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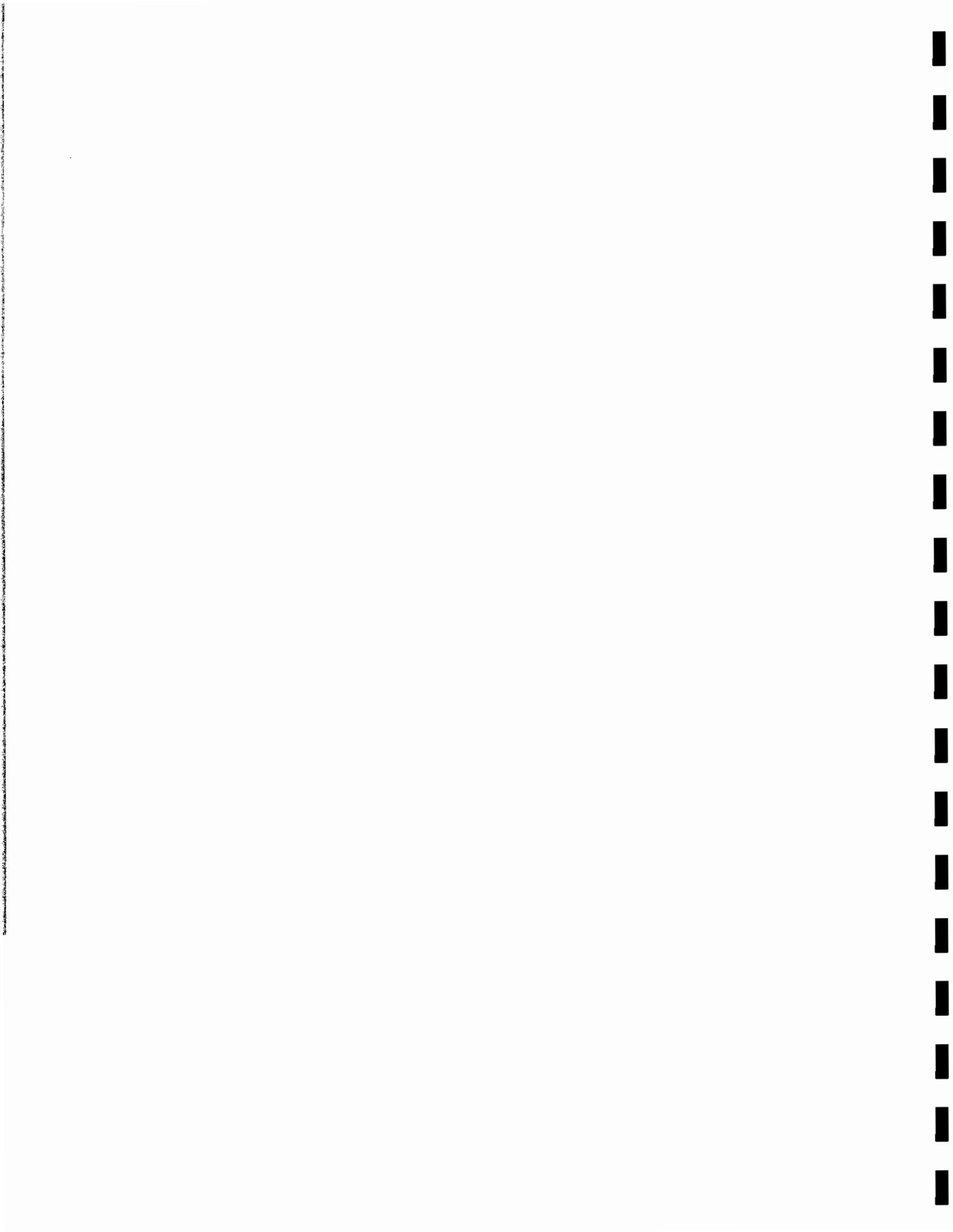


# *Comprehensive Annual Financial Report*

**For The Year Ended September 30, 2011**

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

**Mayor Harvey Johnson, Jr.**



**CITY OF JACKSON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2011**

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Department of Administration



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

Harvey Johnson, Jr.  
*Mayor of the City of Jackson*

March 30, 2012

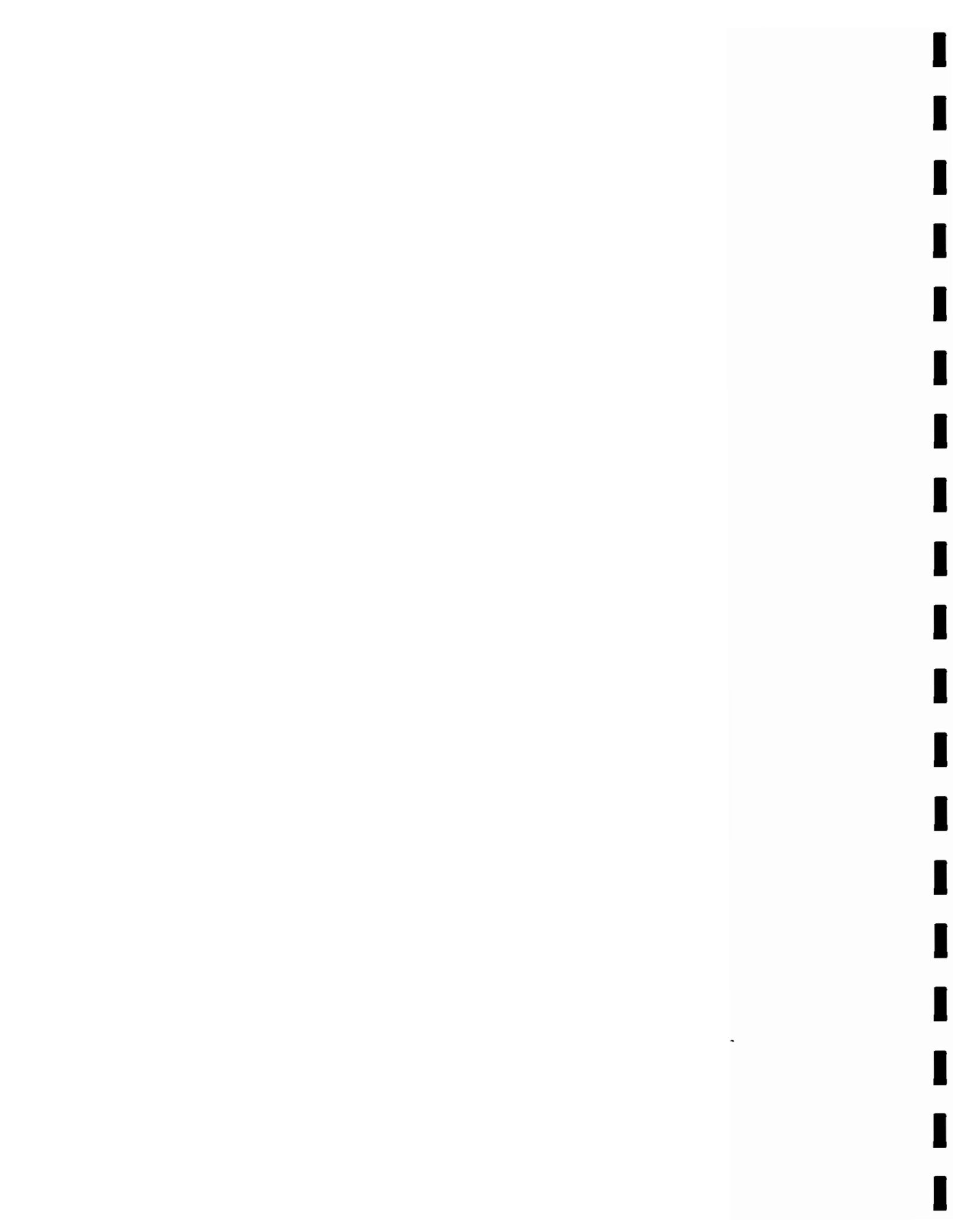
**Honorable Mayor, Members of the City Council, and  
Citizens of the City of Jackson, Mississippi:**

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, 2011 for the City of Jackson, MS is submitted herewith.

An unqualified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley & White Co. for the year ended September 30, 2011. The Independent Auditor's Report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1996 regarding grants received from the federal government. The Single Audit report was issued by Banks, Finley & White Co.

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

All of the funds account groups and enterprise operations of the City of Jackson, MS, as well as the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission (component units of the city) are included in the 2011 CAFR. JRA and the Capital City Convention Center Commission are presented as a proprietary fund type within the CAFR because the City exercises significant oversight responsibility. The approval of JRA's administrative operating costs and appointments to its Board of Commissioners are authorized by the City's governing body. Additionally, JRA accounts for its separate funds and maintains revenues sufficient to meet their operating costs, debt service and system replacement and maintenance needs for their parking garages and other urban renewal projects. The Capital City Convention Center Commission is accountable as a component unit of the City because of its fiscal dependency on the City of Jackson. Four Enterprise Funds, which provide a variety of services on a fee-for-services basis, are among



those funds whose financial operations are included in the CAFR. These Enterprise Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2011 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 3-11 be carefully examined by the reader to provide a more concise picture of the financial position of the City.

## **DESCRIPTION OF CITY OF JACKSON, MS**

### **Historical Background**

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

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



## **Jackson Today**

Presently, Jackson has 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. Youth Development, Public Safety, Economic & Community Development, Infrastructure & Transportation Enhancement, Reinventing Government and Cultural, Social, & Recreational Services were the policy initiatives for FY 2011.

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

## **ECONOMIC OUTLOOK**

The City is the seat of government for the State of Mississippi and home to a diverse economy. In addition to governmental services, major industries located within the city limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, and machine parts and engines. 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 population, educational, cultural, medical, and governmental center of the state, the Jackson metropolitan surrounding area has a relatively stable unemployment rate of 7.6 percent with an employed labor force of 248,900. This unemployment rate compares favorably to the state's overall unemployment rate of 9.5 percent. Over the previous years, the unemployment rate has ranged from a high of 11.1 percent to a low of 9.5 percent for 2011.

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

The City has also begun to benefit from a variety of downtown revitalization efforts. These efforts include a recently renovated multi-modal transportation center, completion of a major portion of a parkway project to connect downtown to Jackson State University, and creation of an entertainment district in and around Farish Street, the oldest African American nationally designated historic district. Occupancy in the downtown area is at 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 Edwards Hotel (Hilton Garden) and Class A office space at the Pinnacle building along with the opening of the Standard Life Building as a mixed use facility has generated a resurgence of downtown.

Jackson property owners pay property taxes for county, city, and school totaling \$170.35 per \$1000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax in Jackson.

## **FINANCIAL OUTLOOK**

The City's financial stability is evidenced by the general fund reserve, fund balance reserve policy, bond ratings and other fiscal determinants. An Unrestricted General Fund Reserve policy that is within range of the level cited by GFOA recommended practice has been adopted by the City Council. The City's unreserved fund balance amounted to 25 percent of the adopted General Fund operating revenues for FY 10.

The General fund balance available for future appropriation is \$24,757,074 million, which includes \$8,486,272 million attributable to the City's General Fund reserve policy. An additional \$4,506,569 million is reserved for inventories and state tort claims.



The City remains an excellent place for investors with ratings of Aa2 on G.O. bonds and Aa3 on Revenue bonds by Moody's and AA- on G.O. bonds and A+ on Revenue bonds by Standard & Poor's. As a result of sound financial management practices, an upgrade was received by the City on its Series 2009 General Obligation Street Resurfacing Bond from Standard and Poor's from "A+" to "AA-", and Moody's affirmed their "A1" rating on the G. O. bonds, but subsequently upgraded it to Aa2.

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2011 are useful gauges of the City's debt position.

POPULATION:	173,514
BONDED DEBT PER CAPITA:	\$ 706
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$ 1,034,755,714
NET BONDED DEBT (G.O.):	\$ 131,720,000
RATIO OF DEBT TO ASSESSED VALUE:	12.55%

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

**BONDS OUTSTANDING**

Category	Amount Outstanding Sept. 30, 2011	Amount Outstanding Sept. 30, 2010
General Obligation	\$ 131,720	\$ 131,720
Special Obligation Bond – Pension	-	-
Tax Increment Limited Obligation	6,541	4,231
<b>Bonded Debt</b>	<b>\$ 138,261</b>	<b>\$ 135,951</b>
Revenue Bonds	148,325	148,920
Urban Renewal Bonds - Component Unit	10,953	10,726
<b>Total</b>	<b>\$ 297,539</b>	<b>\$ 295,597</b>



ENTERPRISE FUND – CHANGES IN NET ASSETS

Net Income (Loss)	2011	2010
Water/Sewage Disposal Fund	\$ 7,562	\$ 1,121
Madison Sewage Disposal Fund	10	24
Transportation Fund	559	1,689
Sanitation and Recycling Fund	414	1,106
Total Net Income	<u>\$ 8,545</u>	<u>\$ 3,940</u>

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi employer, cost-sharing pension plan and an agent multi employer pension plan. Substantially, the City of Jackson full-time employees participate in the multi employer cost-sharing pension plan. Benefit and contribution provisions are established by state law and may be amended only by the State of Mississippi Legislature. The employer and employees' contributions represented 12.00 and 9.00% of covered payroll, respectively. The contribution by the employee was raised by statute to 9.00%, effective July 2010.

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 \$8,076,210 and employee benefit costs were \$13,515,614 during fiscal year 2011. The City's General fund appropriated \$4,667,045 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

Recognized by *Readers Digest* as one of the best cities in America.

Selected as one of the *Top 100 Places* to live by in RelocateAmerica.

Selected as one of the five *US Capital* cities for EPA's Greening America Capital's Programs.

Recognized as one of *100 Best* communities for young people by America's Promise Alliance.

## Certificate of Achievement

The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Excellence in Financial Reporting to a governmental unit that publishes a Comprehensive Annual Financial Report (CAFR) that meets the GFOA standards. GFOA awarded a Certificate of Excellence to the City in 2010 for its CAFR. A Certificate of Achievement is valid for one year only. The City's management believes that its 2011 CAFR confirms to the Certificate of Achievement program requirement and therefore will submit it for review.

## FUTURE INITIATIVES

The Construction and development of a Convention Center Hotel remains a top priority for the City of Jackson. It is expected that many developers will respond to the Request for Proposals and once the hotel is developed will employ 300 persons within the hotel and restaurant.

Farish Street Entertainment District is being develop as a tourist destination that will have 14 restaurants and clubs in phase one. These venues will provide live music, food and opportunities for local talent to perform. The number of jobs is estimated at 600.

The 21 acre property known as the old school for the blind has been acquired and is the proposed site for the District at Eastover Development which is proposed to include a 100,000 square foot office building, an 80-120-room hotel, a 45,000 square-foot grocer, a restaurant, 125,000 square feet of retail and 120,000 square feet of residential units.

The Landmark Health Care Facility development is moving forward and will be a state of the art five story medical office complex with medical offices and retail outlets located on State Street.

Growth along the Mississippi Healthcare Corridor (Woodrow Wilson Drive) is expected in the coming years with University of Mississippi Medical Center having hired 1,800 employees over the last 18 months.

The Highway 80 initiative plans for a cooperative effort amongst many different groups. The City of Jackson is relocating 300 City employees to the Metro Center Mall to create a basis for other businesses to locate within that area. The Jackson Redevelopment



Authority has designated the Highway 80 corridor as an Urban Renewal Area and has shown different sites to developers for future development.

Jackson State University has completed University Place. This mixed use development has provided housing for students and faculty and the first floor has a number of retail businesses to include the Penguin restaurant, an optometrist and a gallery. The second phase of One University Place will include approximately 75 townhouses and around 40 single family units.

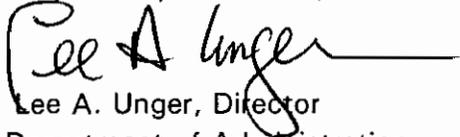
## ACKNOWLEDGMENTS

The staff of the Department of Administration, and specifically, the Finance Division, has my appreciation for their dedication and diligence in the preparation of this report. Other departments and divisions of the city have also contributed directly or indirectly to the report. We would like to express our appreciation to all who assisted in this effort.

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

Finally we acknowledge the Mayor and City Council members for their consistent support of the city's goal of excellence in all aspects of financial management. Their support is immensely appreciated.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Lee A. Unger", with a horizontal line extending to the right from the end of the signature.

Lee A. Unger, Director  
Department of Administration



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson  
Mississippi

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2010

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



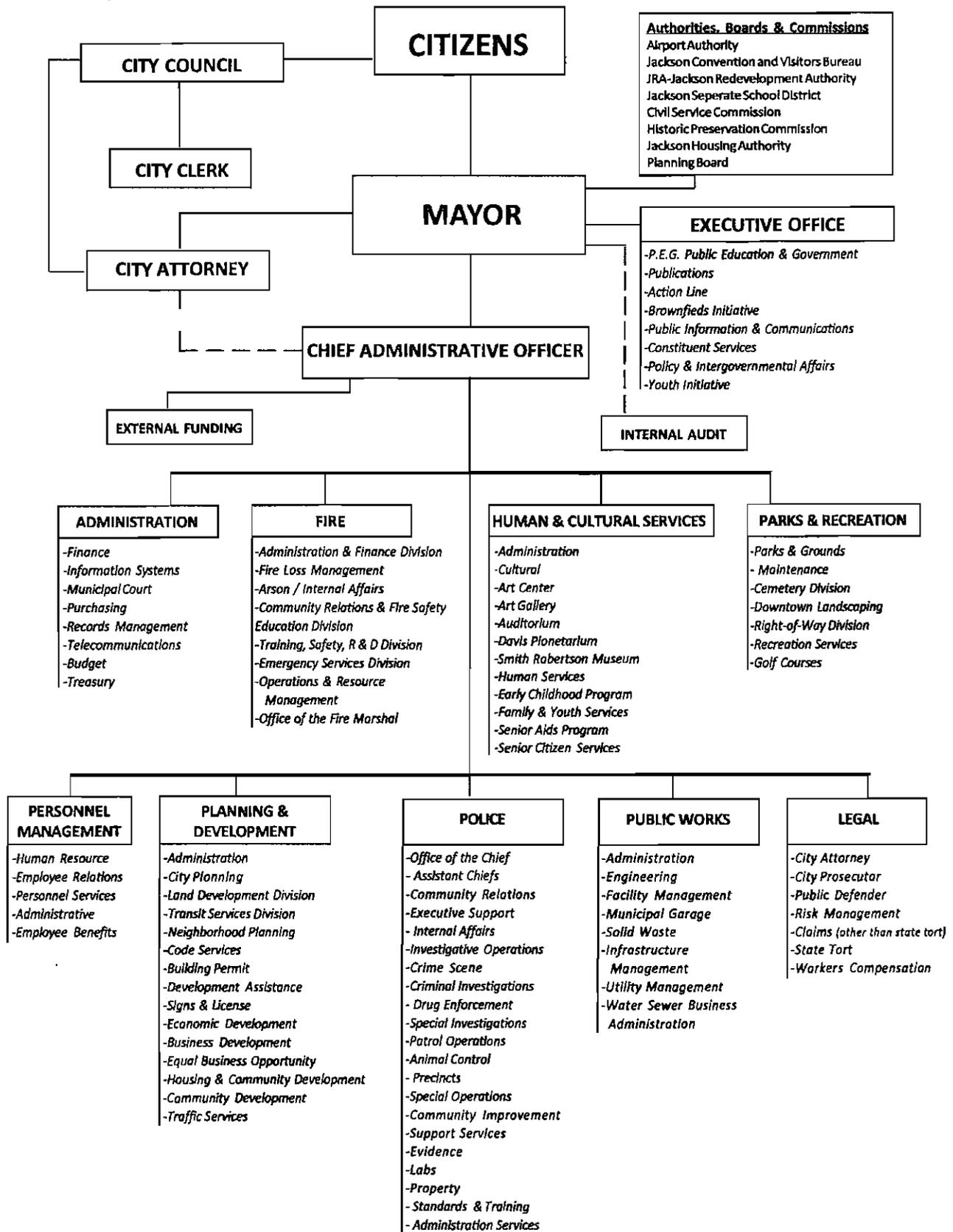
*Linda C. Dandson*

President

*Jeffrey R. Evers*

Executive Director

# CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON  
MAYOR, CITY COUNCIL AND CITY OFFICIALS  
SEPTEMBER 30, 2011**

**EXECUTIVE**

Harvey Johnson, Jr  
MAYOR

**LEGISLATIVE**

**CITY COUNCIL**

Quentin Whitwell  
Ward 1

Chokwe Lumumba  
Ward 2

Kenneth I. Stokes  
Ward 3

Frank Bluntson  
Ward 4  
President of Council

Charles Tillman  
Ward 5

Tony Yarber  
Ward 6  
Vice-President of Council

Margaret C. Barrett-Simon  
Ward 7

Brenda Pree  
City Clerk

**EXECUTIVE BRANCH**

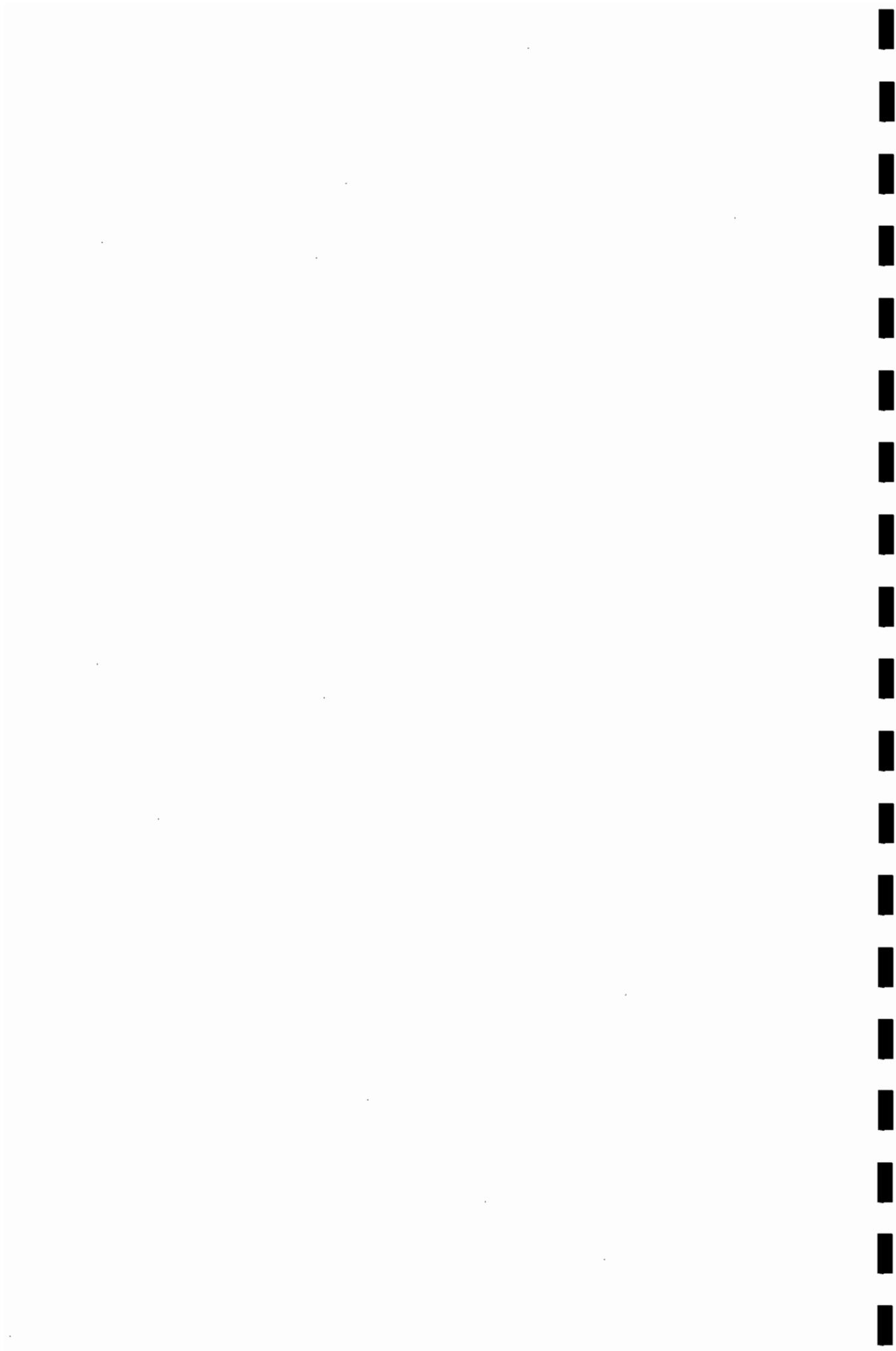
Sean Perkins  
Chief of Staff

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  
Interim Director of Personnel Management  
Director of Administration  
Director of Action Line  
Director of Internal Audit  
City Attorney

Rebecca J. Coleman  
Raymond McNulty  
Dan Gaillet  
Bennie Hopkins  
Michael Raff  
A. C. Jimerson  
Denise McKay  
Lee A. Unger  
Andy Boone  
Norby Harris  
Pieter Teeuwissen

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**FINANCIAL SECTION**





**INDEPENDENT AUDITOR'S REPORT**

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the City of Jackson, Mississippi, management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units of the City of Jackson, Mississippi, as follows: Jackson Redevelopment Authority and Capital City Convention Center Commission which statements reflect assets and revenues of 22.98 percent and 12.31 percent, respectively, of the business-type activities funds. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respect, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2011, and the respective changes in financial position, cash flows and, the respective budgetary comparison for the General Fund and the Federal Grant Special Revenue Fund, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2012 on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government*



*Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

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

Jackson, Mississippi  
March 30, 2012

## 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, 2011. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i - viii of this report.

