports are completed accurately to include all accruals for the stated period and the required amount of actual recorded in-kind revenue and expenses. Additionally, the annual report should be revised and re-submitted to include the corrected amounts.

**Action Taken:** The City of Jackson Department of Administration will strengthen its internal administrative control procedures by adding additional staff to review required reports for accuracy prior to submission. The annual report has been revised and re-submitted to include the corrected amounts.

**Finding 2015-5 – WAGE RATE REQUIREMENTS**

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

**Grant Program/CFDA#: Federal Transit Cluster - Federal Transit Capital Investment Grant/20.500 and Federal Transit Formula Grants/20.507**

**Recommendation:** We recommend that the City strengthen internal administrative control procedures to ensure that they comply with Davis-Bacon compliance requirements on federally financed construction projects.

**Action Taken:** In order to reduce the occurrence of this finding, the Department of Public Works Engineering Division will outline procedures to ensure compliance is adhered to. The Davis-Bacon Act will be discussed at all pre-bid construction meetings and pre-construction meetings with all stakeholders. The City inspector will have interview forms on hand to administer periodically throughout the construction duration and a separate file will be kept to ensure the documents are readily available for review by any external agency or auditors.

**Finding 2015-6 – SUSPENSION AND DEBARMENT VERIFICATION**

**Grant Program/CFDA#: Federal Transit Cluster/20.500 & 20.507**

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

**Action Taken:** The Department of Planning, Office of Transportation have developed policies, which include the Suspension and Debarment form, SAM verification and checklist to be utilized to ensure all federally funded contracts are in compliance.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-2209.

Sincerely yours,



Michelle Battee-Day,  
Interim Director of Administration



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

To the Honorable Mayor Tony Yarber and  
Honorable Members of the City Council  
City of Jackson, Mississippi

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2015, and have issued our report thereon dated May 11, 2016. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

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

With respect to the items tested, the results of those procedures and our audit of the financial statements disclosed the following instance of non-compliance with state laws and regulations.

Finding

During our test work of vehicle markings, we found the following:

- (1) 1 vehicle was not marked as prescribed by Section 25-1-87, Miss. Code Ann. (1972)
- (2) 6 vehicles within certain City Departments were unmarked vehicles that were utilized by nonqualified employees and not by authorized police personnel.
- (3) 1 vehicle within the Police Department was unmarked and did not have proper approval to be exempted from the provisions of a motor vehicle owned by the City

Recommendation

We recommend that the City properly mark vehicles and ensure that unmarked vehicles obtain proper approval to be exempted from the provisions of a motor vehicle owned by the City, and ensure that only qualified employees use unmarked vehicles as prescribed by Section 25-1-87, Miss. Code Ann. (1972).

City of Jackson, Mississippi's Response

We will ensure that our records reflect that the vehicles are being driven by authorized persons and document that they are qualified to drive those vehicles pursuant to statute. We will ensure the vehicles are properly marked with the city seal and/or identification pursuant to statute.

The City of Jackson, Mississippi's response to the finding included in this report was not subjected to auditing procedures and, accordingly, we express no opinion on the response.

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

*Banks Finley, White & Co.*

Ridgeland, Mississippi  
May 11, 2016

# **SUPPLEMENTAL DATA**

**CITY OF JACKSON  
SCHEDULE OF BONDS OF CITY OFFICIALS  
SEPTEMBER 30, 2015**

1) Company: Porter's 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 (11)	\$100,000	10/01/13 - Indefinite

2) Company: Statewide General Insurance  
Boyles Moak Insurance Services  
Ross & Yerger Insurance, Inc.  
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	12/23/14 - 12/23/18 07/01/15 - 07/01/16 02/06/15 - 02/06/16 07/01/15 - 07/01/16 07/01/15 - 07/01/16 07/11/15 - 07/11/16 07/14/15 - 07/14/16
Mayor	\$100,000	07/01/15 - 07/01/16
City Administrative Officer	\$50,000	05/15/15 - 05/15/16
City Clerk	\$50,000	05/10/16 - 05/10/17
Director of Administration	\$50,000	02/09/16 - 02/09/17
Chief of Police	\$50,000	07/20/15 - 07/20/16
Assistant Police Chief	\$50,000	08/02/15 - 08/02/16
Deputy Chief of Police	\$50,000	06/13/15 - 06/13/16 06/16/15 - 06/16/16 06/16/15 - 10/30/16
Assistant City Clerk	\$50,000	02/26/16 - 02/26/17
Deputy Clerk (11)	\$50,000	04/01/16 - 04/01/17 04/11/16 - 04/11/17 08/22/15 - 08/22/16 09/12/15 - 09/12/16 03/18/16 - 03/18/17 09/12/15 - 09/12/16 12/28/15 - 12/28/16 10/01/15 - 10/01/16