### Financial Highlights

- The assets of the City of Jackson exceeded its liabilities at the close of the most recent fiscal year by \$424 million (*net assets*). Of this amount, there is \$42 million in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$2.6 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$56.5 million, a decrease of \$.3 million in comparison with the prior year. Approximately forty-four (44) percent of this total amount is \$24.8 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 \$24.8 million, or twenty-four (24) percent of total general fund expenditures.
- The City of Jackson's total debt increased by \$3.1 million (1.0 percent) during the current fiscal year.

### Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Jackson include general government, public safety, public works, human & cultural services, employee benefits, and interest on long term debt. The business-type activities of the City of Jackson include water/sewer, transportation and sanitation.

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

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

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

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

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

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

The City of Jackson maintains sixteen (16) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal Grant Fund, Debt Service Fund, Improvement Fund, 1998 General Obligation Bond Fund, 2003 General Obligation Bond Fund, 2006 General Obligation Bond Fund, and 2009 General Obligation Bond Fund, all of which are considered to be major funds. Data from the other eight (8) governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 14-25 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 26-30 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 assets and changes in net assets and are reported using accounting principles similar to proprietary funds. The purpose of the City's Agency Funds is to collect and remit to the related organizations the proceeds of a special sales tax received from the State.

The basic fiduciary fund financial statements can be found on pages 31-32 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 33-78 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 79 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 80-100 of this report.

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$424 million at the close of September 30, 2011.

By far the largest portion of the City of Jackson's net assets (86 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Jackson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Jackson's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

<b>City of Jackson's Net Assets</b> (amounts expressed in thousands)						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
Current and other assets	\$ 150,389	\$ 151,402	\$ 90,556	\$ 89,045	\$ 240,945	\$ 240,447
Capital assets	286,452	287,523	350,564	347,256	637,016	634,779
<b>Total assets</b>	<b>436,841</b>	<b>438,925</b>	<b>441,120</b>	<b>436,301</b>	<b>877,961</b>	<b>875,226</b>
Long-term liabilities outstanding	183,589	177,254	167,373	171,624	350,962	348,878
Other Liabilities	91,525	88,798	11,511	10,985	103,036	99,783
<b>Total Liabilities</b>	<b>275,114</b>	<b>266,052</b>	<b>178,884</b>	<b>182,609</b>	<b>453,998</b>	<b>448,661</b>
Net assets:						
Invested in capital assets, net of related debt	180,357	188,172	183,735	176,170	364,092	364,342
Restricted	17,469	23,585	-	-	17,469	23,585
Unrestricted	(36,100)	(38,882)	78,501	77,521	42,401	38,639
<b>Total net assets</b>	<b>\$ 161,726</b>	<b>\$ 172,875</b>	<b>\$ 262,236</b>	<b>\$ 253,691</b>	<b>\$ 423,962</b>	<b>\$ 426,566</b>

The City of Jackson's total net assets decreased by \$2.6 million during the current fiscal year.

**Governmental activities.** Governmental activities decreased the City of Jackson's net assets by \$11.1 million.

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

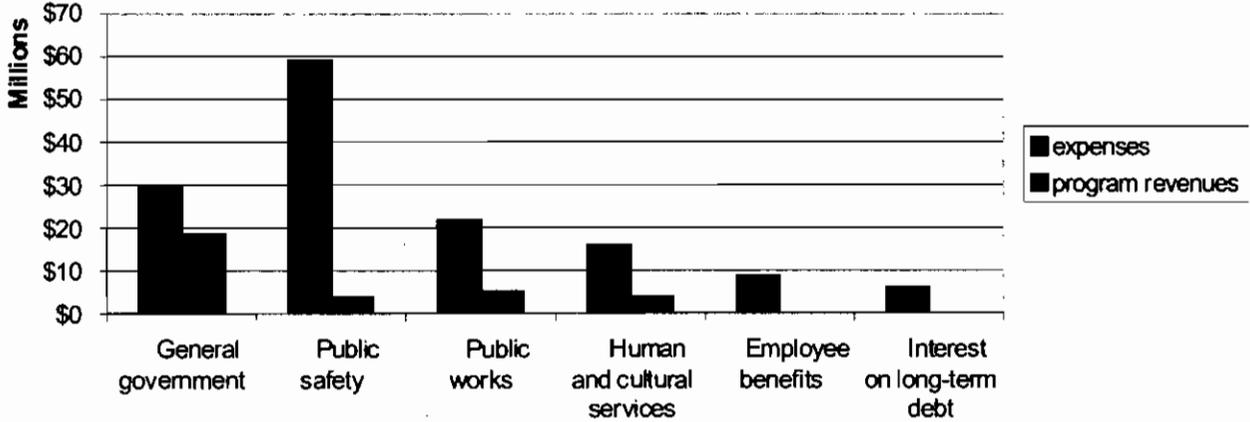
<b>City of Jackson's Changes in Net Assets</b> (amounts expressed in thousands)							
	Governmental Activities		Business-type Activities		Total		
	2011	2010	2011	2010	2011	2010	
<b>Revenues:</b>							
<b>Program revenues</b>							
Charges for services	\$ 14,076	\$ 11,424	\$ 59,580	\$ 53,663	\$ 73,656	\$ 65,087	
Operating grants and contributions	11,570	17,441	706	665	12,276	18,106	
Capital grants and contributions	5,025	2,226	2,568	4,584	7,593	6,810	
<b>General revenues:</b>							
Property taxes	68,108	68,523	-	-	68,108	68,523	
Sales taxes	31,656	31,268	-	-	31,656	31,268	
Franchise taxes	7,878	8,551	-	-	7,878	8,551	
Other	830	430	1,841	265	2,671	695	
<b>Total revenues</b>	<b>139,143</b>	<b>139,863</b>	<b>64,695</b>	<b>59,177</b>	<b>203,838</b>	<b>199,040</b>	
<b>Expenses:</b>							
General government	29,312	32,358	-	-	29,312	32,358	
Public safety	59,166	56,922	-	-	59,166	56,922	
Public works	21,774	22,237	-	-	21,774	22,237	
Human and cultural services	16,011	14,859	-	-	16,011	14,859	
Employee benefits	8,625	8,764	-	-	8,625	8,764	
Interest on long-term debt	5,864	8,830	-	-	5,864	8,830	
Water/Sewer	-	-	41,795	41,064	41,795	41,064	
Nonmajor	-	-	6,764	7,956	8,764	7,956	
Sanitation	-	-	11,156	10,243	11,156	10,243	
<b>Total expenses</b>	<b>140,752</b>	<b>143,970</b>	<b>61,715</b>	<b>59,263</b>	<b>202,467</b>	<b>203,233</b>	
Increase in net assets before transfers	(1,609)	(4,107)	2,980	(86)	1,371	(4,193)	
Transfers	(10,232)	(4,027)	5,564	4,027	(4,668)	-	
<b>Increase in net assets</b>	<b>(11,841)</b>	<b>(8,134)</b>	<b>8,544</b>	<b>3,941</b>	<b>(3,297)</b>	<b>(4,193)</b>	
Net assets - October 1, 2010	172,875	180,611	253,692	249,751	426,567	430,362	
Prior year adjustment	692	398	-	-	692	398	
<b>Net assets - September 30, 2011</b>	<b>\$ 161,726</b>	<b>\$ 172,875</b>	<b>\$ 262,236</b>	<b>\$ 253,692</b>	<b>\$ 423,962</b>	<b>\$ 426,567</b>	

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

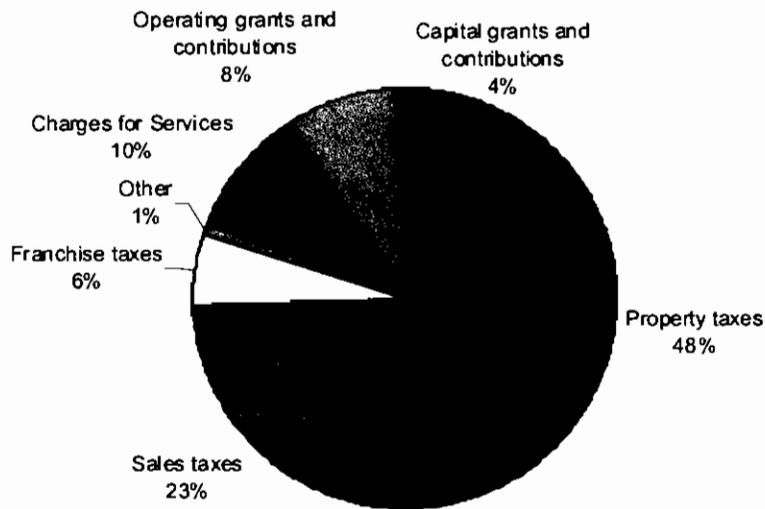
In prior years, the City had not presented the asset resulting from the 1997 contribution of bond proceeds to fund the actuarial accrued liability for the MRS plan. In 2007, pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City calculated its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

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

**Expenses and Program Revenues – Governmental Activities**



**Revenues by source – Governmental Activities**



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

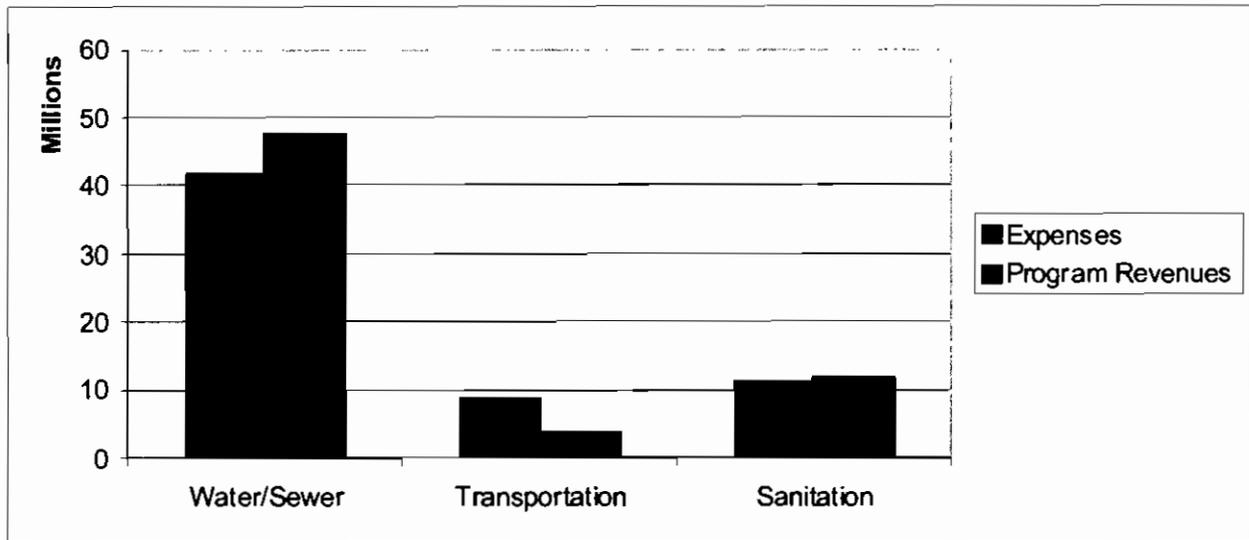
As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

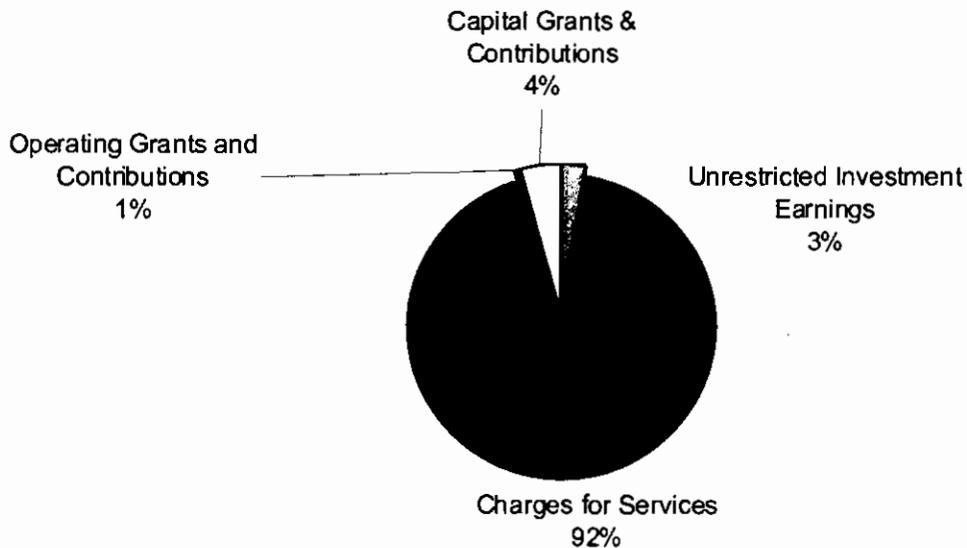
**Governmental funds.** The focus of the City of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unreserved fund balance may 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 increased the City of Jackson's net assets by \$8.5 million. This increase is primarily in the Water Sewer fund.

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



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



As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$56.5 million, an increase of \$.3 million in comparison with the prior year.

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

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Forty-four (44) percent of this total amount is \$24.8 million which is available for spending at the government's discretion (*unassigned*). The remainder of fund balance is as follows:

- Nonspendable - \$1,813,522 is designated for inventories.
- Restricted - \$436,962 is designated for public safety.
- Committed - \$6,085,607 is designated for state tort claims, capital outlay, and other restricted purposes.
- Assigned - \$33,442 is designated for cafeteria flexible spending.

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 \$24.8 million, while total fund balance reached \$33.1 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 increased by \$2,302,632. The increase in fund balance for the federal grant fund \$885,634 is for a variety of restricted purposes. The debt service fund has a total fund balance decrease of (\$745,124) which is partially revenue from property taxes and the payment of debt. The increase in fund balance for the improvement fund \$4,102,928 is to liquidate contracts and purchase orders. The reduction in fund balance for the 1998 GO Bond (\$523,300) and the increase in fund balance for the 2003 GO Bond \$81,905 is the natural spend down of bond proceeds. The reduction in fund balance for the 2006 GO Bond (\$2,478,081) is for the construction of the Capital City Convention Center. The 2009 GO Bond had a fund balance decrease of (\$4,214,107) due to indebtedness incurred during the year.

The debt service fund has a total fund balance of \$1.8 million, all of which is reserved for the payment of debt service.

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

Unrestricted net assets of the Water/Sewage Disposal System Fund at the end of the year amounted to \$75.4 million. The increase in net assets for the Water/Sewage Disposal System Fund was \$7.6 million.

### General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were \$14.1 million increase and can be briefly summarized as follows:

- \$2.8 million increase in capital outlay
- \$9.1 million increase in contract services and charges
- \$1.1 million increase in personnel services
- \$1.1 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 \$3.0 million less than the final budget.
- Actual capital outlay for all city departments was \$3.5 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$7.3 million less than the final budget.
- Actual supplies and materials for all city departments was \$.8 million less than the final budget.

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

**Capital Asset and Debt Administration**

**Capital assets.** The City of Jackson's investment in capital assets for its governmental and business type activities as of September 30, 2011, amounts to \$637 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City of Jackson's investment in capital assets for the current fiscal year was 1% (a .009% change for governmental activities and a 1% increase in business activities).

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

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

<b>City of Jackson's Capital Assets</b>						
(net of depreciation)						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 14,527	\$ 14,528	\$ 1,838	\$ 1,838	\$ 16,365	\$ 16,366
Building & systems	57,371	58,830	43,043	44,018	100,414	102,848
Machinery and equipment	11,886	11,331	16,022	17,225	27,908	28,556
Infrastructure	118,589	122,401	146,556	147,581	265,147	269,982
Construction in progress	84,079	80,433	143,103	136,594	227,182	217,027
<b>Total</b>	<b>\$ 286,452</b>	<b>\$ 287,523</b>	<b>\$ 350,564</b>	<b>\$ 347,256</b>	<b>\$ 637,016</b>	<b>\$ 634,779</b>

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 52-54 of this report.

**Long-term debt.** At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$287 million. Of this amount, \$138 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).

<b>City of Jackson's Outstanding Debt</b>						
General Obligation and Revenue Bonds and Other Loans						
(amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 131,720	\$ 131,720	\$ -	\$ -	\$ 131,720	\$ 131,720
Revenue bonds	-	-	148,325	148,920	148,325	148,920
Tax increment bonds	6,541	4,231	-	-	6,541	4,231
Special obligation bonds	-	-	-	-	-	-
Loans, notes and leases	28,838	23,917	16,557	20,131	45,395	44,048
<b>Total</b>	<b>\$ 167,099</b>	<b>\$ 159,866</b>	<b>\$ 184,882</b>	<b>\$ 169,051</b>	<b>\$ 331,981</b>	<b>\$ 328,919</b>

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

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The City of Jackson's total debt increased by \$3.1 million during the current fiscal year.

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

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Revenue	Aa3	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 58-68 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 2012 fiscal year.

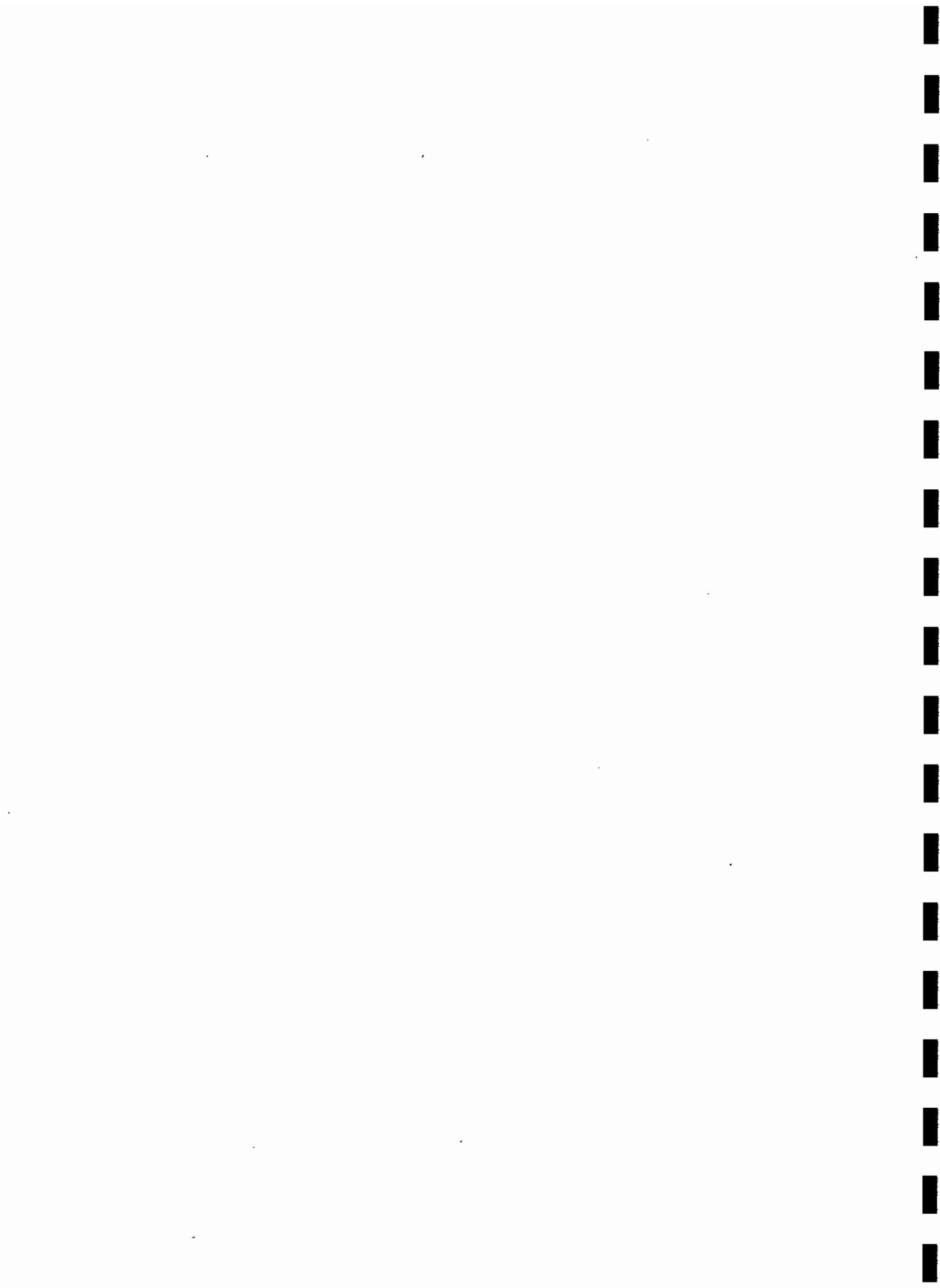
During the current fiscal year, unassigned fund balance in the general fund decreased \$1.9 million.

**Requests for Information**

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

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**BASIC FINANCIAL  
STATEMENTS**



**City of Jackson**  
**Statement of Net Assets**  
**As of September 30, 2011**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Jackson Redevelopment Authority</u>	<u>Capital City Convention Center Commission</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 54,650,900	\$ 10,083,807	\$ 64,734,707	\$ 680,482	\$ 3,340,585
Investments	-	-	-	526,913	-
Accounts receivable, net	74,350	25,265,934	25,340,284	-	-
Other receivable	73,949,175	292,157	74,241,332	1,390,649	941,693
Intergovernmental receivable	2,342,676	1,003,728	3,346,404	-	-
Internal balances	2,928,944	(2,928,944)	-	-	-
Inventories	1,813,522	2,407,330	4,220,852	-	92,521
Prepaid Expenses	-	-	-	1,992	40,336
Net pension asset	14,200,800	-	14,200,800	-	-
Accrued interest receivable	-	-	-	-	501
Restricted assets:					
Cash and cash equivalents	-	50,199,810	50,199,810	535,864	1,412,191
Investments	-	2,000,000	2,000,000	1,292,044	500,000
Deferred charges	428,541	2,232,918	2,661,459	260,180	-
Capital assets:					
Land	14,526,623	1,837,999	16,364,622	4,538,425	5,792,683
Buildings	57,371,472	43,043,513	100,414,985	30,658,490	73,175,042
Automotive and equipment	11,885,834	16,021,771	27,907,605	3,941	4,475,811
Infrastructure	118,588,716	146,557,761	265,146,477	-	-
Construction in Progress	84,079,080	143,102,616	227,181,696	135,712	-
Property held for development	-	-	-	1,846,021	-
<b>Total assets</b>	<b>436,840,633</b>	<b>441,120,400</b>	<b>877,961,033</b>	<b>41,870,713</b>	<b>89,771,363</b>
<b>LIABILITIES</b>					
Liabilities:					
Accounts Payable	4,924,264	4,887,920	9,812,184	91,791	263,967
Accrued interest payable	699,687	610,435	1,310,122	178,771	-
Unearned revenue	68,945,558	-	68,945,558	-	303,638
Other liabilities	3,427,455	4,071,655	7,499,110	22,682	142,811
Noncurrent liabilities:					
Net other postemployment benefits	13,528,797	1,941,203	15,470,000	-	-
Due within one year	10,411,909	4,396,116	14,808,025	1,101,350	-
Due in more than one year	173,176,501	162,977,026	336,153,527	9,851,964	-
<b>Total liabilities</b>	<b>275,114,171</b>	<b>178,884,355</b>	<b>453,998,526</b>	<b>11,246,558</b>	<b>710,416</b>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	180,356,985	183,735,105	364,092,090	26,732,340	83,443,536
Restricted for:					
Debt service	1,832,076	-	1,832,076	-	-
Capital projects	12,624,459	-	12,624,459	1,685,130	-
Other purposes	2,693,047	-	2,693,047	-	-
Capital City Convention Center	319,989	-	319,989	-	1,912,191
Unrestricted	(36,100,094)	78,500,940	42,400,846	2,206,685	3,705,220
<b>Total net assets</b>	<b>\$ 161,726,462</b>	<b>\$ 262,236,045</b>	<b>\$ 423,962,507</b>	<b>\$ 30,624,155</b>	<b>\$ 89,060,947</b>

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

City of Jackson  
Statement of Activities  
For the year ended September 30, 2011

Net (Expenses) Revenues and  
Changes in Net Assets

	Program Revenues			Primary Government			Component Unit		
	Expenses	Operating		Business-type Activities		Total	Capital City		Commission
		Charges for Services	Grants and Contributions	Governmental Activities	Business-type Activities		Jackson Redevelopment Authority	Convention Center	
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 29,311,997	\$ 13,075,530	\$ 5,397,942	\$ -	\$ (10,838,525)	\$ -	\$ (10,838,525)	\$ -	\$ -
Public safety	59,166,586	366,775	2,479,576	581,603	(55,738,632)	-	(55,738,632)	-	-
Public works	21,774,006	14,767	542,619	4,443,415	(16,773,205)	-	(16,773,205)	-	-
Human and cultural services	16,010,587	618,931	3,150,067	-	(12,241,589)	-	(12,241,589)	-	-
Employee benefits	8,625,318	-	-	-	(8,625,318)	-	(8,625,318)	-	-
Interest on long-term debt	5,863,968	-	-	-	(5,863,968)	-	(5,863,968)	-	-
Total governmental activities	140,752,462	14,076,003	11,570,204	5,025,018	(110,081,237)	-	(110,081,237)	-	-
Business-type activities:									
Water/Sewer	41,795,060	47,577,896	94,565	-	5,877,401	-	5,877,401	-	-
Transportation	8,713,130	528,744	517,340	2,568,423	(5,098,623)	-	(5,098,623)	-	-
Madison Sewage	51,121	-	-	-	(51,121)	-	(51,121)	-	-
Sanitation	11,156,232	11,473,278	94,172	-	411,218	-	411,218	-	-
Total business-type activities	61,715,543	59,579,918	706,077	2,568,423	1,138,875	-	1,138,875	-	-
Total primary government	\$ 202,468,005	\$ 73,655,921	\$ 12,276,281	\$ 7,593,441	\$ (110,081,237)	\$ 1,138,875	\$ (108,942,362)	\$ -	\$ -
<b>Component units:</b>									
Jackson Redevelopment Authority	\$ 2,942,861	\$ 1,099,619	\$ 614,226	\$ 1,127,313	\$ -	\$ -	\$ -	\$ (101,703)	\$ -
Capital City Convention Center Commission	9,199,785	2,012,398	150,000	-	-	-	-	-	(7,037,387)
Total component units	\$ 12,142,646	\$ 3,112,017	\$ 764,226	\$ 1,127,313	\$ -	\$ -	\$ -	\$ (101,703)	\$ (7,037,387)
General revenues:									
Property taxes					68,107,531		68,107,531		
Sales taxes					31,656,335		31,656,335		
Franchise taxes					7,877,670		7,877,670		
Unrestricted investment earnings					341,427	489,797	831,224	39,622	25,591
Gain (loss) on sale of capital assets					171,599	76,075	247,674	-	-
Gain on retirement bond					-	1,275,207	1,275,207	-	-
Miscellaneous					317,323	-	317,323	-	-
Transfers					(10,231,611)	5,564,566	(4,667,045)	-	-
Total general revenues and transfers					98,240,274	7,405,645	105,645,919	39,622	4,037,338
Change in net assets					(11,840,963)	8,544,520	(3,296,443)	(62,081)	(3,000,049)
Net assets - beginning of year as previously reported					172,874,949	253,691,525	426,566,474	30,686,236	92,060,996
Prior period adjustment					692,476	-	692,476	-	-
Net assets - beginning of year as adjusted					173,567,425	253,691,525	427,258,950	30,686,236	92,060,996
Net assets - ending					161,726,462	\$ 262,236,045	\$ 423,962,507	\$ 30,624,155	\$ 89,060,947

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

City of Jackson  
Balance Sheet  
Governmental Funds  
As of September 30, 2011

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 29,114,422	\$ 1,156,912	\$ 1,976,483	\$ 7,554,786	\$ 560,644	\$ 4,047,086	\$ 319,989	\$ 6,254,246	\$ 3,445,077	\$ 54,429,645
Accounts receivable, net	-	19,514	-	-	-	-	-	-	-	19,514
Other receivable	59,662,457	-	3,542,726	-	-	-	-	-	8,989,045	72,194,228
Intergovernmental receivable	34,870	1,847,579	-	6,345	-	453,882	-	-	-	2,342,676
Special assessment receivable	-	-	105,713	-	-	-	-	-	-	105,713
Due from other funds	3,142,444	-	-	-	-	-	-	-	-	3,142,444
Inventories	1,813,522	-	-	-	-	-	-	-	-	1,813,522
<b>Total assets</b>	<b>\$ 93,767,715</b>	<b>\$ 3,024,005</b>	<b>\$ 5,624,922</b>	<b>\$ 7,561,131</b>	<b>\$ 560,644</b>	<b>\$ 4,500,968</b>	<b>\$ 319,989</b>	<b>\$ 6,254,246</b>	<b>\$ 12,434,122</b>	<b>\$ 134,047,742</b>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>										
Accounts payable	\$ 1,323,694	\$ 464,811	\$ 169,944	\$ 332,877	\$ 9,074	\$ 38,701	\$ -	\$ 241,713	\$ 1,481,844	\$ 4,062,658
Contracts and Retainage Payable	-	219,375	-	10,976	56,325	56,005	-	68,682	-	411,363
Due to other funds	-	213,500	-	-	-	-	-	-	-	213,500
Deferred revenue	56,308,129	532,938	3,622,902	-	-	-	-	-	8,961,257	69,425,226
Other liabilities	3,009,285	10,191	-	380,984	-	-	-	-	26,995	3,427,455
<b>Total liabilities</b>	<b>60,641,108</b>	<b>1,440,815</b>	<b>3,792,846</b>	<b>724,837</b>	<b>65,399</b>	<b>94,706</b>	<b>-</b>	<b>310,395</b>	<b>10,470,096</b>	<b>77,540,202</b>
<b>Fund Balances</b>										
Nonspendable	1,813,522	-	-	-	-	-	-	-	-	1,813,522
Restricted	436,962	1,583,190	1,832,076	-	-	-	-	-	184,925	4,037,153
Committed	6,085,607	-	-	6,836,294	495,245	4,406,262	319,989	5,943,851	1,779,101	25,866,349
Assigned	33,442	-	-	-	-	-	-	-	-	33,442
Unassigned	24,757,074	1,583,190	1,832,076	6,836,294	495,245	4,406,262	319,989	5,943,851	1,964,026	24,757,074
<b>Total fund balances</b>	<b>33,126,607</b>	<b>3,024,005</b>	<b>5,624,922</b>	<b>7,561,131</b>	<b>560,644</b>	<b>4,500,968</b>	<b>\$ 319,989</b>	<b>\$ 6,254,246</b>	<b>\$ 12,434,122</b>	<b>\$ 134,047,742</b>

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

**City of Jackson**  
**Reconciliation of Balance Sheet - Governmental Funds**  
**To the Statement of Net Assets**  
**September 30, 2011**

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

Total fund balances - governmental funds	\$ 56,507,540
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	286,451,725
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	14,200,800
Internal service fund is used to account for the group benefit plan. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	(174,397)
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements	1,754,947
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements	373,955
Net other postemployment benefit recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	(13,528,797)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Bonds and loans payable, net of refunding gains, premium and discounts	(153,579,516)
Deferred bond issuance costs	428,541
Accrued interest on long-term debt	(699,687)
Capital leases	(18,073,670)
Compensated absences	(4,934,036)
Claims payable	(2,067,197)
Workers' Compensation Benefits	(4,933,746)
	<hr/>
Net assets of governmental activities	\$ <u>161,726,462</u>

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

**City of Jackson**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended September 30, 2011**

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>										
General property taxes	\$ 54,594,233	\$ -	\$ 3,716,921	\$ 1,026,810	\$ -	\$ -	\$ -	\$ -	\$ 8,915,282	\$ 68,253,246
Licenses and permits	2,873,375	-	-	-	-	-	-	-	-	2,873,375
Intergovernmental	35,087,535	9,911,123	-	177,654	-	453,882	-	-	438,674	46,068,868
Fines and forfeitures	4,439,989	-	97,423	-	-	-	-	-	-	4,537,412
Special assessments	-	-	8,260	-	-	-	-	-	-	8,260
Admissions, fees, rentals and concessions	3,172,843	-	-	-	-	-	-	-	325,694	3,498,537
Interest	179,780	4,362	15,136	20,717	4,535	27,028	12,999	49,536	27,332	341,425
Other	14,753,224	300,180	749,346	106,061	-	-	-	-	13,931	15,922,742
<b>Total revenues</b>	<b>115,100,979</b>	<b>10,215,665</b>	<b>4,587,086</b>	<b>1,331,242</b>	<b>4,535</b>	<b>480,910</b>	<b>12,999</b>	<b>49,536</b>	<b>9,720,913</b>	<b>141,503,865</b>
<b>EXPENDITURES</b>										
Current:										
General government	26,001,519	4,975,867	-	-	-	-	-	-	-	30,977,386
Public safety	52,146,086	389,396	-	-	-	-	-	-	70,086	52,605,568
Public works	10,391,479	564,092	-	2,915,415	527,835	399,005	-	4,263,643	64,166	19,125,635
Human and Cultural services	3,814,556	4,248,802	-	-	-	-	-	-	5,306,873	13,370,231
Employee benefits	1,849,562	-	-	-	-	-	-	-	6,775,756	8,625,318
Debt Service:										
Principal	-	-	624,227	-	-	-	-	-	-	624,227
Interest and service charges	-	-	6,423,930	-	-	-	-	-	-	6,423,930
Capital outlay:										
General government	1,362,118	-	-	-	-	-	-	-	-	1,362,118
Public works	1,076,175	2,654	-	-	-	-	-	-	67,219	1,146,048
Public safety	4,795,043	1,022,664	-	-	-	-	-	-	58,449	5,876,156
Human and Cultural services	264,078	20,127	-	-	-	-	-	-	298,385	582,590
Total expenditures	101,700,616	11,223,602	7,048,157	2,915,415	527,835	399,005	-	4,263,643	12,640,934	140,719,207
Excess (deficiency) of revenues over (under) expenditures	13,400,363	(1,007,937)	(2,461,071)	(1,584,173)	(523,300)	81,905	12,999	(4,214,107)	(2,920,021)	784,658
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	2,000	1,893,571	2,491,080	300,000	-	-	-	-	3,240,366	7,927,017
Transfers out	(14,898,649)	-	(742,547)	(26,352)	-	-	(2,491,080)	-	-	(18,158,628)
Payments to escrow agent	-	-	(32,586)	-	-	-	-	-	-	(32,586)
Issuance of debt	3,627,319	-	-	5,413,453	-	-	-	-	-	9,040,772
Sale of capital assets	171,599	-	-	-	-	-	-	-	-	171,599
Total other financing sources (uses)	(11,097,731)	1,893,571	1,715,947	5,687,101	-	(2,491,080)	-	-	3,240,366	(1,051,826)
Net change in fund balances	2,302,632	885,634	(745,124)	4,102,928	(523,300)	81,905	(2,478,081)	(4,214,107)	320,345	(267,168)
Fund balances at beginning of year	30,823,975	697,556	2,577,200	2,733,366	1,018,545	4,324,357	2,798,070	10,157,958	1,643,681	56,774,708
Fund balances at end of year	\$ 33,126,607	\$ 1,583,190	\$ 1,832,076	\$ 6,836,294	\$ 495,245	\$ 4,406,262	\$ 319,989	\$ 5,943,851	\$ 1,964,026	\$ 56,507,540

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, 2011**

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

Net change in fund balances – total governmental funds	\$ (267,168)
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	(1,071,519)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	1,489,669
Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(8,158,676)
Retirement of prior leases	3,605,680
Bond proceeds recorded in the fund statements	(3,682,096)
Amortization of deferred bond issuance cost	(17,142)
Decrease in net pension asset reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	538,237
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	(3,975,560)
Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	349,492
Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	267,646
Internal service fund net activity not reported on the governmental fund statement	<u>(919,526)</u>
Change in the net assets of governmental activities	<u>\$ (11,840,963)</u>

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

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2011**

	<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>				
<b>General property taxes</b>				
Current realty taxes	\$ 33,855,002	\$ 33,855,002	\$ 32,827,868	\$ (1,027,134)
Current personal taxes	12,647,454	12,647,454	12,963,515	316,061
Ad valorem taxes on automobiles	6,352,936	6,352,936	6,484,640	131,704
Delinquent taxes	290,000	590,000	1,385,163	795,163
Interest on current taxes	350,000	350,000	226	(349,774)
Interest on delinquent taxes	65,000	427,980	747,115	319,135
Community improvement	177,000	177,000	185,706	8,706
<b>Total general property taxes</b>	<u>53,737,392</u>	<u>54,400,372</u>	<u>54,594,233</u>	<u>193,861</u>
<b>Licenses and permits</b>				
Privilege licenses	350,250	350,250	460,249	109,999
Building permits	777,967	777,967	812,939	34,972
Air conditioning and duct permits	60,000	60,000	56,561	(3,439)
Plumbing permits	50,000	50,000	57,549	7,549
Electric permits	140,000	140,000	162,603	22,603
Gas Permits	70,000	70,000	52,171	(17,829)
Historic preservation application	1,000	1,000	1,278	278
Landscape permits	17,000	17,000	7,520	(9,480)
Dance hall and other recreational fees	7,500	7,500	17,287	9,787
Landfill charges	1,210,000	1,210,000	1,095,869	(114,131)
Taxicab license fees	2,000	2,000	2,538	538
Sign permits	51,200	51,200	56,330	5,130
Zoning permits	37,000	37,000	23,016	(13,984)
Combustible and flammable liquid permits	7,000	7,000	6,825	(175)
Fireworks Display Permit	200	200	175	(25)
Aircraft registration	5,000	5,000	2,310	(2,690)
Transit Merchants-Peddlers License	5,000	5,000	6,800	1,800
Boarding, Lodging-Licenses	1,000	1,000	1,280	280
Adult entertainment-and License	30,000	30,000	31,471	1,471
Special event fee	1,000	1,000	5,176	4,176
Fire inspection permit	6,000	6,000	8,335	2,335
Annual vehicle inspecton	3,500	3,500	5,093	1,593
<b>Total licenses and permits</b>	<u>2,832,617</u>	<u>2,832,617</u>	<u>2,873,375</u>	<u>40,758</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes In Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2011**

	<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 (Continued):</b>				
<b>Intergovernmental Revenues:</b>				
<b>State Grants and Shared Revenues:</b>				
Alcohol permits	\$ 280,000	\$ 280,000	\$ 268,275	\$ (11,725)
Gasoline Tax	31,146	31,146	28,864	(2,282)
Municipal revolving fund	96,040	96,040	95,633	(407)
State reimb training academy	-	-	75,000	75,000
State fire protection	954,301	890,227	890,226	(1)
Sales tax	29,974,464	30,436,331	30,797,900	361,569
Bus & truck privilege tax	497,694	497,694	465,664	(32,030)
Wireless radio communication program	173,037	173,037	187,867	14,830
Historic Preservation	-	-	6,001	6,001
Homestead exemption	1,163,951	1,163,951	1,440,612	276,661
Total state grants shared revenues	<u>33,170,633</u>	<u>33,568,426</u>	<u>34,256,042</u>	<u>687,616</u>
<b>Federal and State Grants and Shared Revenues:</b>				
HIITDA Grant	50,000	50,000	24,683	(25,317)
COPS- Universal Hire	31,333	24,234	24,233	(1)
MDOT Summer Youth reimbursement	35,000	28,346	28,216	(130)
MS-Seatbelt Enforcement	-	-	(2,000)	(2,000)
MDOT Litter Pick Up	12,168	12,168	16,313	4,145
FEMA/MEMA Disaster	-	122,559	198,826	76,267
Other police grants	75,000	75,000	73,341	(1,659)
Total federal and state shared revenues	<u>203,501</u>	<u>312,307</u>	<u>363,612</u>	<u>51,305</u>
<b>County Revenues:</b>				
Pro rata road tax	400,000	400,000	521,890	121,890
Smith Robertson Museum	10,000	10,000	36,809	26,809
Hinds County 911 Funds	-	6,001	-	(6,001)
Hinds County	-	10,043	(90,818)	(100,861)
Total county revenue	<u>410,000</u>	<u>426,044</u>	<u>467,881</u>	<u>41,837</u>
Total intergovernmental revenues	<u>33,784,134</u>	<u>34,306,777</u>	<u>35,087,535</u>	<u>780,758</u>
<b>Fines and Forfeitures:</b>				
Court & misdemeanor fines	1,200,000	1,200,000	960,681	(239,319)
Vehicle parking fines	150,000	150,000	163,038	13,038
Moving traffic violations	1,400,000	1,400,000	1,581,607	181,607
City court costs	25,000	25,000	19,140	(5,860)
Bad check fee and Warrant fee	177,000	177,000	176,998	(2)
Animal control citations	1,000	1,000	2,070	1,070
Municipal court computer	20,000	20,000	26,399	6,399
Municipal court drivers impr fee	25,000	25,000	55,350	30,350
Expungement fee	6,000	6,000	7,850	1,850
Jackson collection fee	100,000	100,000	375,698	275,698
Miscellaneous Court Docket fee	118,000	118,000	143,095	25,095
Dropped charge fee	5,000	5,000	6,600	1,600
Cash bond - clearing account	55,000	55,000	10,562	(44,438)
Rearraignment fee	20,000	20,000	22,825	2,825
Daily storage fee-vehicle	35,000	35,000	28,660	(6,340)
Administrative fee - del cases	300,000	300,000	408,305	108,305
Contempt fee	100,000	100,000	150,993	50,993
Computerized Crime prevention	20,000	20,000	30,716	10,716
Municipal Court Enhancement fee	-	51,410	51,550	140
Jackson Enhancement fee	-	-	126,867	126,867
Wrecker fees	100,000	100,000	90,985	(9,015)
Total fines and forfeitures	<u>3,857,000</u>	<u>3,908,410</u>	<u>4,439,989</u>	<u>531,579</u>

City of Jackson  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2011

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 160,000	\$ 160,000	\$ 178,592	\$ 18,592
Municipal Auditorium:				
Rentals	101,000	101,000	83,357	(17,643)
Concessions	2,200	2,200	2,415	215
Local record fee	6,000	6,000	5,108	(892)
Pistol Range rent	500	500	1,658	1,158
Outdoor adversting	12,000	12,000	14,767	2,767
Fire Water flow test fee	2,500	2,500	2,500	-
Fire Reports	13,500	13,500	16,075	2,575
Accident report fee	110,000	110,000	98,995	(11,005)
Background check fee	12,500	12,500	11,915	(585)
Bail bondsman applicant photo	200	200	273	73
Bail bondsman mug shot fee	300	300	225	(75)
Bail bondsman ID card	700	700	945	245
Fingerprinting	16,000	16,000	21,760	5,760
Verification of records	30,000	30,000	28,654	(1,346)
Fire sprinkler plans review	4,000	4,000	75	(3,925)
Rents & Royalties	11,000	11,000	15,892	4,892
Art Gallery Donations	-	300	1,954	1,654
Telecommunication Franchise Agreement	276,900	276,900	260,128	(16,772)
Tower Rentals	2,388,430	2,395,906	2,358,136	(37,770)
Arts Center:				
Admissions, rents and royalties	10,100	10,100	4,150	(5,950)
Community room rent	12,000	12,000	8,791	(3,209)
Concessions	250	250	293	43
Planetarium:				
Admissions,Discovery Shop, etc.	116,000	116,000	40,448	(75,552)
Senior Centers Reservation Fee	-	3,600	5,177	1,577
Smith Robertson Museum:				
Gift shop	1,500	1,500	591	(909)
Donations	4,400	4,400	4,350	(50)
Admissions, rental	9,100	5,500	5,619	119
Total admissions and rentals	<u>3,301,080</u>	<u>3,308,856</u>	<u>3,172,843</u>	<u>(136,013)</u>
Interest:				
Earned on investments	175,787	176,123	179,780	3,657
Earned on accounts	-	-	-	-
Total interest earned	<u>175,787</u>	<u>176,123</u>	<u>179,780</u>	<u>3,657</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2011**

	<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	\$ 4,434,978	\$ 4,434,978	\$ 4,610,599	\$ 175,621
Franchise cable television	1,638,350	1,638,350	1,823,358	185,008
Water Sewer Franchise Fee	830,597	830,597	830,597	-
Nuclear power plant	1,635,134	1,635,134	1,617,573	(17,561)
In-lieu-of property tax	-	-	40,846	40,846
Small animal control	3,000	3,000	3,988	988
Police-sale of weapons	-	3,000	13	(2,987)
Parking fee-City employees	7,000	7,000	10,813	3,813
Police	243,000	241,251	268,087	26,836
Public Safety Communications	20,596	20,596	45,958	25,362
Indirect cost	2,506,069	2,779,890	2,745,152	(34,738)
Street index books	1,000	1,000	-	(1,000)
Plumbing exam	-	-	75	75
Eletrical exam	100	100	200	100
Penalty on demo/grass/weeds	6,500	6,500	4,000	(2,500)
Cemeteries-openings/closings	45,000	45,000	11,025	(33,975)
Performance contract rebate	-	-	4,128	4,128
Site plan review planning	15,000	15,000	13,187	(1,813)
Construction plan review	3,500	3,500	3,023	(477)
Building & Permit misc	125,000	125,000	109,080	(15,920)
Cafeteria plan-flexible spending	150,000	150,000	141,092	(8,908)
Administrative fee-payroll deductions	12,000	12,000	13,808	1,808
Sale of maps, plans, and specifications	3,500	3,500	3,313	(187)
Traffic	2,393	16,962	14,573	(2,389)
Legal/City Clerk/Finance and Management	15,000	11,000	12,953	1,953
Telecommunications	-	-	11,245	11,245
Fire Museum donations	3,000	3,000	971	(2,029)
Ffire-Arson/Internal Affairs donations	-	-	1,050	1,050
Fire Department	1,700	302,700	201,000	(101,700)
Grants & Donations	86,020	173,193	106,560	(66,633)
I.D. Badge fee-city employee	500	500	810	310
Abtract fees	-	4,000	7,580	3,580
Settlement of insurance claim	5,158	5,158	98,112	92,954
Proceeds from assets and forfeitures	82,903	82,903	66,637	(16,266)
P E G Revenue	-	-	2,765	2,765
Other	278,839	1,662,329	1,929,053	266,724
Total other revenues	<u>12,155,837</u>	<u>14,217,141</u>	<u>14,753,224</u>	<u>536,083</u>
Total revenues	<u>109,843,847</u>	<u>113,150,296</u>	<u>115,100,979</u>	<u>1,950,683</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2011**

	<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>Expenditures:</b>				
<b>Current Operations:</b>				
<b>General Government</b>				
<b>Administration and Intra-governmental</b>				
Personnel services	\$ 10,257,594	\$ 10,465,929	\$ 9,403,150	\$ 1,062,779
Supplies	985,203	1,157,482	819,282	338,200
Other services and charges	5,923,679	9,034,638	6,993,403	2,041,235
Capital outlay	1,265,176	4,356,816	1,361,750	2,995,066
<b>Total Department of Administration</b>	<u>18,431,652</u>	<u>25,014,865</u>	<u>18,577,585</u>	<u>6,437,280</u>
<b>Personnel</b>				
Personnel services	1,111,488	774,374	621,473	152,901
Supplies	23,487	12,561	10,212	2,349
Other services and charges	704,109	4,169,645	1,699,670	2,469,975
Capital Outlay	1,174	3,734	-	3,734
<b>Total Department of Personnel</b>	<u>1,840,258</u>	<u>4,960,314</u>	<u>2,331,355</u>	<u>2,628,959</u>
<b>Planning</b>				
Personnel services	2,294,141	2,339,813	2,143,082	196,731
Supplies	103,719	106,640	81,320	25,320
Other services and charges	3,496,113	4,469,217	4,229,927	239,290
Capital Outlay	3,075	1,443	368	1,075
<b>Total Department of Planning</b>	<u>5,897,048</u>	<u>6,917,113</u>	<u>6,454,697</u>	<u>462,416</u>
<b>Total General Government</b>	<u>26,168,958</u>	<u>36,892,292</u>	<u>27,363,637</u>	<u>9,528,655</u>
<b>Department of Human and Cultural Services</b>				
<b>Health and Welfare</b>				
Personnel supplies	1,147,862	1,179,750	1,101,703	78,047
Supplies	22,600	32,224	28,405	3,819
Other services and charges	724,963	644,588	613,055	31,533
Capital outlay	263,090	263,090	261,910	1,180
<b>Total Health and Welfare</b>	<u>2,158,515</u>	<u>2,119,652</u>	<u>2,005,073</u>	<u>114,579</u>
<b>Culture and Recreation</b>				
Personnel services	607,830	563,655	529,921	33,734
Supplies	93,095	163,699	82,578	81,121
Other services and charges	1,406,355	1,496,802	1,458,894	37,908
Capital outlay	3,155	2,581	2,168	413
<b>Total Culture and Recreation</b>	<u>2,110,435</u>	<u>2,226,737</u>	<u>2,073,561</u>	<u>153,176</u>
<b>Total Department of Human and Cultural Services</b>	<u>4,268,950</u>	<u>4,346,389</u>	<u>4,078,634</u>	<u>267,755</u>
<b>Department of Public Safety</b>				
Personnel services	45,127,525	46,468,246	45,140,578	1,327,668
Supplies	3,164,363	3,747,721	3,505,395	242,326
Other services and charges	4,424,605	5,565,473	3,500,113	2,065,360
Capital outlay	4,907,313	5,039,354	4,795,043	244,311
<b>Total Department of Public Safety</b>	<u>57,623,806</u>	<u>60,820,794</u>	<u>56,941,129</u>	<u>3,879,665</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2011**

	<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>Expenditures (Continued):</b>				
Department of Public Works				
Personnel services	\$ 7,300,946	\$ 7,152,010	\$ 6,971,560	\$ 180,450
Supplies	1,387,276	1,614,525	1,539,251	75,274
Other services and charges	1,807,658	2,163,723	1,880,668	283,055
Capital outlay	1,601,486	1,300,031	1,076,175	223,856
<b>Total Department of Public Works</b>	<u>12,097,366</u>	<u>12,230,289</u>	<u>11,467,654</u>	<u>762,635</u>
Current Operations				
Employee Benefits				
Supplies	65,000	35,000	31,134	3,866
Other services and charges	1,887,729	1,913,329	1,818,428	94,901
<b>Total Employee Benefits</b>	<u>1,952,729</u>	<u>1,948,329</u>	<u>1,849,562</u>	<u>98,767</u>
<b>Total expenditures</b>	<u>102,111,809</u>	<u>116,238,093</u>	<u>101,700,616</u>	<u>14,537,477</u>
Excess(deficiency) of revenues over expenditures	7,732,038	(3,087,797)	13,400,363	(16,488,160)
<b>Other Financing Sources(Uses)</b>				
Transfers in	-	-	2,000	(2,000)
Transfers out	(14,898,649)	(14,898,649)	(14,898,649)	-
Proceeds from long term debt	2,924,145	3,627,319	3,627,319	-
Sale of Fixed Assets	187,050	233,688	171,599	62,089
<b>Total other financing sources(uses)</b>	<u>(11,787,454)</u>	<u>(11,037,642)</u>	<u>(11,097,731)</u>	<u>60,089</u>
Net change in fund balance	(4,055,416)	(14,125,439)	2,302,632	(16,428,071)
Fund balances at beginning of year	30,823,975	30,823,975	30,823,975	-
Fund balances at end of year	<u>\$ 26,768,559</u>	<u>\$ 16,698,536</u>	<u>\$ 33,126,607</u>	<u>\$ (16,428,071)</u>

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

**City of Jackson**  
**Federal Grants Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$28,424,245	\$ 25,659,649	\$ 9,911,123	\$ (15,748,526)
Interest	-	1,646	4,362	2,716
Other	<u>150,587</u>	<u>158,843</u>	<u>300,180</u>	<u>141,337</u>
Total revenues	<u>28,574,832</u>	<u>25,820,138</u>	<u>10,215,665</u>	<u>(15,604,473)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	7,904,094	5,238,557	4,233,866	1,004,691
Supplies	869,898	1,213,320	692,866	520,454
Other Services and Charges	19,629,465	20,027,954	5,251,425	14,776,529
Capital Outlay	<u>1,079,545</u>	<u>2,227,746</u>	<u>1,045,445</u>	<u>1,182,301</u>
Total expenditures	<u>29,483,002</u>	<u>28,707,577</u>	<u>11,223,602</u>	<u>17,483,975</u>
Excess (deficiency) of revenues over expenditures	<u>(908,170)</u>	<u>(2,887,439)</u>	<u>(1,007,937)</u>	<u>(1,879,502)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	<u>895,820</u>	<u>2,054,901</u>	<u>1,893,571</u>	<u>(161,330)</u>
Total other financing sources (uses)	<u>895,820</u>	<u>2,054,901</u>	<u>1,893,571</u>	<u>(161,330)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(12,350)	(832,538)	885,634	1,718,172
Fund balances at beginning of year	<u>697,556</u>	<u>697,556</u>	<u>697,556</u>	<u>-</u>
Fund balances at end of year	<u>\$ 685,206</u>	<u>\$ (134,982)</u>	<u>\$ 1,583,190</u>	<u>\$ 1,718,172</u>

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

**City of Jackson**  
**Improvement Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ 950,000	\$ 950,000	\$ 1,026,810	\$ 76,810
Intergovernmental Revenue	-	1,996,348	177,654	(1,818,694)
Interest	-	510	20,717	20,207
Other revenues	-	106,061	106,061	-
Total revenues	<u>950,000</u>	<u>3,052,919</u>	<u>1,331,242</u>	<u>(1,721,677)</u>
<b>EXPENDITURES</b>				
Current Operations				
Supplies	1,000,000	1,000,000	51,832	948,168
Other Services and Charges	1,635,119	10,950,944	2,863,583	8,087,361
Total expenditures	<u>2,635,119</u>	<u>11,950,944</u>	<u>2,915,415</u>	<u>9,035,529</u>
Deficiency of revenues over (under) expenditures	(1,685,119)	(8,898,025)	(1,584,173)	(7,313,852)
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	-	300,000	300,000	-
Transfers out	-	-	(26,352)	(26,352)
Proceeds from long term debt	201,595	5,413,453	5,413,453	-
Total other financing sources and uses	<u>201,595</u>	<u>5,713,453</u>	<u>5,687,101</u>	<u>26,352</u>
Net change in fund balances	(1,483,524)	(3,184,572)	4,102,928	(7,287,500)
Fund balances at beginning of year	2,733,366	2,733,366	2,733,366	-
Fund balances at end of year	<u>\$ 1,249,842</u>	<u>\$ (451,206)</u>	<u>\$ 6,836,294</u>	<u>\$ (7,287,500)</u>

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

**City of Jackson  
Statement of Net Assets  
Proprietary Funds  
As of September 30, 2011**

	<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>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 8,786,716	\$ 1,258,520	\$ 38,571	\$ 10,083,807	\$ 221,255
Accounts receivable, less allowances	20,296,579	4,969,355	-	25,265,934	54,836
Intergovernmental receivables	-	-	1,003,728	1,003,728	-
Other receivables	292,157	-	-	292,157	-
<b>Restricted Assets</b>					
Cash and cash equivalents	19,508,626	-	-	19,508,626	-
Inventories	2,407,330	-	-	2,407,330	-
<b>Total Current Assets</b>	<u>51,291,408</u>	<u>6,227,875</u>	<u>1,042,299</u>	<u>58,561,582</u>	<u>276,091</u>
<b>Noncurrent Assets:</b>					
<b>Restricted Assets</b>					
Cash and cash equivalents	30,691,184	-	-	30,691,184	-
Investments	2,000,000	-	-	2,000,000	-
Deferred charges - bond costs, net of amortization	2,232,918	-	-	2,232,918	-
<b>Total Noncurrent Assets</b>	<u>34,924,102</u>	<u>-</u>	<u>-</u>	<u>34,924,102</u>	<u>-</u>
<b>Capital Assets:</b>					
<b>Property, plant and equipment, at cost</b>					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,783,060	57,301	187,903	118,028,264	-
Water plant, distribution system and equipment	258,742,877	-	943,632	259,686,509	-
Automotive and other equipment	12,945,054	2,639,140	10,352,607	25,936,801	-
	390,858,990	2,696,441	11,934,142	405,489,573	-
Less: accumulated depreciation	(191,557,483)	(1,537,618)	(4,933,428)	(198,028,529)	-
	199,301,507	1,158,823	7,000,714	207,461,044	-
Construction in Progress	142,390,140	-	712,476	143,102,616	-
<b>Net property, plant and equipment</b>	<u>341,691,647</u>	<u>1,158,823</u>	<u>7,713,190</u>	<u>350,563,660</u>	<u>-</u>
<b>Total Assets</b>	<u>\$ 427,907,157</u>	<u>\$ 7,386,698</u>	<u>\$ 8,755,489</u>	<u>\$ 444,049,344</u>	<u>\$ 276,091</u>

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

**City of Jackson  
Statement of Net Assets  
Proprietary Funds  
As of September 30, 2011**

	<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>					
<b>Current Liabilities Payable from Unrestricted Assets:</b>					
Accounts/claims payable	\$ 2,763,131	\$ 207,624	\$ 953,376	\$ 3,924,131	\$ 296,319
Due to other funds	-	-	2,928,944	2,928,944	-
Compensated absences	295,770	30,248	6,552	332,570	-
Retainage payable	792,302	-	-	792,302	-
Customer deposits	4,071,655	-	-	4,071,655	-
Other	171,487	-	-	171,487	-
<b>Current portion of Long-Term Debt:</b>					
Lease obligations	1,279,469	284,733	218,489	1,782,691	-
State Department of Environmental Quality	1,520,855	-	-	1,520,855	-
<b>Total Current Liabilities Payable from Unrestricted Assets</b>	<u>10,894,669</u>	<u>522,605</u>	<u>4,107,361</u>	<u>15,524,635</u>	<u>296,319</u>
<b>Current Liabilities Payable from Restricted Assets:</b>					
Revenue bonds	760,000	-	-	760,000	-
Accrued interest payable	610,435	-	-	610,435	-
<b>Total Current Liabilities Payable from Restricted Assets</b>	<u>1,370,435</u>	<u>-</u>	<u>-</u>	<u>1,370,435</u>	<u>-</u>
<b>Total Current Liabilities</b>	<u>12,265,104</u>	<u>522,605</u>	<u>4,107,361</u>	<u>16,895,070</u>	<u>296,319</u>
Post Employment Benefits accrual	1,941,203	-	-	1,941,203	-
<b>Long-Term Debt</b>					
<b>(less amounts classified as current liabilities):</b>					
Compensated absences	166,258	45,760	-	212,018	-
Revenue bonds (net of unamortized discount/premium)	149,513,919	-	-	149,513,919	-
Lease obligations	199,133	123,910	650,933	973,976	-
State Department of Environmental Quality	12,277,113	-	-	12,277,113	-
<b>Total Long-Term Debt</b>	<u>162,156,423</u>	<u>169,670</u>	<u>650,933</u>	<u>162,977,026</u>	<u>-</u>
<b>Total Liabilities</b>	<u>176,362,730</u>	<u>692,275</u>	<u>4,758,294</u>	<u>181,813,299</u>	<u>296,319</u>
<b>Net Assets</b>					
Invested in capital assets, net of related debt	176,141,157	750,180	6,843,768	183,735,105	-
Unrestricted	75,403,270	5,944,243	(2,846,573)	78,500,940	(20,228)
<b>Total Net Assets</b>	<u>251,544,427</u>	<u>6,694,423</u>	<u>3,997,195</u>	<u>262,236,045</u>	<u>(20,228)</u>
<b>Total liabilities and net assets</b>	<u>\$ 427,907,157</u>	<u>\$ 7,386,698</u>	<u>\$ 8,755,489</u>	<u>\$ 444,049,344</u>	<u>\$ 276,091</u>

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

**City of Jackson**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**As of September 30, 2011**

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>Operating Revenues:</b>					
Sales to customers	\$ 47,577,896	\$ 11,473,278	\$ 528,744	\$ 59,579,918	\$ -
Contributions	-	-	-	-	4,685,824
Contributions - City Match	-	-	-	-	2,814,996
Other revenues	94,565	94,172	517,340	706,077	575,390
<b>Total Operating Revenues</b>	<u>47,672,461</u>	<u>11,567,450</u>	<u>1,046,084</u>	<u>60,285,995</u>	<u>8,076,210</u>
<b>Operating Expenses:</b>					
Personnel services	11,151,617	1,126,736	172,071	12,450,424	-
Supplies	4,438,709	419,629	984,756	5,843,094	-
Other services and charges	17,164,756	9,310,962	6,665,045	33,140,763	13,515,614
Depreciation	4,085,720	298,905	942,379	5,327,004	-
<b>Total operating expenses</b>	<u>36,840,802</u>	<u>11,156,232</u>	<u>8,764,251</u>	<u>56,761,285</u>	<u>13,515,614</u>
<b>Operating income (loss)</b>	<u>10,831,659</u>	<u>411,218</u>	<u>(7,718,167)</u>	<u>3,524,710</u>	<u>(5,439,404)</u>
<b>Nonoperating revenues (expenses):</b>					
Interest revenue	484,392	4,505	900	489,797	7,002
Interest and service charges on long-term debt and capitalized lease obligations	(4,670,423)	-	-	(4,670,423)	-
Gain on retirement bond	1,275,207	-	-	1,275,207	-
Sale of fixed assets	-	50	90,965	91,015	-
Gain (loss) on sale of fixed assets	(14,940)	-	-	(14,940)	-
Amortization of bond issuance cost	(283,835)	-	-	(283,835)	-
<b>Total nonoperating revenues (expenses)</b>	<u>(3,209,599)</u>	<u>4,555</u>	<u>91,865</u>	<u>(3,113,179)</u>	<u>7,002</u>
<b>Income (loss) before contributions and transfers</b>	<u>7,622,060</u>	<u>415,773</u>	<u>(7,626,302)</u>	<u>411,531</u>	<u>(5,432,402)</u>
Capital contributions from grants	-	-	2,568,423	2,568,423	-
<b>Transfers In:</b>					
General Fund	-	-	5,566,566	5,566,566	4,667,045
Enterprise Fund	-	-	60,139	60,139	-
<b>Transfers Out:</b>					
General Fund	-	(2,000)	-	(2,000)	-
Enterprise Fund	(60,139)	-	-	(60,139)	-
<b>Total Transfers In (Out)</b>	<u>(60,139)</u>	<u>(2,000)</u>	<u>5,626,705</u>	<u>5,564,566</u>	<u>4,667,045</u>
<b>Change in Net Assets</b>	<u>7,561,921</u>	<u>413,773</u>	<u>568,826</u>	<u>8,544,520</u>	<u>(765,357)</u>
<b>Total net assets - beginning</b>	<u>243,982,506</u>	<u>6,280,650</u>	<u>3,428,369</u>	<u>253,691,525</u>	<u>745,129</u>
<b>Total net assets - ending</b>	<u>\$ 251,544,427</u>	<u>\$ 6,694,423</u>	<u>\$ 3,997,195</u>	<u>\$ 262,236,045</u>	<u>\$ (20,228)</u>

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

**City of Jackson**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**As of September 30, 2011**

	<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	\$ 45,043,608	\$ 11,473,278	\$ 528,744	\$ 57,045,630	\$ 7,500,820
Receipts from other revenue	94,565	(6,950)	673,954	761,569	551,578
Payments to suppliers	(22,181,455)	(10,222,863)	(8,199,430)	(40,603,748)	(13,581,425)
Payments to employees	<u>(10,581,177)</u>	<u>(1,123,869)</u>	<u>(174,973)</u>	<u>(11,880,019)</u>	<u>-</u>
Net Cash provided by (used for) Operating Activities	<u>12,375,541</u>	<u>119,596</u>	<u>(7,171,705)</u>	<u>5,323,432</u>	<u>(5,529,027)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers In	-	-	5,626,705	-	4,667,045
Transfers Out	<u>(60,139)</u>	<u>(2,000)</u>	<u>-</u>	<u>(62,139)</u>	<u>-</u>
Net cash provided by noncapital financing activities	<u>(60,139)</u>	<u>(2,000)</u>	<u>5,626,705</u>	<u>5,564,566</u>	<u>4,667,045</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(7,289,661)	(314,390)	(865,997)	(8,470,048)	-
Proceeds from sale of capital assets	84,372	50	90,965	175,387	-
Proceeds from capital debt	6,930,000	-	71,300	7,001,300	-
Principal paid on capital debt	(9,069,509)	(421,307)	(282,020)	(9,772,836)	-
Proceeds from capital contributions	-	-	2,568,423	2,568,423	-
Interest paid on capital debt	<u>(5,300,269)</u>	<u>-</u>	<u>-</u>	<u>(5,300,269)</u>	<u>-</u>
Net cash provided by (used for) capital and related financing activities	<u>(14,645,067)</u>	<u>(735,647)</u>	<u>1,582,671</u>	<u>(13,798,043)</u>	<u>-</u>
<b>Cash Flow Provided by (Used for) Investing Activities:</b>					
Disposal of capital assets	273,428	226,108	-	499,536	-
Proceeds from sale and maturities of investment securities	2,000,000	-	-	2,000,000	-
Interest on investments	<u>484,392</u>	<u>4,505</u>	<u>900</u>	<u>489,797</u>	<u>7,002</u>
Net Cash provided by investing activities	<u>2,757,820</u>	<u>230,613</u>	<u>900</u>	<u>2,989,333</u>	<u>7,002</u>
Net increase (decrease) in cash and cash equivalents	428,155	(387,438)	38,571	79,288	(854,980)
Cash and cash equivalents at beginning of year	<u>58,558,371</u>	<u>1,645,958</u>	<u>-</u>	<u>60,204,329</u>	<u>1,076,235</u>
Cash and cash equivalents at end of year	<u>\$ 58,986,526</u>	<u>\$ 1,258,520</u>	<u>\$ 38,571</u>	<u>\$ 60,283,617</u>	<u>\$ 221,255</u>

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

**City of Jackson**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**As of September 30, 2011**

	<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)	\$ 10,831,659	\$ 411,218	\$ (7,718,167)	\$ 3,524,710	\$ (5,439,404)
Depreciation Expense	4,085,720	298,905	942,379	5,327,004	-
(Increase) decrease in accounts receivable, net	(2,534,288)	(106,045)	-	(2,640,333)	-
Increase (decrease) in inventories	(695,530)	-	-	(695,530)	-
(Increase) decrease in other receivable	(241,285)	4,923	156,614	(79,748)	(23,812)
(Increase) decrease in deferred charges	(402,773)	-	-	(402,773)	-
(Increase) decrease in due to other funds	-	-	385,969	385,969	-
Increase (decrease) in accounts payable	982,530	(492,272)	(935,598)	(445,340)	(65,811)
Increase (decrease) in accrued interest payable	(42,943)	-	-	(42,943)	-
Increase (decrease) in compensated absences	(51,716)	2,867	(2,902)	(51,751)	-
Increase (decrease) in customer deposits	272,680	-	-	272,680	-
Increase (decrease) in other liabilities	171,487	-	-	171,487	-
Total adjustments	<u>1,543,882</u>	<u>(291,622)</u>	<u>546,462</u>	<u>1,798,722</u>	<u>(89,623)</u>
Net cash provided by (used for) operating activities	<u>\$ 12,375,541</u>	<u>\$ 119,596</u>	<u>\$ (7,171,705)</u>	<u>\$ 5,323,432</u>	<u>\$ (5,529,027)</u>
<b>Recap of cash and cash equivalents:</b>					
Cash and cash equivalents	\$ 8,786,716	\$ 1,258,520	\$ 38,571	\$ 10,083,807	\$ 221,255
Restricted cash and cash equivalents	50,199,810	-	-	50,199,810	-
	<u>\$ 58,986,526</u>	<u>\$ 1,258,520</u>	<u>\$ 38,571</u>	<u>\$ 60,283,617</u>	<u>\$ 221,255</u>

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

**CITY OF JACKSON  
STATEMENT OF NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2011**

	<u>Trust Funds</u>	<u>Agency Funds</u>	
<b>Assets</b>			
Cash and cash equivalents	\$ 312,687	\$ 531,923	
Investment at fair value:			
Certificate of deposit	<u>32,270</u>	<u>-</u>	
Total assets	<u>\$ 344,957</u>	<u>\$ 531,923</u>	
 <b>Liabilities and Net Assets</b>			
<b>Liabilities:</b>			
Payables to others	\$ <u>-</u>	\$ <u>531,923</u>	
Total liabilities	<u>-</u>	<u>\$ 531,923</u>	
 <b>Net Assets:</b>			
Held in trust	<u>344,957</u>		
Total net assets	<u>344,957</u>		
Total liabilities and net assets	<u>\$ 344,957</u>		

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

**CITY OF JACKSON  
STATEMENT OF CHANGES IN NET ASSETS  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 1,982
Other additions	<u>207,000</u>
Total additions	<u>\$ 208,982</u>
Deductions:	
General government Trust funds	\$ <u>135,756</u>
Total deductions	<u>135,756</u>
Change in Net Assets	73,226
Net assets at beginning of year	<u>271,731</u>
Net assets at end of year	<u><u>\$ 344,957</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, 2011**

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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, 2011**

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**Note 1 – Summary of Significant Accounting Policies (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 Assets, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's Proprietary Funds and of the City's Internal Service Funds are charges to customers for sales and services. Operating expenses for Proprietary Funds and Internal Service Funds include the cost of sales and services, direct administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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.

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

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

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

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

The City reports the following major proprietary funds:

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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 assets and changes in net assets and are reported using accounting principles similar to proprietary funds.

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

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**1. Cash and Cash Equivalents**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):**

**3. Investments**

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

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

**4. Restricted Assets**

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

**5. Inventories**

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

**6. Capital Assets**

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value at the date received. The City's classes of capital assets and their capitalization levels are: land – cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):**

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

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

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

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

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

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

**7. Compensated Absences**

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

**8. Bond Discounts, Bond Premiums and Issuance Costs**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):**

**9. Interfund Activity**

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

**10. Revenues**

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

**11. Expenditures**

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

**12. Reserves and Designations**

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. 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 Assets**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):**

**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.

**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** - This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority which includes the city charter, ordinances and resolutions. Those committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action (city charter, ordinance and resolution) it employed previously to commit those amounts.

**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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):**

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

The City has adopted a fund balance / net assets 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 assets 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 Assets 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 and 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; 2/12 of O&M budget for Contingent Fund; and, Maximum of \$100,000 for Depreciation Fund.

The total Required Fund Balance/Reserve for 2011 is \$11,884,931 and this amount is on deposit at September 30, 2011.

Replenishment of Reserve Deficits - If, at the end of any fiscal year, the actual amount of unassigned fund balance or unassigned net assets 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 assets 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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):**

**18. New Accounting Pronouncements**

During the fiscal year 2011 the City implemented the following GASB pronouncements:

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is effective for fiscal periods beginning after June 15, 2010. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental type definitions.

In June 2011, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2011. In conjunction with the 2011 fiscal year audit, a review was made relating to the requirements of this statement. As a result of this review, this statement had no significant impact on the City's financial statements.

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

In November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. This Statement addresses how to account for and report service concession arrangements (SCAs). It improves financial reporting by establishing recognition, measurement and SCA disclosure requirements for both transferors and governmental operators. The requirements of Statement 60 are effective for periods beginning after December 15, 2011. This Statement will not have a significant impact on the City.

In November 2010, GASB issued Statement No. 61, *The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34*. This statement includes amendments to GASB Statement No. 14 and GASB Statement No. 34 that better address user needs and reporting entity issues that arose after the issuance of those Statements. Statement 61 modifies requirements for inclusion of component units, amends the criteria for reporting components and clarifies the reporting of equity interests in legally separate organizations. The provisions of this Statement are effective for periods beginning after June 15, 2012. Early application is encouraged. This Statement will not have a significant impact on the City.

In December 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement incorporates generally accepted accounting principles for state and local governments issued from all sources that do not conflict with, or contradict GASB pronouncements, into one. This Statement supersedes GASB Statement No. 20 and eliminates the election in paragraph 7 of Statement No. 20 that allowed enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with GASB pronouncements. The requirements of this Statement are effective for periods beginning after December 15, 2011. Early application is encouraged. This Statement will not have a significant impact on the City.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement calls for deferred outflows of resources to be reported separately from assets, and for deferred inflows of resources to be reported separately from liabilities. The net difference between these elements are described as net position, rather than as net assets. The requirements of this Statement are effective for periods that ends December 31, 2012. This statement will not have a significant impact on how the City reports its net position.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (Continued):**

**18. New Accounting Pronouncements (Continued):**

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. This Statement enhances comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this statement are effective for periods beginning after June 15, 2011. Early application is encouraged. This statement is expected to have a significant impact on the City.

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$183,859 difference are as follows (in thousands):

Bonds payable	\$ 149,026
Less: Deferred charge on refunding (to be amortized as interest expense)	1,221
Less: Issuance premium	3,852
Less: Issuance discount (to be amortized as interest expense)	(519)
Deferred bond issuance cost	(429)
Accrued interest payable	700
Capital leases payable	18,074
Claims and judgments	2,067
Compensated absences	4,934
Workers' Compensation Benefits	<u>4,933</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 183,859</u>

Another element of that reconciliation explains that "Internal service funds are used to account for the group benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets." The details of this (\$ 20) difference are as follows (in thousands):

Net assets of the internal service funds	<u>(\$ 20)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>(\$ 20)</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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

**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):**

reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this (\$1,072) difference are as follows (in thousands):

Capital outlay	\$ 5,749
Depreciation expense	<u>(6,821)</u>
 Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>(\$ 1,072)</u>

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,005 difference are as follows (in thousands):

Principal repayments:	
Limited obligation debt	490
Other debt	<u>515</u>
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 1,005</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 \$4,553 difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ 8,159
Principal repayments:	
Payment on capital lease	<u>(3,606)</u>
 Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 4,553</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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 "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 \$121 difference are as follows (in thousands):

Compensated absences	\$ 486
Workers' compensation benefits	(175)
Claims and judgments	(721)
Accrued interest	27
Amortization of bond premium	360
Amortization of bond discounts	(28)
Amortization of issuance costs	155
Amortization of deferred costs	<u>17</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 121</u>

Another element of that reconciliation states that "Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements." The details of this \$267 difference are as follows (in thousands):

Property taxes receivable	\$ 234
Special assessments receivable	<u>33</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>\$ 267</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 (\$ 920) difference are as follows (in thousands):

Change in net assets of the internal service funds	<u>(\$ 920)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	 <u>(\$ 920)</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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**Note 3 – Stewardship, Compliance and Accountability**

**A. BUDGETARY INFORMATION**

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

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

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

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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 2011 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 102,112	\$ 116,238	\$ 14,126
Special Revenue Funds	32,327	48,105	15,778
Debt Service Fund	10,392	11,811	1,419
Capital Projects Funds	24,902	28,207	3,305
Enterprise Funds	112,198	179,115	66,917
Internal Service Fund	12,286	14,066	1,780
	\$ 294,217	\$ 397,542	\$103,325

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

**B. DEFICIT FUND EQUITY**

The City has no deficit fund equity by individual fund as of September 30, 2011.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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 \$114,934,517 and the bank balances totaled \$117,611,980. Of the bank balances, \$250,000 was insured by federal deposit insurance and \$117,361,980 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

**3. Investments – Primary Government**

As of September 30, 2011, the City had investments consisting of U.S. Agencies at a total fair value of \$2,000,000 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, 2011**

**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, 2011 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, 2011, investments of the component unit consisted of the following (n thousands):

Jackson Redevelopment Authority		
U. S. Treasury Bills:		
Unrestricted	\$	527
Restricted under bond agreements		1,292
	\$	1,819
Capital City Convention Center Commission		
Certificate of deposit:		
Unrestricted	\$	500

**B. RECEIVABLES**

Receivables at September 30, 2011, 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>Improvement</u>	<u>Federal Grant</u>	<u>2003 G O Bond</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:									
Accounts receivable	\$ -	\$ -	\$ 20,297	\$ 4,969	\$ -	\$ 20	\$ -	\$ 55	\$ 25,341
Intergovernmental	35	-	-	-	6	1,848	454	1,004	3,347
Other	59,662	3,543	292	-	-	-	-	8,989	72,486
Gross receivables	<u>\$59,697</u>	<u>\$ 3,543</u>	<u>\$ 20,589</u>	<u>\$ 4,969</u>	<u>\$ 6</u>	<u>\$ 1,868</u>	<u>\$ 454</u>	<u>\$ 10,048</u>	<u>\$ 101,174</u>

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

**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 2010 were collected in the current fiscal year and statutory maximum millage rates were as follows:

<u>Fund</u>	<u>Levy (in mills)</u>	<u>Purpose</u>	<u>Maximum</u>
General Fund	45.81	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	3.07	Debt retirement	None
Disability and Relief Fund	<u>5.75</u>	Retirement	None
Total City of Jackson	<u>56.63</u>		
Jackson/Hinds Library System	<u>1.40</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	62.58	Public schools	None
Special Debt Retirement Levy	2.21	public schools	None
Special Debt Retirement Bond	3.59	Public schools	None
Special Debt Retirement	<u>6.61</u>	Public schools	None
	<u>74.99</u>		
Total mills	<u>133.02</u>		

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

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

**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 \$30,797,900 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)	\$ 1,385,163
Delinquent property taxes receivable (debt service fund)	747,115
Special assessments not yet due (debt service fund)	105,713
Current year tax assessments (all funds)	66,654,297
Grant drawdowns prior to meeting all eligibility requirements	532,938
Total unearned revenue for governmental funds	<u>\$ 69,425,226</u>

**C. CHANGES IN CAPITAL ASSETS**

1. Primary government capital asset activity for the year ended September 30, 2011, was as follows (thousands):

	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2011
<b>Governmental Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 14,528	\$ -	\$ (2)	\$ 14,526
Construction in progress	80,434	3,645	-	84,079
Total capital assets not being depreciated	<u>94,962</u>	<u>3,645</u>	<u>(2)</u>	<u>98,605</u>
<b>Capital assets being depreciated:</b>				
Buildings	81,408	72	-	81,480
Infrastructure	214,246	-	-	214,246
Automotive and equipment	67,948	3,443	(1,410)	69,981
Total capital assets being depreciated	<u>363,602</u>	<u>3,515</u>	<u>(1,410)</u>	<u>365,707</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(22,578)	(1,531)	-	(24,109)
Infrastructure	(91,845)	(3,811)	-	(95,656)
Automotive and equipment	(56,617)	(2,888)	1,410	(58,095)
Total accumulated depreciation	<u>(171,040)</u>	<u>(8,230)</u>	<u>1,410</u>	<u>(177,860)</u>
Total capital assets being depreciated, net	<u>192,562</u>	<u>(4,715)</u>	<u>-</u>	<u>187,847</u>
Total governmental activities capital assets, net	<u>\$ 287,524</u>	<u>\$ (1,070)</u>	<u>\$ (2)</u>	<u>\$ 286,452</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2011
<b>Business-Type Activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	136,594	6,660	(152)	143,102
<b>Total capital assets not being depreciated</b>	<b>138,432</b>	<b>6,660</b>	<b>(152)</b>	<b>144,940</b>
<b>Capital assets being depreciated:</b>				
Buildings	117,940	88	-	118,028
Infrastructure	259,716	152	(182)	259,686
Automotive and equipment	32,348	2,266	(8,677)	25,937
<b>Total capital assets being depreciated</b>	<b>410,004</b>	<b>2,506</b>	<b>(8,859)</b>	<b>403,651</b>
<b>Less accumulated depreciation for:</b>				
Buildings	(73,922)	(1,062)	-	(74,984)
Infrastructure	(112,135)	(993)	-	(113,128)
Automotive and equipment	(15,124)	(3,641)	8,849	(9,916)
<b>Total accumulated depreciation</b>	<b>(201,181)</b>	<b>(5,696)</b>	<b>8,849</b>	<b>(198,028)</b>
<b>Total capital assets being depreciated, net</b>	<b>208,823</b>	<b>(3,190)</b>	<b>(10)</b>	<b>205,623</b>
<b>Total business-type activities capital assets, net</b>	<b>\$ 347,255</b>	<b>\$ 3,470</b>	<b>\$ (162)</b>	<b>\$ 350,563</b>

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

<b>Governmental Activities:</b>	
General government	\$ 1,646
Public Works	2,634
Human & Cultural	1,481
Public Safety	<u>2,469</u>
<b>Total depreciation expense – governmental activities</b>	<b>\$ 8,230</b>
<b>Business-Type Activities:</b>	
Water/Sewer	\$ 4,467
Sanitation	265
Non-major business – type activities	<u>944</u>
<b>Total depreciation expense – business-type activities</b>	<b>\$ 5,696</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

3. Construction work in progress at September 30, 2011 for the governmental activities of the primary government is composed of the following:

Project	Spent-to-date	Remaining Commitment
Improvement Fund	\$ 13,520,123	\$ 48,377
Community Development Block Grant	1,760,060	10,687
FEMA/MEMA Disaster	-	277,096
1982 Industrial Park Bond	189,686	-
1988 G O Public Improvement Construction Bond	116,179	-
1994 G O Public Improvement Construction Bond	10,000	-
1998 G O Public Improvement Construction Bond	18,848,330	129,648
2003 G O Public Improvement Construction Bond	21,433,828	1,258,183
2007 Tax Increment Limited Obligation Bond	2,077,735	-
Energy Efficiency and Conservation Block Grant	-	4,061,547
2008 G O Street Construction Bond	18,480,121	1,090,294
2009 American Recovery Reinvestment Act	219,667	685,868
Thalia Mara Hall	231,976	-
Economic Development Initiative –		
Economic Development	166,134	14,423
Traffic – Repair and Replacement	2,092,581	285,367
Drainage – Repair and Replacement	1,023,223	14,885
Housing Rehab	284,377	-
Resurfacing – Repair and Replacement	3,615,417	27,233
Hawkins Field Industrial Development	9,643	-
Parks – Repair and Replacement	-	28,161
<b>Total</b>	<b>\$ 84,079,080</b>	<b>\$ 7,931,769</b>

4. Construction work in progress at September 30, 2011 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$143,102,616</u>	<u>\$9,152,474</u>
<b>Total</b>	<u>\$143,102,616</u>	<u>\$9,152,474</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

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

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2011, was as follows:

<b>Business-Type Activities:</b>	Balance September 30, 2010	Additions	Deletions	Balance September 30, 2011
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,383	\$ 155	\$ -	\$ 4,538
Construction in progress	78	58	-	135
Property held for development	1,838	8	-	1,846
<b>Total capital assets not being depreciated</b>	<b>6,299</b>	<b>221</b>	<b>-</b>	<b>6,520</b>
<b>Other capital assets:</b>				
Land improvements	29	-	-	29
Buildings	49,929	50	-	49,979
Equipment and furniture	1,288	5	-	1,293
<b>Total other capital assets</b>	<b>51,246</b>	<b>55</b>	<b>-</b>	<b>51,300</b>
<b>Less accumulated depreciation for:</b>				
Land Improvements	(29)	-	-	(29)
Buildings	(18,066)	(1,255)	-	(19,321)
Equipment and furniture	(1,288)	(1)	-	(1,289)
<b>Total capital assets being depreciated</b>	<b>(19,383)</b>	<b>(1,256)</b>	<b>-</b>	<b>(20,639)</b>
<b>Total other capital assets, net</b>	<b>31,863</b>	<b>(1,201)</b>	<b>-</b>	<b>30,662</b>
<b>Total capital assets, net</b>	<b>\$ 38,162</b>	<b>\$ (980)</b>	<b>\$ -</b>	<b>\$ 37,182</b>

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

Urban renewal projects	\$ 815
Rehabilitation loan services	1
Parking facilities	440
<b>Total</b>	<b>\$ 1,256</b>

Activity for the Capital City Convention Center Commission for the year ended September 30, 2011, was as follows (in thousands):

<b>Business-Type Activities:</b>	Balance September 30, 2010	Additions	Deletions	Transfers	Balance September 30, 2011
<b>Capital assets not being depreciated:</b>					
Land	\$ 5,785	\$ 7	\$ -	\$ -	\$ 5,792
Building and improvements	79,942	17	-	-	79,926
Equipment	4,214	261	-	-	4,508
	89,941	285	-	-	90,226
<b>Less accumulated depreciation</b>	<b>(4,324)</b>	<b>(2,460)</b>	<b>-</b>	<b>-</b>	<b>(6,784)</b>
<b>Total capital assets, net</b>	<b>\$ 85,617</b>	<b>\$ (2,175)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 83,442</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

**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, 2011 follows (in thousands):

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 3,142	\$ -
Federal Grant	-	214
Nonmajor Proprietary Funds	-	2,928
Total	<u>\$ 3,142</u>	<u>\$ 3,142</u>

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

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 2	\$ 14,899
Debt Service Fund	2,491	742
Proprietary Fund	-	62
Federal Grant Fund	1,893	-
Improvement Fund	300	26
2006 G O Bond	-	2,491
Nonmajor Governmental Funds	3,240	-
Internal Service Fund	4,667	-
Nonmajor Proprietary Funds	5,627	-
Total	<u>\$ 18,220</u>	<u>\$ 18,220</u>

Interfund transfers at September 30, 2011 consist of the following (in thousands):

\$	743	From Debt Service Fund to the Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	60	From Water Sewer to Madison to subsidize operations.
	27	From the Improvement Fund to the Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	2,491	From the Major Governmental Fund (2006 G O Bond) to the Debt Service Fund for debt service payment.
	1,123	From the General Fund to the Major Governmental Fund (Federal Grant Fund) to subsidize operations.
	3,240	From the General Fund to the Nonmajor Governmental Funds (Parks and Recreation and State Grant Funds) to subsidize operations.
	4,667	From the General Fund to the Internal Service Fund to subsidize operations.
	5,567	From the General Fund to the Nonmajor Proprietary Funds (Transportation) to subsidize operations.
	2	From the Proprietary Funds (Sanitation) to the General Fund to subsidize operations.
	300	From the General Fund to the Major Governmental Fund (Improvement Fund) to subsidize operations.
\$	<u>18,220</u>	

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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, 2011, there were assets under capital lease totaling \$22,851,666 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, 2011, amounted to \$552,753. 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, 2011, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 405
2013	188
2014	188
2015	188
2016	123
2017 and thereafter	<u>2,270</u>
Total	<u>\$ 3,362</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2011 totaled to \$1,233,037. There were no subleases or contingent rentals associated with the operating leases.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**G. LONG-TERM DEBT:**

**1. General Obligation Bonds**

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

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

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

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

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

On 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, 2011**

**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 assets. 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.

At September 30, 2011, the City had \$12,855,000 of general obligation bonds considered to be defeased and outstanding.

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, 2011, 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>
<b>General Obligation Bonds:</b>					
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	\$ 12,395
General Obligation Bonds, Refunding 2005	08/04/05	3.00-5.00%	10/01/17	20,960	9,615
General Obligation Bonds, Series 2006	11/08/06	3.60-5.00%	03/01/36	65,000	65,000
General Obligation Bonds, Series 2009	01/01/09	4.00-5.80%	01/01/24	26,210	21,045
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	<u>7,010</u>
Total General Obligation Bonds					<u>\$ 131,720</u>

**2. Revenue Bonds**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

As a result, the portion of the Water/Sewer System Revenue Bonds, Series 1999 and the Water/Sewer System Revenue Bonds, Series 2002 that were refunded are considered to be defeased and the liability for those bonds has been removed from the Water/Sewer Proprietary Fund.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$642,152. This difference is being charged to operations through the year 2034.

The City completed the advance refunding to reduce its total debt service payments over the next 6 years by \$9,212,277 which resulted in an economic gain (difference between the present values of the old debt and the new debt service payments) of \$209,734.

On August 4, 2005, the City issued \$27,180,000 in Water/Sewer System Revenue Refunding Bonds with an average interest rate of 4.32 percent to advance refund \$25,800,000 of outstanding Water/Sewer System Revenue Bonds, Series 1999 with an average interest rate of 5.21. The net proceeds of \$27,758,429 (after payment of \$496,236 in underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments for the Water/Sewer System Revenue Bonds, Series 1999. As a result, the Water/Sewer System Revenue Bonds, Series 1999 bonds are considered to be defeased and the liability for those bonds has been removed from the Water/Sewer Proprietary Fund. A portion (\$5,085,000) of the Water/Sewer System Revenue Bonds, Series 1999 was not refunded. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$2,785,028. This difference is being charged to operations through the year 2024. The City completed the advance refunding to reduce its total debt service payments over the next 19 years by \$1,057,504 and to obtain an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,383,192.

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.

Revenue bonds outstanding, at September 30, 2011, were as follows (in thousands):

<u>Revenue Bonds:</u>	<u>Date of</u>	<u>Interest</u>	<u>Final</u>		
Enterprise Funds:	<u>Obligation</u>	<u>Rate</u>	<u>Maturity</u>	<u>Issued</u>	<u>Outstanding</u>
			<u>Date</u>		
Water/Sewer Revenue Refunding 2004	10/22/04	3.00-5.00%	09/01/31	78,085	\$ 76,120
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	22,920
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50-5.00%	09/01/34	46,720	46,720
Water/Sewer Revenue Refunding 2011B	09/01/11	4.070-5.40%	09/01/34	2,565	<u>2,565</u>
					<u>\$ 148,325</u>

At September 30, 2011, the City had \$44,700,000 of revenue bonds considered to be defeased and outstanding.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

**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. Limited obligation bonds outstanding at September 30, 2011, 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	\$ 1,850
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407	374
Tax Increment Financing Bonds, 2009	6/16/2009	3.83%	7/1/2015	375	259
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600	1,423
Tax Increment Financing Bonds, 2010	12/30/2010	- %	7/1/2022	2,800	<u>2,634</u>
Total Limited Obligation Bonds					<b>\$ 6,540</b>

**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.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

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. The urban renewal bonds outstanding and net of unamortized bond discount of \$351,769 at September 30, 2011, 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 Revenue Bonds, Series 1997-A	10/01/97	4.00-5.00%	11/01/13	12,270	\$ 1,036
Urban Renewal Central Business District, 1998-A	09/01/98	4.50-6.375%	09/01/23	2,825	170
Urban Renewal Central Business District, 1998-B	09/01/98	6.50-8.50%	09/01/23	1,175	-
Urban Renewal Bonds Jackson Mall Area Project, 1998-A	11/01/98	4.10-5.70%	11/01/13	650	-
Urban Renewal Bond Central Business District, 2000-A	11/01/00	5.00-7.00%	11/01/25	2,250	-
Urban Renewal Note Central Business District, 2006-A-1	10/01/06	3.75%	10/01/10	4,450	-
Urban Renewal Note, Series 2009	08/10/09	6.50%	08/01/19	1,750	-
Urban Renewal Bond, Series, 2011-A	06/01/11	3.25%	06/01/31	7,165	7,002
Urban Renewal Bond, Series, 2011-B	06/01/11	5.15%	06/01/23	2,745	<u>2,745</u>
Total Urban Renewal Bonds and Notes					<u>\$10,953</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

**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, 2011, was as follows (in thousands):

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Bonds and loans payable:</b>					
General obligation bonds	\$ 131,720	\$ -	\$ -	\$ 131,720	\$ 430
Limited obligation bonds	4,231	2,800	490	6,541	438
State issued bonds	286	-	286	-	-
State revolving loan MDA	462	-	32	430	40
Miss. Development Bank Loan	2,650	882	197	3,335	254
Section 108 Loan	7,000	-	-	7,000	-
<b>Less deferred amounts:</b>					
For issuance discount	(547)	-	(28)	(519)	-
On refunding	1,376	-	155	1,221	-
For issuance premium	4,212	-	360	3,852	-
Total bonds payable	<u>151,390</u>	<u>3,682</u>	<u>1,492</u>	<u>153,580</u>	<u>1,162</u>
Capital leases	13,520	8,159	3,606	18,073	4,240
Claims and judgments	2,788	883	1,603	2,068	600
Workers' Compensation Benefits	5,108	1,643	1,818	4,933	2,000
Compensated absences	4,448	2,583	2,096	4,935	2,410
	<u>25,864</u>	<u>13,268</u>	<u>9,123</u>	<u>30,009</u>	<u>9,250</u>
<b>Total Governmental Activity</b>	<b>\$ <u>177,254</u></b>	<b>\$ <u>16,950</u></b>	<b>\$ <u>10,615</u></b>	<b>\$ <u>183,589</u></b>	<b>\$ <u>10,412</u></b>
<b>Business-type activities:</b>					
<b>Bonds and loans payable:</b>					
Revenue bonds	\$ 148,920	\$ 49,285	\$ 49,880	\$ 148,325	\$ 760
<b>Less deferred amounts:</b>					
For issuance premiums	3,953	1,378	1,854	3,477	-
On refunding	(1,705)	38	(136)	(1,531)	-
Total bonds payable	<u>151,168</u>	<u>50,701</u>	<u>51,598</u>	<u>150,271</u>	<u>760</u>
Capital leases	4,703	71	2,016	2,758	1,783
State Revolving Loan (DEQ)	15,428	-	1,629	13,799	1,520
Compensated absences	539	288	282	545	333
	<u>20,670</u>	<u>359</u>	<u>3,927</u>	<u>17,102</u>	<u>3,636</u>
<b>Total Business-type activities</b>	<b>\$ <u>171,838</u></b>	<b>\$ <u>51,060</u></b>	<b>\$ <u>55,525</u></b>	<b>\$ <u>167,373</u></b>	<b>\$ <u>4,396</u></b>
<b>Component Unit – Jackson Redevelopment Authority</b>					
Urban Renewal bonds	\$ 7,070	\$ 9,910	\$ 5,860	\$ 11,120	\$ 1,105
Urban Renewal notes	3,671	-	3,671	-	-
<b>Less deferred amounts:</b>					
For issuance premiums	-	-	-	-	-
On refunding	(15)	(152)	-	(167)	-
<b>Total Component Unit</b>	<b>\$ <u>10,726</u></b>	<b>\$ <u>9,758</u></b>	<b>\$ <u>9,531</u></b>	<b>\$ <u>10,953</u></b>	<b>\$ <u>1,105</u></b>
<b>Total Long-Term Debt</b>	<b>\$ <u>359,818</u></b>	<b>\$ <u>77,768</u></b>	<b>\$ <u>75,671</u></b>	<b>\$ <u>361,915</u></b>	<b>\$ <u>15,913</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

7. The City's legal debt margin for the issuance of general obligation bonds was \$100,368,253 at September 30, 2011.

**8. Annual Maturities Requirements**

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$561,252 for the component unit as of September 30, 2011, including interest, by source of retirement are as follows (in thousands):

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2012	\$ 6,252	\$ 430	\$ 6,682
2013	6,232	2,890	9,122
2014	6,142	5,610	11,752
2015	5,923	5,955	11,878
2016	5,630	6,330	11,960
2017 – 2021	23,160	33,335	56,495
2022 – 2026	13,175	34,995	48,170
2027 – 2031	8,315	17,245	25,560
2032 – 2036	3,297	24,930	28,227
Total	<u>\$ 78,126</u>	<u>\$131,720</u>	<u>\$ 209,846</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

Fiscal Year	Limited Obligation Bonds		Total
	Interest	Principal	
2012	\$ 264	\$ 438	\$ 7,384
2013	257	467	9,846
2014	255	488	12,495
2015	243	518	12,639
2016	229	476	12,665
2017 – 2021	448	2,463	59,406
2022 – 2026	239	961	49,370
2027 – 2031	200	730	26,490
2032 – 2036	-	-	28,227
2037 – 2041	-	-	-
<b>Total</b>	<b>\$ 2,135</b>	<b>\$ 6,541</b>	<b>\$ 218,522</b>

**General Fund (General Fund Revenues)**

Fiscal Year	Obligation Under Capital Leases		Total
	Interest	Principal	
2012	\$ 513	\$ 4,240	\$ 4,753
2013	442	3,910	4,352
2014	339	2,803	3,142
2015	267	1,515	1,782
2016	216	1,154	1,370
2017 – 2021	737	2,562	3,299
2022 – 2026	235	1,814	2,049
2027 – 2032	7	75	82
<b>Total</b>	<b>\$ 2,756</b>	<b>\$ 18,073</b>	<b>\$20,829</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

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

Revenue Bonds

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2012	\$ 6,990	\$ 760
2013	6,876	4,870
2014	6,715	5,030
2015	6,519	5,220
2016	6,283	5,460
2017 – 2021	27,511	31,200
2022 – 2026	19,896	34,275
2027 – 2031	11,679	35,735
2032 – 2036	<u>2,597</u>	<u>25,775</u>
<b>Total</b>	<b><u>\$ 95,066</u></b>	<b><u>\$ 148,325</u></b>

Obligations Under  
Capital Lease

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2012	\$ 60	\$ 1,783
2013	24	514
2014	14	167
2015	9	150
2016	4	144
2017 – 2021	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 111</u></b>	<b><u>\$ 2,758</u></b>

State Revolving Loan

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2012	\$ 440	\$ 1,520	\$ 11,553
2013	374	1,757	14,415
2014	307	1,825	14,058
2015	245	1,316	13,459
2016	202	1,083	13,176
2017 – 2021	509	4,567	63,787
2022 – 2026	96	1,519	55,786
2027 – 2031	2	212	47,628
2032 – 2036	<u>-</u>	<u>-</u>	<u>28,372</u>
<b>Total</b>	<b><u>\$ 2,175</u></b>	<b><u>\$ 13,799</u></b>	<b><u>\$ 262,234</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

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

<u>Fiscal Year</u>	Jackson Redevelopment Authority Notes Payable, Urban Renewal Notes and Bonds		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2012	\$ 464	\$1,105	\$ 1,569
2013	434	465	899
2014	416	485	901
2015	399	440	839
2016	382	460	842
2017 – 2021	1,569	3,110	4,679
2022 – 2026	892	2,520	3,412
2027 – 2031	353	2,535	2,888
	4,909	11,120	16,029
Unamortized refunding cost and discounts	-	(167)	(167)
<b>Total</b>	<b>\$ 4,909</b>	<b>\$ 10,953</b>	<b>\$ 15,862</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 2011 were paid by contributions from the General Fund of \$614,226.

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, 2011, including interest of \$561,252 for the component unit are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2012	\$ 23,690	\$ 1,569
2013	28,613	899
2014	29,696	901
2015	27,880	839
2016	27,211	842
2017 and thereafter	364,496	10,979
<b>Total</b>	<b>\$ 501,586</b>	<b>\$ 16,029</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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 of \$119,235 from the 2004 Swap Counterparty.

Under the 2004 Swap Agreement the City receives a fixed rate from the 2004 Swap Counterparty, and in return pays a fixed rate less an Adjustment Factor. The Adjustment Factor exposes the City to changes in the ratio between the tax-exempt BMA Index and LIBOR. Payments on the swap are exchanged semiannually. The swap became effective on April 1, 2005 and will terminate on April 1, 2024. An early termination of the swap transaction may result in the City making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2011, the fair value of the transaction was a liability of \$4,247,151 for the City, which is not recorded, in the financial statements.

***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**  
**September 30, 2011**

**Note 5 – GASB 54 Fund Balance Presentation – Classification Total**

The City adopted GASB Statement 54 during the year ended September 30, 2011 as such, fund balance of the governmental funds are classified by specific purpose as follows:

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
<b>FUND BALANCES:</b>										
<b>NONSPENDABLE:</b>										
General government	\$ 1,813,522	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,813,522
<b>RESTRICTED FOR:</b>										
General government	-	620,237	-	-	-	-	-	-	83,537	703,774
Public safety	436,962	44,922	-	-	-	-	-	-	57,338	539,222
Public works	-	275,445	-	-	-	-	-	-	43,135	318,580
Human and Cultural services	-	642,586	-	-	-	-	-	-	915	643,501
Debt service reserve	-	-	1,832,076	-	-	-	-	-	-	1,832,076
<b>COMMITTED TO:</b>										
General government	4,660,241	-	-	167,902	-	-	-	-	-	4,828,143
Public safety	1,425,366	-	-	-	-	-	-	-	-	1,425,366
Public works	-	-	-	6,668,392	495,245	4,406,262	319,989	5,943,851	-	17,833,739
Human and Cultural services	-	-	-	-	-	-	-	-	1,737,988	1,737,988
Employee benefits	-	-	-	-	-	-	-	-	41,113	41,113
<b>ASSIGNED TO:</b>										
General government	33,442	-	-	-	-	-	-	-	-	33,442
<b>UNASSIGNED:</b>										
General government	24,722,819	-	-	-	-	-	-	-	-	24,722,819
Public safety	34,255	-	-	-	-	-	-	-	-	34,255
<b>Total fund balances</b>	<b>\$33,126,607</b>	<b>\$ 1,583,190</b>	<b>\$ 1,832,076</b>	<b>\$ 6,836,294</b>	<b>\$ 495,245</b>	<b>\$4,406,262</b>	<b>\$ 319,989</b>	<b>\$ 5,943,851</b>	<b>\$ 1,964,026</b>	<b>\$ 56,507,540</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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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. Commercial insurance is obtained to protect the City from excess losses greater than \$1,000,000 per individual claim for police and fire employees. Commercial insurance is obtained to protect the City from excess losses greater than \$400,000 per individual claim for all other employees. Benefits paid to employees during fiscal year 2011 were \$1,818,428.

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

**2. Unemployment Benefits**

The City also maintains an Unemployment Compensation Revolving Fund (Employee Benefit Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$7,000 paid each employee during the preceding year. As of September 30, 2011, the required amounts were funded. Claims totaled \$135,755 during fiscal year 2011. 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 \$8,076,210 and employee benefit costs were \$13,515,614 during fiscal year 2011. Claims incurred but not reported at September 30, 2011, 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, 2011**

**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 2011 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, 2011 and 2010:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
<b>2011:</b>				
Beginning Balance				
	\$ 360,791	\$ 2,788,833	\$ -	\$ 5,108,260
Current Year Claims/Changes in Estimates	13,515,614	882,328	135,755	1,643,914
Claims Payments	13,592,215	1,603,964	135,755	1,818,428
Ending Balance	<u>\$ 284,190</u>	<u>\$ 2,067,197</u>	<u>\$ -</u>	<u>\$ 4,933,746</u>
<b>2010:</b>				
Beginning Balance				
	\$ 765,168	\$ 2,616,890	\$ -	\$ 4,389,677
Current Year Claims/Changes in Estimates	11,576,962	595,478	188,584	2,173,851
Claims Payments	12,702,921	423,535	188,584	1,455,268
Ending Balance	<u>\$ 360,791</u>	<u>\$ 2,788,833</u>	<u>\$ -</u>	<u>\$ 5,108,260</u>

**5. Other Risks**

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

**B. COMMITMENTS**

During fiscal year 1993, the City entered into a revolving loan agreement with the Department of Environmental Quality (DEQ) for loans to the Jackson Water/Sewage Disposal System Fund. The City has pledged sales tax reimbursements from the State of Mississippi to repay the DEQ loans. The outstanding balance of the revolving loans at September 30, 2011, was \$13,797,968.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**D. CONTINGENT LIABILITIES:**

**Litigation**

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$1,364,500 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.

The City of Jackson is the subject of an enforcement action by the United States Environmental Protection Agency and there is a reasonable possibility that it will be assessed a civil penalty for violations of the Clean Water Act, though the amount of any civil penalty is unknown at this time.

**E. JOINT VENTURES**

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2011 (in thousands):

Jackson/Hinds Library System

Total assets	<u>\$ 1,339</u>	
Total liabilities	<u>\$ 178</u>	
Total fund equity	<u>\$ 1,161</u>	
Total revenues	<u>\$ 4,119</u>	(1)
Total expenditures	<u>\$ 4,127</u>	
Net increase (decrease) in fund balance	<u>\$ ( 8)</u>	
 Total debt	 <u>\$ -</u>	

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

**F. EMPLOYEES' RETIREMENT SYSTEM:**

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

**Public Employees' Retirement System**

**1. Plan Description and Provisions**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

**2. Description of Funding Policy**

PERS members are required to contribute 9.00% of their annual covered salary and the City of Jackson is required to contribute at an actuarially determined rate. The current rate is 12.00% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

*Annual Pension Cost.* For 2011, the City's annual pension cost of \$9,627,790 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2011, actuarial valuation using the entry age actuarial cost method. PERS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2011 was 23 years.

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

Fiscal Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage Of APC <u>Contributed</u>
9/30/09	8,006	100%
9/30/10	7,977	100%
9/30/11	9,628	100%

**Disability and Relief- Municipal Retirement Systems Pension Plan**

**1. Plan Description**

The City of Jackson contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At September 30, 2011, the date of the most recent actuarial verification, there were 2 participating municipal employees and 654 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, 2011**

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

**F. 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. Funding Status and Progress**

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

As of September 30, 2011, the most recent actuarial valuation date, the plan was 51.6% funded. The actuarial accrued liability for benefits was \$127.5 million and the actuarial value of assets was \$65.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$61.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$99,000, and the ratio of the UAAL to the covered payroll was 62.298%.

**4. Annual Pension Cost and Net Pension Asset**

The net pension obligation or asset represents the cumulative difference since the effective date of the statement between City's annual pension cost calculated pursuant to GASB 27 and the employer's contribution to the plan, including the pension liability or asset at transition. For purposes of transition, funding deficiencies which occurred prior to October 1, 1987 are not required to be considered but to do so is acceptable. However, information on fiscal years prior to October 1, 1987 is not available although considerable funding deficiencies occurred to that point. As a result of the transition rules under GASB Statement No. 27, the net pension obligation is considerably less than if the calculation were made considering all applicable years of the plan. Consequently, although the City has an unfunded actuarial accrued liability of \$61,675 as of September 30, 2011, the City has recorded a net pension asset of \$14,201 in the accompanying government wide statements in the governmental activities.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

**4. Annual Pension Cost and Net Pension Asset (Continued):**

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

Annual required pension contribution	\$ (5,857)
Interest on net pension asset	1,093
Adjustments to annual required contribution	<u>(1,317)</u>
Annual pension cost	(6,081)
Contributions made	<u>6,620</u>
Decrease in net pension asset	539
Net pension asset beginning of year	<u>13,662</u>
Net pension asset end of year	<u>\$ 14,201</u>

As the result of the issuance of \$49,790 of general obligation bonds in 1997, the City's contribution to the plan has been limited since that date to matching contributions on employee withholdings. Since 2001, the City's unfunded actuarial accrued liability related to MRS has grown considerably and the annual required contribution for fiscal 2011 is projected to be approximately \$5,857. The City's plans are to continue the present contribution level to the plan through fiscal 2011. At that point the 1997 general obligation bonds will have been retired and tax millage presently used for bond payments amounting to approximately \$6.0 million will be diverted toward making annual contributions to the plan. Projections of cash flow for the plan indicate contributions of approximately \$ 6.9 million in 2011 and growing to approximately \$9.8 million through 2019 will be necessary to meet the City's obligations under the plan. To account for the receipt of revenues, property tax levies, and payments of bond principal and interest related to the bonds issued to provide reductions in the accrued actual liability related to pensions of retired and disabled police and fireman, all contributions are paid from in the Disability and Relief Fund (Non-Major Fund).

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

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of September 30, 2011. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% to 6.0% per year compounded annually, attributable to inflation and seniority/merit. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded liability is being amortized over a closed 30 year period with 23 years remaining as of September 30, 2011. At September 30, 2011, the unfunded actuarial accrued liability was determined as follows:

<u>Actuarial Accrued Liability</u>	<u>(In Thousands)</u>
Retirees and beneficiaries currently receiving benefits	\$126,700
Active members	761
Vested terminated members not yet receiving benefits	<u>-</u>
Total actuarial accrued liability	127,461
Actuarial Value of Assets	<u>65,786</u>
Unfunded actuarial accrued liability	<u>\$ 61,675</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

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

**4. Annual Pension Cost and Net Pension Asset (Continued):**

During the year ended September 30, 2011 the plan experienced an estimated net change of \$(3,702) in the Actuarial Accrued Liability.

**5. Funding Policy**

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

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

**6. Annual Pension Cost**

During the year ended September 30, 2011, contributions totaling approximately \$6,630,282 (\$6,620,526 employer and \$9,756 employee) were made in accordance with contribution requirements determined by the actuarial valuation of the system as of September 30, 2010. The employer contributions consisted of approximately \$17,330 for normal cost and administrative expenses and \$6,603,196 for amortization of the unfunded actuarial accrued liability. In addition to the above contributions, the City has levied a special tax for the retirement of bonds issued to provide funding for City's pension obligation for the year ended September 30, 2011.

**7. Contributions Required and Contributions Made (Continued):**

**Three-Year Trend Information for MRS**  
(In Thousands)

Fiscal Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage Of APC <u>Contributed</u>	Net Pension Asset <u>(NPO)</u>
9/30/09	\$ 4,981	7.9%	\$ 13,790
9/30/10	128	114.6%	13,662
9/30/11	(538)	117.0%	14,201

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**G. OTHER POSTEMPLOYMENT BENEFITS**

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

**Plan Description**

The City's OPEB plan provides post employment healthcare coverage, including dental benefits to eligible individuals. Eligible individuals include all regular, full-time employees of the City, as well as permanent part-time employees who work at least 20 hours per week, and their spouses and dependent children. Employees must have earned at least 25 years of service with the City in order to be eligible for retiree healthcare coverage. Coverage continues at the election of the retiree until age 65. Retirees must pay the required monthly premium for either single or family coverage, as applicable. As of September 30, 2011, 156 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	\$5,038,099	\$722,901	\$5,761,000
Interest on net OPEB obligation	382,164	54,836	437,000
Adjustment to ARC	<u>(826,420)</u>	<u>(118,580)</u>	<u>(945,000)</u>
Annual OPEB cost (expense)	4,593,843	659,157	5,253,000
Less: Contributions made	<u>(618,284)</u>	<u>(88,716)</u>	<u>(707,000)</u>
Increase in net OPEB obligation	3,975,559	570,441	4,546,000
Net OPEB obligation beginning	<u>9,553,236</u>	<u>1,370,764</u>	<u>10,924,000</u>
Net OPEB obligation end of year	<u>\$13,528,795</u>	<u>\$1,941,205</u>	<u>\$15,470,000</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2011**

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

**G. OTHER POSTEMPLOYMENT BENEFITS (continued):**

**Trend Information for OPEB Plan:**

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/09	\$7,905,000	10%	\$7,108,000
9/30/10	\$5,214,000	27%	10,924,000
9/30/11	\$5,253,000	13%	15,470,000

**Funding status and funding progress:**

The City funds the plan on a pay-as-you-go basis. As of September 30, 2010, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$36,875,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll was \$66,782,000 and the ratio of the UAAL to the covered payroll was 55.2%. 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 increased, 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, 2010 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 10 percent initially, reduced by decrements to an ultimate trend rate of 6 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.

**Note 7 – Prior Period Adjustment**

In 2011, the City recorded an adjustment to accumulated depreciation for automotive and equipment. The adjustment was reconciled to the detailed subsidiary depreciation schedule and corrected previously reported net assets as follows:

Adjustment to correct capital assets accumulated depreciation	<u>\$ 692,476</u>
Total adjustment to capital assets accumulated depreciation	<u>\$ 692,476</u>

**REQUIRED SUPPLEMENTARY  
INFORMATION**



**CITY OF JACKSON**  
**Required Supplementary Information**  
**Employees' Retirement Systems**  
**Schedule of Funding Progress**  
**September 30, 2011**

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**DISABILITY AND RELIEF - MUNICIPAL RETIREMENT SYSTEMS PENSION PLAN**

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
9/30/2009	79,140	133,079	53,939	59.5	191	28,240.3
9/30/2010	70,753	131,163	60,410	53.9	93	64,957.0
9/30/2011	65,786	127,461	61,675	51.6	99	62,298.0

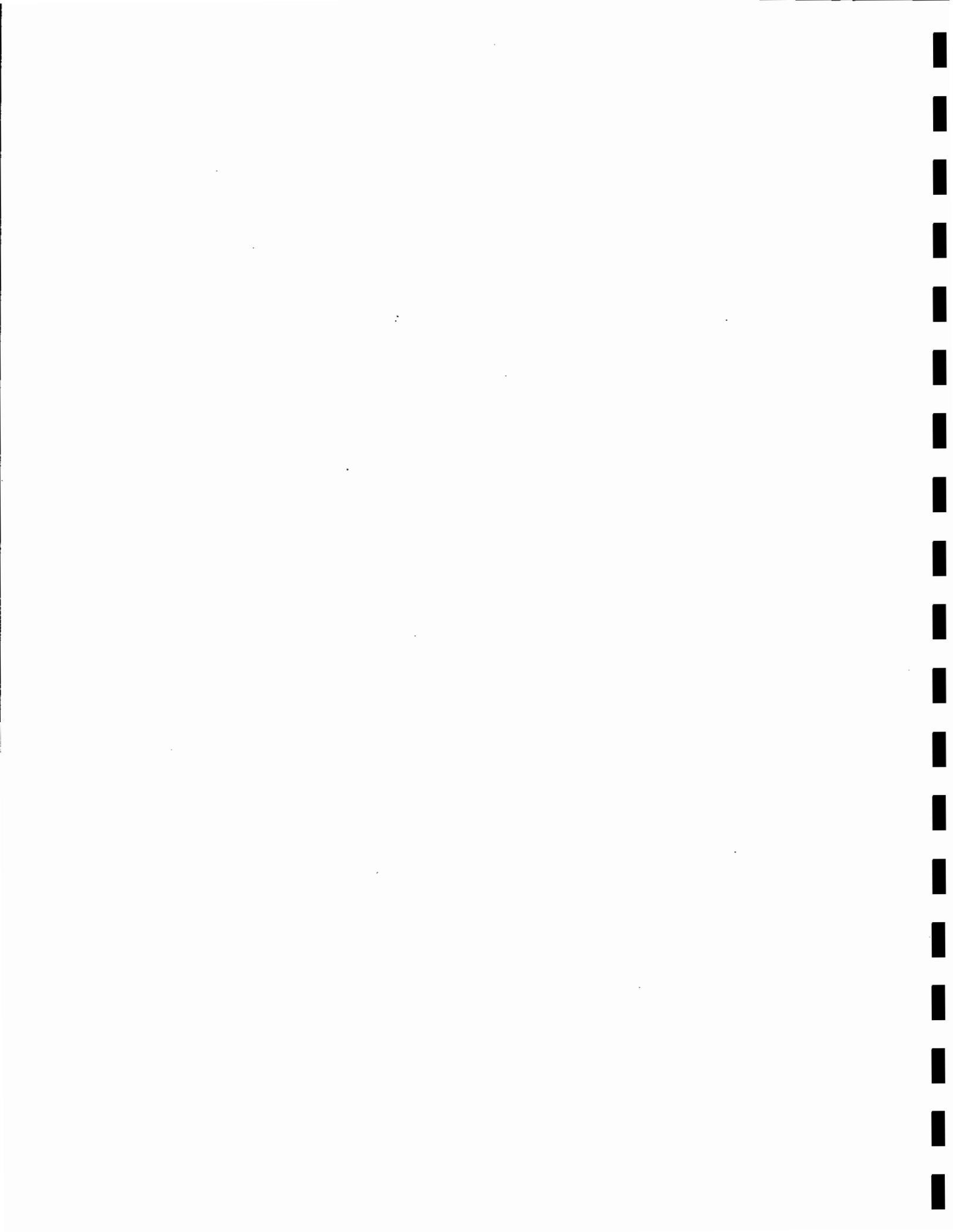
**SCHEDULE OF FUNDING PROGRESS**  
**for the OPEB PLAN**

(Dollar amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll [(b-a)/c]
10/1/2008	-	52,430	52,430	0.00%	69,894	75.0
10/1/2009	-	36,875	36,875	0.00%	66,782	55.2
10/1/2010	-	36,875	36,875	0.00%	66,782	55.2

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**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, property tax levies, and payments of bond principal and interest related to bonds issued to provide reductions in the accrued actual liability related to pensions of retired and disabled police and fireman employed prior to April 1, 1976.

### **Capital Projects Funds**

#### **Industrial Park Bond Fund, 1982-A**

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

#### **2009 Tax Increment Financing Revenue Bond**

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

#### **2009 Tax Increment Financing Revenue Bond**

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

#### **2009 Tax Increment Financing Revenue Bond**

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

#### **2010 Tax Increment Financing Revenue Bond**

To account for bond proceeds issued to finance the costs of infrastructure improvements to the King Edward Hotel project.

**City of Jackson  
Combining Balance Sheet  
Nonmajor Governmental Funds  
As of September 30, 2011**

**Special Revenue**

	<u>Parks and Recreation</u>	<u>State Grant</u>	<u>Disability and Relief</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 1,790,534	\$ 132,061	\$ 1,479,347	\$ 3,401,942
Other Receivable	2,320,381	16,087	6,652,577	8,989,045
Total Current Asset	<u>\$ 4,110,915</u>	<u>\$ 148,148</u>	<u>\$ 8,131,924</u>	<u>\$ 12,390,987</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 37,252	\$ 6,358	\$ 1,438,234	\$ 1,481,844
Unearned Revenue	2,308,680	-	6,652,577	8,961,257
Other Liabilities	26,995	-	-	26,995
Total liabilities	<u>2,372,927</u>	<u>6,358</u>	<u>8,090,811</u>	<u>10,470,096</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	-	-
Restricted	-	141,790	-	141,790
Committed	1,737,988	-	41,113	1,779,101
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>1,737,988</u>	<u>141,790</u>	<u>41,113</u>	<u>1,920,891</u>
Total Liabilities and Fund balances	<u>\$ 4,110,915</u>	<u>\$ 148,148</u>	<u>\$ 8,131,924</u>	<u>\$ 12,390,987</u>

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

**Capital Projects**

<u>1982 Industrial Park Bond</u>	<u>2009 Tax Increment Bond</u>	<u>2009 Tax Increment Bond</u>	<u>2009 Tax Increment Bond</u>	<u>2010 Tax Increment Bond</u>	<u>Total</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 35,865	\$ 231	\$ 160	\$ 6,879	\$ -	\$ 43,135	\$ 3,445,077
-	-	-	-	-	-	8,989,045
<u>\$ 35,865</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 6,879</u>	<u>\$ -</u>	<u>43,135</u>	<u>\$ 12,434,122</u>
\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ 1,481,844
-	-	-	-	-	-	8,961,257
-	-	-	-	-	-	26,995
-	-	-	-	-	-	10,470,096
-	-	-	-	-	-	-
35,865	231	160	6,879	-	43,135	184,925
-	-	-	-	-	-	1,779,101
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>35,865</u>	<u>231</u>	<u>160</u>	<u>6,879</u>	<u>-</u>	<u>43,135</u>	<u>1,964,026</u>
<u>\$ 35,865</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 6,879</u>	<u>\$ -</u>	<u>\$ 43,135</u>	<u>\$ 12,434,122</u>

**City of Jackson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year ended September 30, 2011**

**Special Revenue**

	<b>Parks and Recreation</b>	<b>State Grant</b>	<b>Disability and Relief</b>	<b>Total</b>
<b>REVENUES</b>				
General property taxes	\$ 2,330,531	\$ -	\$ 6,584,751	\$ 8,915,282
Intergovernmental	128,138	129,660	180,876	438,674
Admissions, fees, rentals and concessions	325,416	-	278	325,694
Interest	13,667	268	13,168	27,103
Other	4,081	-	9,850	13,931
Total revenues	<u>2,801,833</u>	<u>129,928</u>	<u>6,788,923</u>	<u>9,720,684</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	3,636,519	2,898	-	3,639,417
Supplies	711,976	16,113	-	728,089
Other Services and Charges	974,750	51,286	6,775,756	7,801,792
Capital Outlay	365,604	58,449		424,053
Debt Service:				
Interest and service charges	47,583	-	-	47,583
Total expenditures	<u>5,736,432</u>	<u>128,746</u>	<u>6,775,756</u>	<u>12,640,934</u>
Excess (deficiency) of revenues over expenditures	<u>(2,934,599)</u>	<u>1,182</u>	<u>13,167</u>	<u>(2,920,250)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	3,240,366	-	-	3,240,366
Proceeds of tax increment bonds	-	-	-	-
Total other financing sources	<u>3,240,366</u>	<u>-</u>	<u>-</u>	<u>3,240,366</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	305,767	1,182	13,167	320,116
Fund balances at beginning of year	<u>1,432,221</u>	<u>140,608</u>	<u>27,946</u>	<u>1,600,775</u>
Fund balances at end of year	<u>\$ 1,737,988</u>	<u>\$ 141,790</u>	<u>\$ 41,113</u>	<u>\$ 1,920,891</u>

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

**Capital Projects**

<b>1982 Industrial Park Bond</b>	<b>2009 Tax Increment Bond</b>	<b>2009 Tax Increment Bond</b>	<b>2009 Tax Increment Bond</b>	<b>2010 Tax Increment Bond</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,915,282
-	-	-	-	-	-	438,674
-	-	-	-	-	-	325,694
228	-	-	1	-	229	27,332
-	-	-	-	2,800,000	2,800,000	2,813,931
<u>228</u>	<u>-</u>	<u>-</u>	<u>1</u>	<u>2,800,000</u>	<u>2,800,229</u>	<u>12,520,913</u>
-	-	-	-	-	-	3,639,417
-	-	-	-	-	-	728,089
-	-	-	-	-	-	7,801,792
-	-	-	-	-	-	424,053
-	-	-	-	-	-	47,583
-	-	-	-	-	-	<u>12,640,934</u>
228	-	-	1	2,800,000	2,800,229	(120,021)
-	-	-	-	-	-	3,240,366
-	-	-	-	2,800,000	2,800,000	2,800,000
-	-	-	-	2,800,000	2,800,000	6,040,366
228	-	-	1	-	229	320,345
35,637	231	160	6,878	-	42,906	1,643,681
<u>\$ 35,865</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 6,879</u>	<u>\$ -</u>	<u>\$ 43,135</u>	<u>\$ 1,964,026</u>

**City of Jackson**  
**Parks and Recreation Special Revenue Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ 2,283,620	\$ 2,283,620	\$ 2,330,531	\$ 46,911
Intergovernmental	120,000	120,000	128,138	8,138
Admissions, fees, rentals and concessions	309,800	309,800	325,416	15,616
Interest	-	-	13,667	13,667
Other	-	-	4,081	4,081
Total revenues	<u>2,713,420</u>	<u>2,713,420</u>	<u>2,801,833</u>	<u>88,413</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	4,209,547	4,146,079	3,636,519	509,560
Supplies	773,625	921,366	711,976	209,390
Other Services and Charges	1,179,943	1,267,522	974,750	292,772
Capital Outlay	200,888	478,789	365,604	113,185
Debt Service:				
Interest and service charges	-	-	47,583	(47,583)
Total expenditures	<u>6,364,003</u>	<u>6,813,756</u>	<u>5,736,432</u>	<u>1,077,324</u>
Excess (deficiency) of revenues over expenditures	<u>(3,650,583)</u>	<u>(4,100,336)</u>	<u>(2,934,599)</u>	<u>1,165,737</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	3,240,366	3,240,366	3,240,366	-
Process from long term debt	128,000	128,000	-	(128,000)
Total other financing sources (uses)	<u>3,368,366</u>	<u>3,368,366</u>	<u>3,240,366</u>	<u>(128,000)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(282,217)	(731,970)	305,767	1,037,737
Fund balances at beginning of year	<u>1,432,221</u>	<u>1,432,221</u>	<u>1,432,221</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,150,004</u>	<u>\$ 700,251</u>	<u>\$ 1,737,988</u>	<u>\$ 1,037,737</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, 2011**

	<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	\$ 118,765	\$ 632,835	\$ 129,660	(503,175)
Interest	-	-	268	268
Total revenues	<u>118,765</u>	<u>632,835</u>	<u>129,928</u>	<u>(502,907)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	-	3,000	2,898	102
Supplies	250	3,580	16,113	(12,533)
Other Services and Charges	55,410	447,288	51,286	396,002
Capital Outlay	63,105	178,967	58,449	120,518
Total expenditures	<u>118,765</u>	<u>632,835</u>	<u>128,746</u>	<u>504,089</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1,182</u>	<u>1,182</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Special Revenue	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>-</u>	<u>-</u>	<u>1,182</u>	<u>1,182</u>
Fund balances at beginning of year	<u>140,608</u>	<u>140,608</u>	<u>140,608</u>	<u>-</u>
Fund balances at end of year	<u>\$ 140,608</u>	<u>\$ 140,608</u>	<u>\$ 141,790</u>	<u>\$ 1,182</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, 2011**

	<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	\$ 6,544,706	\$ 6,577,684	\$ 6,584,751	\$ 7,067
Intergovernmental	190,292	190,292	180,876	(9,416)
Admissions, fees, rentals and concessions	-	-	278	278
Interest	-	-	13,168	13,168
Other	18,172	18,172	9,850	(8,322)
Total revenues	<u>6,753,170</u>	<u>6,786,148</u>	<u>6,788,923</u>	<u>2,775</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	-	-	6,775,756	(6,775,756)
Total expenditures	-	-	6,775,756	(6,775,756)
Excess (deficiency) of revenues over expenditures	<u>6,753,170</u>	<u>6,786,148</u>	<u>13,167</u>	<u>6,772,981</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in:				
General Fund	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	6,753,170	6,786,148	13,167	6,772,981
Fund balances at beginning of year	<u>27,946</u>	<u>27,946</u>	<u>27,946</u>	<u>-</u>
Fund balances at end of year	<u>\$ 6,781,116</u>	<u>\$ 6,814,094</u>	<u>\$ 41,113</u>	<u>\$ 6,772,981</u>

**City of Jackson**  
**Debt Service Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2011**

	<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	\$ 2,233,270	\$ 2,361,845	\$ 2,322,867	\$ (38,978)
Current personal taxes	877,050	877,050	840,771	(36,279)
Delinquent taxes	28,201	28,201	119,376	91,175
Automobile ad valorem taxes	384,079	384,079	433,907	49,828
Homestead exemption	186,662	168,176	97,423	(70,753)
Interest	-	651	15,135	14,484
Special assessments	-	52,947	8,260	(44,687)
Other revenues	-	-	749,347	749,347
Total revenues	<u>3,709,262</u>	<u>3,872,949</u>	<u>4,587,086</u>	<u>714,137</u>
<b>EXPENDITURES</b>				
General obligation bonds				
Principal	2,135,874	1,004,843	624,227	380,616
Interest	5,470,509	6,421,244	6,404,752	16,492
Bank service charge	11,466	17,631	19,178	(1,547)
Total expenditures	<u>7,617,849</u>	<u>7,443,718</u>	<u>7,048,157</u>	<u>395,561</u>
Deficiency of revenues over (under) expenditures	<u>(3,908,587)</u>	<u>(3,570,769)</u>	<u>(2,461,071)</u>	<u>(1,109,698)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,790,490	6,693,231	2,491,080	(4,202,151)
Transfers out	2,775,033	4,420,322	(775,133)	(5,195,455)
Total other financing sources (uses)	<u>8,565,523</u>	<u>11,113,553</u>	<u>1,715,947</u>	<u>(9,397,606)</u>
Net change in fund balances	4,656,936	7,542,784	(745,124)	8,287,908
Fund balances at beginning of year	2,577,200	2,577,200	2,577,200	-
Fund balances at end of year	<u>\$ 7,234,136</u>	<u>\$ 10,119,984</u>	<u>\$ 1,832,076</u>	<u>\$ 8,287,908</u>

**City of Jackson**  
**1982 Industrial Park Bond Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ -	\$ -	\$ 228	\$ 228
Total revenues	<u>-</u>	<u>-</u>	<u>228</u>	<u>228</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	34,675	34,905	-	34,905
Total expenditures	<u>34,675</u>	<u>34,905</u>	<u>-</u>	<u>34,905</u>
Deficiency of revenues over (under) expenditures	<u>(34,675)</u>	<u>(34,905)</u>	<u>228</u>	<u>35,133</u>
Net change in fund balances	(34,675)	(34,905)	228	35,133
Fund balances at beginning of year	<u>35,637</u>	<u>35,637</u>	<u>35,637</u>	<u>-</u>
Fund balances at end of year	<u>\$ 962</u>	<u>\$ 732</u>	<u>\$ 35,865</u>	<u>\$ 35,133</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, 2011**

	<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	\$ -	\$ -	\$ -	\$ -
Interest	-	-	4,535	4,535
Total revenues	<u>-</u>	<u>-</u>	<u>4,535</u>	<u>4,535</u>
<b>EXPENDITURES</b>				
Current Operations				
Supplies	217	24,892	11,947	12,945
Other services and charges	1,122,680	996,175	515,888	480,287
Total expenditures	<u>1,122,897</u>	<u>1,021,067</u>	<u>527,835</u>	<u>493,232</u>
Deficiency of revenues over (under) expenditures	<u>(1,122,897)</u>	<u>(1,021,067)</u>	<u>(523,300)</u>	<u>497,767</u>
Net change in fund balances	(1,122,897)	(1,021,067)	(523,300)	497,767
Fund balances at beginning of year	<u>1,018,545</u>	<u>1,018,545</u>	<u>1,018,545</u>	<u>-</u>
Fund balances at end of year	<u>\$ (104,352)</u>	<u>\$ (2,522)</u>	<u>\$ 495,245</u>	<u>\$ 497,767</u>

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

City of Jackson  
**2003 GO Public Improvement Bond Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ 6,917,943	\$ 6,917,943	\$ 453,882	\$ (6,464,061)
Interest	27,737	27,737	27,028	(709)
Total revenues	<u>6,945,680</u>	<u>6,945,680</u>	<u>480,910</u>	<u>(6,464,770)</u>
<b>EXPENDITURES</b>				
Current Operations				
Personnel services	37,263	17,179	-	17,179
Supplies	40,000	34,318	-	34,318
Other services and charges	11,305,602	11,389,788	399,005	10,990,783
Capital outlay	<u>39,500</u>	<u>39,500</u>	-	<u>39,500</u>
Total expenditures	<u>11,422,365</u>	<u>11,480,785</u>	<u>399,005</u>	<u>11,081,780</u>
Deficiency of revenues over (under) expenditures	<u>(4,476,685)</u>	<u>(4,535,105)</u>	<u>81,905</u>	<u>4,617,010</u>
Net change in fund balances	(4,476,685)	(4,535,105)	81,905	4,617,010
Fund balances at beginning of year	<u>4,324,357</u>	<u>4,324,357</u>	<u>4,324,357</u>	<u>-</u>
Fund balances at end of year	<u>\$ (152,328)</u>	<u>\$ (210,748)</u>	<u>\$ 4,406,262</u>	<u>\$ 4,617,010</u>

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

**City of Jackson**  
**2006 GO Bond Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ -	\$ -	\$ 12,999	\$ 12,999
Total revenues	-	-	12,999	12,999
<b>EXPENDITURES</b>				
Current Operations				
Other services and charges	2,491,080	2,491,080	-	2,491,080
Total expenditures	2,491,080	2,491,080	-	2,491,080
Deficiency of revenues over (under) expenditures	(2,491,080)	(2,491,080)	12,999	2,504,079
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers out				
Debt Service Fund	-	-	2,491,080	(2,491,080)
Total other financing sources and uses	-	-	2,491,080	(2,491,080)
Net change in fund balances	(2,491,080)	(2,491,080)	(2,478,081)	12,999
Fund balances at beginning of year	2,798,070	2,798,070	2,798,070	-
Fund balances at end of year	<u>\$ 306,990</u>	<u>\$ 306,990</u>	<u>\$ 319,989</u>	<u>\$ 12,999</u>

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

**City of Jackson**  
**2009 GO Bond Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ -	\$ -	\$ 49,536	\$ 49,536
Total revenues	<u>-</u>	<u>-</u>	<u>49,536</u>	<u>49,536</u>
<b>EXPENDITURES</b>				
Current Operations				
Personnel services	442,769	215,949	16,253	199,696
Supplies	1,053,229	906,972	652,021	254,951
Other services and charges	8,019,789	8,940,613	3,595,369	5,345,244
Capital outlay	<u>275,000</u>	<u>275,000</u>	<u>-</u>	<u>275,000</u>
Total expenditures	<u>9,790,787</u>	<u>10,338,534</u>	<u>4,263,643</u>	<u>6,074,891</u>
Deficiency of revenues over (under) expenditures	(9,790,787)	(10,338,534)	(4,214,107)	6,124,427
<b>OTHER FINANCING SOURCES(USES)</b>				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(9,790,787)	(10,338,534)	(4,214,107)	6,124,427
Fund balances at beginning of year	<u>10,157,958</u>	<u>10,157,958</u>	<u>10,157,958</u>	<u>-</u>
Fund balances at end of year	<u>\$ 367,171</u>	<u>\$ (180,576)</u>	<u>\$ 5,943,851</u>	<u>\$ 6,124,427</u>

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

**City of Jackson**  
**2009 Tax Increment Financing Bond Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2011**

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current Operations:				
Other services and charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	-	-	-	-
Proceeds from Tax Increment Financing Bond	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	6,878	(6,878)
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,878</u>	<u>\$ 6,878</u>

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

City of Jackson  
**2009 Tax Increment Financing Bond Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Proceeds from Tax Increment Bonds	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>231</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231</u>	<u>\$ -</u>

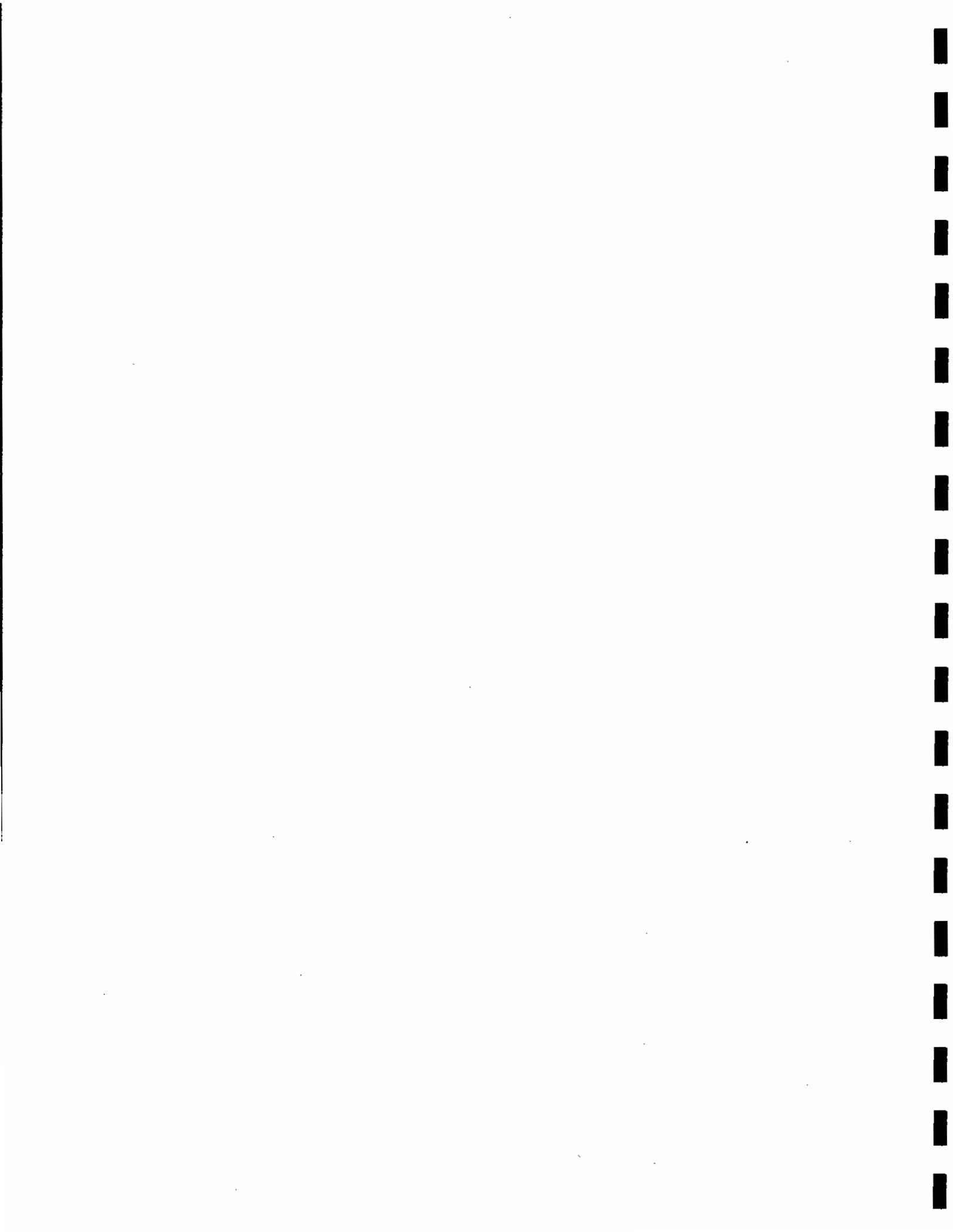
**City of Jackson**  
**2009 Tax Increment Financing Bond Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2011**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Proceeds from Tax Increment Bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	160	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ -</u>

**City of Jackson**  
**2010 Tax Increment Financing Bond Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2011**

	<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	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	2,800,000	2,800,000	2,800,000	-
Total expenditures	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,800,000</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>(2,800,000)</u>	<u>(2,800,000)</u>	<u>(2,800,000)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
Proceeds from Tax Increment Bond	2,800,000	2,800,000	2,800,000	-
Total other financing sources (uses)	<u>2,800,000</u>	<u>2,800,000</u>	<u>2,800,000</u>	<u>-</u>
Net change in fund balances	-	-	-	-
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>\$ -</u>	<u>\$ -</u>

**NON-MAJOR  
ENTERPRISE FUNDS**



## **Nonmajor Proprietary**

### **Madison Sewage Disposal System Fund**

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

### **Transportation Fund**

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



**City of Jackson**  
**Combining Statement of Net Assets**  
**Proprietary Funds - Nonmajor Funds**  
**As of September 30, 2011**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalent	\$ 38,571	\$ -	\$ 38,571
Intergovernmental Receivable	-	1,003,728	1,003,728
<b>Total Current Asset</b>	<u>38,571</u>	<u>1,003,728</u>	<u>1,042,299</u>
<b>Property, Plant and Equipment, at Cost</b>			
Land	-	450,000	450,000
Buildings	-	187,903	187,903
Water plant, distribution system and equipment	532,942	410,690	943,632
Automotive and other equipment	-	10,352,607	10,352,607
	<u>532,942</u>	<u>11,401,200</u>	<u>11,934,142</u>
Less: accumulated depreciation	<u>(202,038)</u>	<u>(4,731,390)</u>	<u>(4,933,428)</u>
	330,904	6,669,810	7,000,714
Construction in progress	13,800	698,676	712,476
<b>Net property, plant and equipment</b>	<u>344,704</u>	<u>7,368,486</u>	<u>7,713,190</u>
<b>Total Assets</b>	<u>\$ 383,275</u>	<u>\$ 8,372,214</u>	<u>\$ 8,755,489</u>

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

**City of Jackson**  
**Combining Statement of Net Assets**  
**Proprietary Funds - Nonmajor Funds**  
**As of September 30, 2011**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	\$ 21,906	\$ 931,470	\$ 953,376
Due to other funds	-	2,928,944	2,928,944
Compensated absences	-	6,552	6,552
<b>Current portion of long term debt:</b>			
Lease Obligations	-	218,489	218,489
<b>Total current liabilities</b>	<u>21,906</u>	<u>4,085,455</u>	<u>4,107,361</u>
<b>Long Term Debt (less amounts classified as current liabilities):</b>			
Lease obligations	-	650,933	650,933
Total long-term debt	-	650,933	650,933
<b>Total liabilities</b>	<u>21,906</u>	<u>4,736,388</u>	<u>4,758,294</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	344,704	6,499,064	6,843,768
Unrestricted	16,665	(2,863,238)	(2,846,573)
<b>Total Net Assets</b>	<u>361,369</u>	<u>3,635,826</u>	<u>3,997,195</u>
<b>Total liabilities and net assets</b>	<u>\$ 383,275</u>	<u>\$ 8,372,214</u>	<u>\$ 8,755,489</u>

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

**City of Jackson**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds - Nonmajor Funds**  
**For the Year Ended September 30, 2011**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Sales to Customers	\$ -	\$ 528,744	\$ 528,744
Other Revenue	-	517,340	517,340
	<hr/>	<hr/>	<hr/>
Total Operating revenues	-	1,046,084	1,046,084
	<hr/>	<hr/>	<hr/>
<b>Operating Expenses:</b>			
Personnel Services	-	172,071	172,071
Supplies	2,480	982,276	984,756
Other services and charges	37,986	6,627,059	6,665,045
Depreciation	10,655	931,724	942,379
	<hr/>	<hr/>	<hr/>
Total operating expenses	51,121	8,713,130	8,764,251
	<hr/>	<hr/>	<hr/>
Operating Income (loss)	(51,121)	(7,667,046)	(7,718,167)
	<hr/>	<hr/>	<hr/>
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	723	177	900
Gain (loss) on sale of fixed assets	-	90,965	90,965
	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	723	91,142	91,865
	<hr/>	<hr/>	<hr/>
Loss before contributions and transfers	(50,398)	(7,575,904)	(7,626,302)
Capital contributions from grants	-	2,568,423	2,568,423
	<hr/>	<hr/>	<hr/>
<b>Operating Transfers In:</b>			
General Fund	-	5,566,566	5,566,566
Enterprise Funds	60,139	-	60,139
	<hr/>	<hr/>	<hr/>
Total transfers in (out)	60,139	5,566,566	5,626,705
	<hr/>	<hr/>	<hr/>
Change in Net Assets	9,741	559,085	568,826
	<hr/>	<hr/>	<hr/>
Total net assets - beginning	351,628	3,076,741	3,428,369
	<hr/>	<hr/>	<hr/>
<b>Total net assets - ending</b>	<b>\$ 361,369</b>	<b>\$ 3,635,826</b>	<b>\$ 3,997,195</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

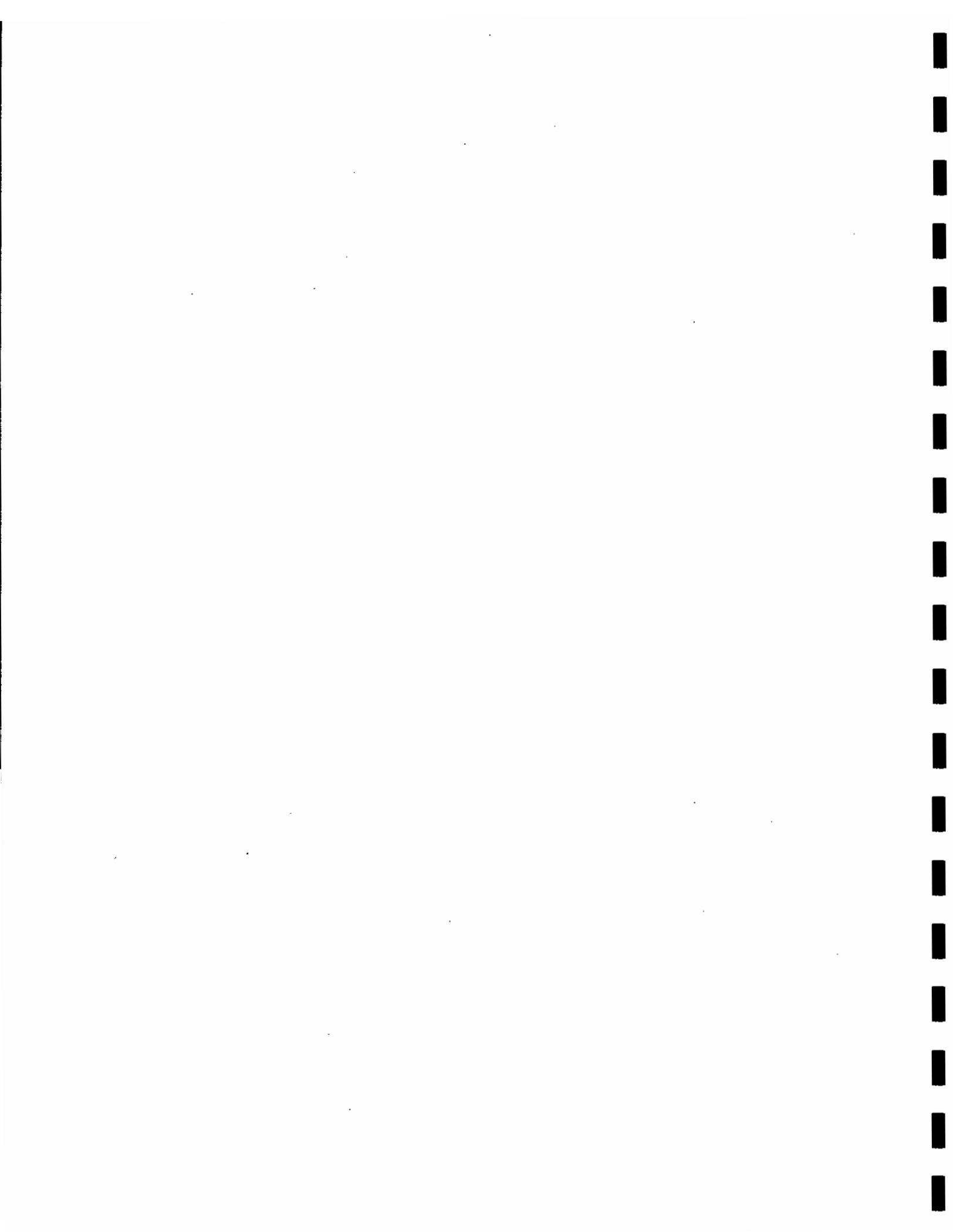
The notes to the financial statements are an integral part of this statement.

**City of Jackson**  
**Combining Statement of Cash Flows**  
**Proprietary Funds - Nonmajor Funds**  
**For the year ended September 30, 2011**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ -	\$ 528,744	\$ 528,744
Receipts from other revenue	-	673,954	673,954
Payments to suppliers	(24,447)	(8,174,983)	(8,199,430)
Payments to employees	-	(174,973)	(174,973)
Net cash used for Operating activities	(24,447)	(7,147,258)	(7,171,705)
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In	60,139	5,566,566	5,626,705
Net cash provided by noncapital and related financing activities	60,139	5,566,566	5,626,705
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	2,156	(868,153)	(865,997)
Proceeds from sales of capital assets	-	90,965	90,965
Proceeds from capital debt	-	71,300	71,300
Principal paid on capital debt	-	(282,020)	(282,020)
Proceeds from capital contributions	-	2,568,423	2,568,423
Net cash provided by capital and related financing activities	2,156	1,580,515	1,582,671
<b>Cash Flow Provided by Investing Activities:</b>			
Interest on investments	723	177	900
Net cash provided by investing activities	723	177	900
Net increase (decrease) in cash and cash equivalents	38,571	-	38,571
Cash and cash equivalents at beginning of year	-	-	-
Cash and cash equivalents at end of year	<u>\$ 38,571</u>	<u>\$ -</u>	<u>\$ 38,571</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>			
Operating loss	\$ (51,121)	\$ (7,667,046)	\$ (7,718,167)
Depreciation expense	10,655	931,724	942,379
(Increase) decrease in other receivable	-	156,614	156,614
Increase (decrease) in due to other funds	-	385,969	385,969
Increase (decrease) in accounts payable	16,019	(951,617)	(935,598)
Increase (decrease) in compensated absences	-	(2,902)	(2,902)
Total adjustments	26,674	519,788	546,462
Net cash provided by operating activities	<u>\$ (24,447)</u>	<u>\$ (7,147,258)</u>	<u>\$ (7,171,705)</u>

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





## **Fiduciary Funds**

### **Unemployment Compensation Revolving Fund**

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

### **Charitable Trust Fire and Police Fund**

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

### **Mausoleum Trust Fund**

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

### **Tax Collections**

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

**CITY OF JACKSON  
ALL TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Unemployment Compensation Revolving Fund</u>	<u>Charitable Trust Fire and Police Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 303,680	\$ 9,007	\$ -	\$ 312,687
Investment at fair value: Certificate of deposit	-	-	32,270	32,270
<b>Total assets</b>	<u>\$ 303,680</u>	<u>\$ 9,007</u>	<u>\$ 32,270</u>	<u>\$ 344,957</u>
<b>Liabilities and Net Assets</b>				
<b>Liabilities:</b>				
Payables to others	\$ -	\$ -	\$ -	\$ -
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Assets:</b>				
Held in trust	<u>303,680</u>	<u>9,007</u>	<u>32,270</u>	<u>344,957</u>
<b>Total net assets</b>	<u>303,680</u>	<u>9,007</u>	<u>32,270</u>	<u>344,957</u>
<b>Total liabilities and net assets</b>	<u>\$ 303,680</u>	<u>\$ 9,007</u>	<u>\$ 32,270</u>	<u>\$ 344,957</u>

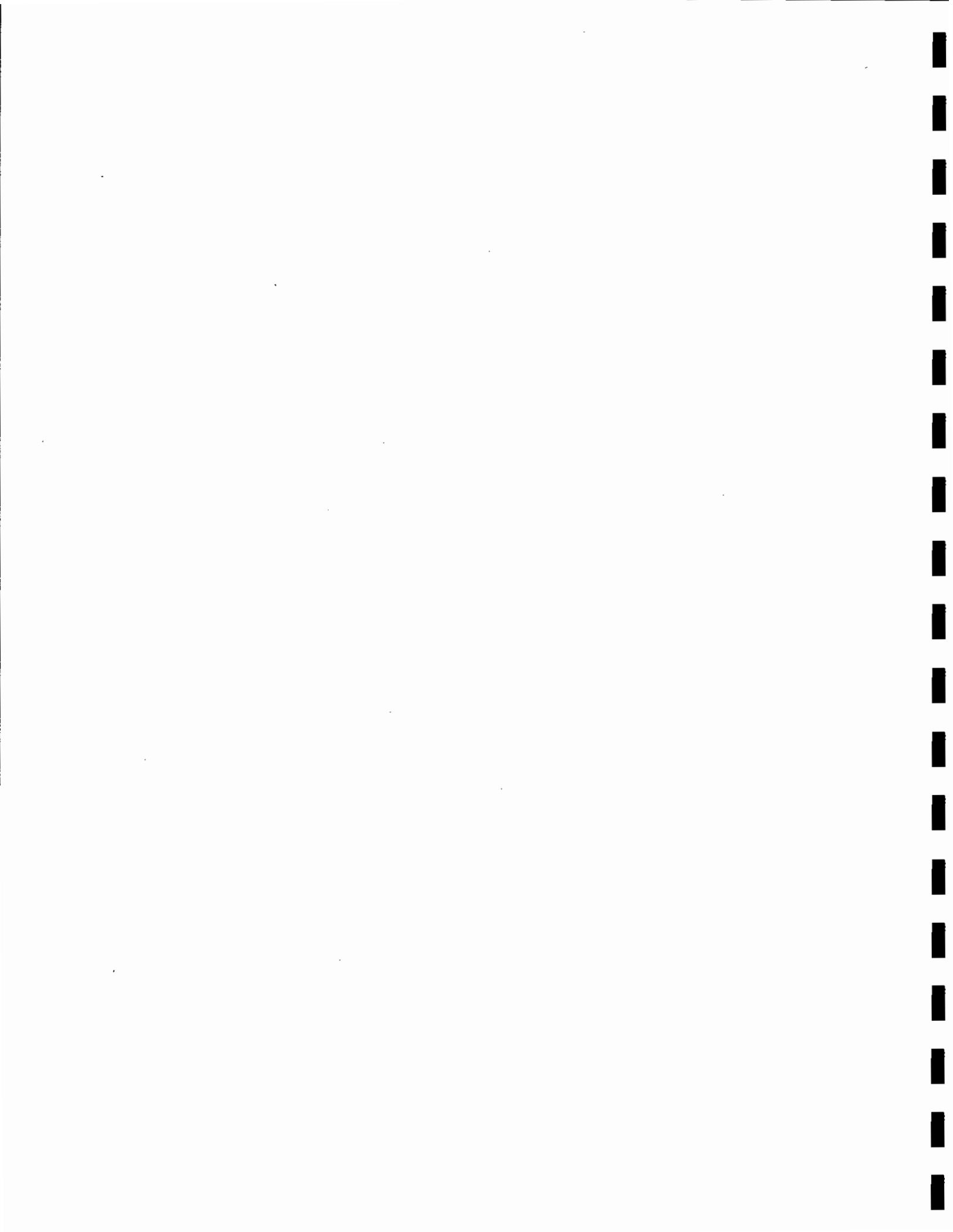
**CITY OF JACKSON  
ALL TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>Compensation Revolving Fund</u>	<u>Trust Fire and Police Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
Additions:				
Interest	\$ 1,869	\$ 113	\$ -	\$ 1,982
Other additions	<u>207,000</u>	<u>-</u>	<u>-</u>	<u>207,000</u>
 Total additions	 <u>208,869</u>	 <u>113</u>	 <u>-</u>	 <u>208,982</u>
 Deductions:				
General government Trust funds	<u>135,756</u>	<u>-</u>	<u>-</u>	<u>135,756</u>
 Total deductions	 <u>135,756</u>	 <u>-</u>	 <u>-</u>	 <u>135,756</u>
 Change in Net Assets	 73,113	 113	 -	 73,226
 Net assets at beginning of year	 <u>230,567</u>	 <u>8,894</u>	 <u>32,270</u>	 <u>271,731</u>
 Net assets at end of year	 <u>\$ 303,680</u>	 <u>\$ 9,007</u>	 <u>\$ 32,270</u>	 <u>\$ 344,957</u>

**CITY OF JACKSON  
ALL AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	<u>ASSETS</u>		<u>LIABILITIES</u>	
	<u>Cash and Cash Equivalents</u>	<u>Total Assets</u>	<u>Other Liabilities</u>	<u>Total Liabilities</u>
<b>Capital City Community Convention Center</b>				
Balance at October 1, 2010	\$ 10,468	\$ 10,468	\$ 10,468	\$ 10,468
Additions	3,970,879	3,970,879	3,970,879	3,970,879
Deductions	<u>3,449,604</u>	<u>3,449,604</u>	<u>3,449,604</u>	<u>3,449,604</u>
Balance at September 30, 2011	<u>\$ 531,743</u>	<u>\$ 531,743</u>	<u>\$ 531,743</u>	<u>\$ 531,743</u>
<b>Jackson Convention &amp; Visitors Bureau</b>				
Balance at October 1, 2010	\$ 130	\$ 130	\$ 130	\$ 130
Additions	3,000,663	3,000,663	3,000,663	3,000,663
Deductions	<u>3,000,613</u>	<u>3,000,613</u>	<u>3,000,613</u>	<u>3,000,613</u>
Balance at September 30, 2011	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 180</u>
<b>Jackson/Hinds Library System</b>				
Balance at October 1, 2010	\$ -	\$ -	\$ -	\$ -
Additions	1,541,977	1,541,977	1,541,977	1,541,977
Deductions	<u>1,541,977</u>	<u>1,541,977</u>	<u>1,541,977</u>	<u>1,541,977</u>
Balance at September 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Jackson Municipal Separate School District</b>				
Balance at October 1, 2010	\$ -	\$ -	\$ -	\$ -
Additions	3,449,604	3,449,604	3,449,604	3,449,604
Deductions	<u>3,449,604</u>	<u>3,449,604</u>	<u>3,449,604</u>	<u>3,449,604</u>
Balance at September 30, 2011	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Total - All Agency Funds:</b>				
Balance at October 1, 2010	\$ 10,598	\$ 10,598	\$ 10,598	\$ 10,598
Additions	11,963,123	11,963,123	11,963,123	11,963,123
Deductions	<u>11,441,798</u>	<u>11,441,798</u>	<u>11,441,798</u>	<u>11,441,798</u>
Balance at September 30, 2011	<u>\$ 531,923</u>	<u>\$ 531,923</u>	<u>\$ 531,923</u>	<u>\$ 531,923</u>





**CITY OF JACKSON  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
COMPARATIVE SCHEDULES BY SOURCE (1)  
SEPTEMBER 30, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<b>Governmental funds capital assets:</b>		
Land	\$ 14,526,623	\$ 14,528,418
Buildings	81,480,260	81,408,510
Automotive and equipment:	69,980,950	67,947,081
Infrastructure	214,244,644	214,244,644
Construction in progress	<u>84,078,080</u>	<u>80,433,492</u>
 Total governmental funds capital assets	 <u>\$ 464,311,557</u>	 <u>\$ 458,562,145</u>
 <b>Investment in governmental funds capital assets by source:</b>		
Assets prior to 1985 not segregated by sources	\$ 14,002,713	\$ 14,002,713
General Fund revenues	76,313,930	75,505,754
Special Revenue Fund revenues	95,112,469	93,579,039
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	232,501,954	229,094,148
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	39,377,918	39,377,918
State grants	52,261	52,261
County grants	<u>430,949</u>	<u>430,949</u>
 Total governmental funds capital assets	 <u>\$ 464,311,557</u>	 <u>\$ 458,562,145</u>

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

**CITY OF JACKSON  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY (1)  
SEPTEMBER 30, 2011**

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,957,843	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 14,002,712
<b>General Government:</b>						
Planning	484,611	43,001	39,349	310,224	2,781,392	3,658,577
Code Services	-	-	-	742,972	-	742,972
Telecommunication	-	4,554,834	8,943	141,398	-	4,705,175
Data Processing / Information System	-	42,257	-	5,293,541	-	5,335,798
Vehicle Pool Fund	-	-	-	1,414,849	-	1,414,849
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	146,335	-	146,335
Purchasing	-	-	-	50,452	-	50,452
Finance and Management	-	2,299,392	133,238	260,633	-	2,693,263
Personnel	-	-	-	225,894	-	225,894
Municipal Court Services	-	-	-	1,451,978	712,767	2,164,745
Vehicle Maintenance	-	5,816	-	732,575	-	738,391
Minority Business Development	-	-	-	27,598	-	27,598
<b>Total general government</b>	<b>584,611</b>	<b>6,945,300</b>	<b>181,530</b>	<b>10,903,128</b>	<b>3,494,159</b>	<b>22,108,728</b>
<b>Urban Development and Housing:</b>						
Neighborhood Enhancement Task	-	-	-	11,125	-	11,125
Redevelopment Projects	87,578	-	-	69,874	-	157,452
Post Office Project	500	-	-	-	-	500
Union Station	-	15,044,796	243,000	-	-	15,287,796
<b>Total urban development and housing</b>	<b>88,078</b>	<b>15,044,796</b>	<b>243,000</b>	<b>80,999</b>	<b>-</b>	<b>15,456,873</b>
<b>Health and Welfare:</b>						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	455,372	-	706,716
Day Care Services	-	281,849	16,109	254,028	-	551,986
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	9,586	-	27,107
<b>Total health and welfare</b>	<b>46,245</b>	<b>1,820,453</b>	<b>17,985</b>	<b>753,628</b>	<b>-</b>	<b>2,638,311</b>

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

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)**  
**SEPTEMBER 30, 2011**

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
<b>Public Safety:</b>						
Fire Department	\$ 75,000	\$ 5,300,973	\$ 3,550,734	\$ 13,748,341	\$ 616,038	\$ 23,291,086
Police Department	123,992	6,037,047	856,190	27,039,007	12,125,554	46,181,790
Small Animal Control	-	1,366,367	-	17,746	-	1,384,113
Juvenile Justice	-	431,482	4,502,506	86,199	-	5,020,187
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
<b>Total public safety</b>	<b>198,992</b>	<b>14,428,748</b>	<b>8,909,430</b>	<b>41,239,170</b>	<b>12,741,592</b>	<b>77,517,932</b>
<b>Public Works:</b>						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	-	5,163,248	-	6,769,387
Traffic Engineering	-	17,215	18,476	2,309,031	1,348,718	3,693,440
Traffic Signals	-	-	442,038	413,124	10,459,317	11,314,479
Care and Maintenance of Public Buildings	-	7,817,689	429,704	221,233	3,432,712	11,901,338
Custodial Services	-	-	-	131,612	-	131,612
Public Works Deputy Dir/Admin	-	-	-	17,574	-	17,574
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	126,133,471	368,210	38,479,487	165,335,446
Storm Drainage	-	-	69,621,366	211,402	6,224,842	76,057,610
Bridges	-	-	23,032	-	2,807,769	2,830,801
Soil Conservation	-	120,000	112,159	-	-	232,159
<b>Total public works</b>	<b>939,551</b>	<b>8,984,200</b>	<b>196,780,246</b>	<b>8,980,113</b>	<b>62,752,845</b>	<b>278,436,955</b>
<b>Culture and Recreation:</b>						
Planetarium	-	827,314	-	508,103	34,963	1,370,380
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	7,386,535	2,822,427	319,663	27,432,695
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	-	156,099	2,437,501	8,304,533
Smith Robertson Cultural Center	-	1,238,810	185,738	47,088	14,020	1,485,656
City Auditorium and Art Center	-	3,849,374	511,131	64,922	2,284,337	6,709,764
<b>Total culture and recreation</b>	<b>225,820</b>	<b>31,310,439</b>	<b>8,112,453</b>	<b>4,074,961</b>	<b>5,090,484</b>	<b>48,814,157</b>

**CITY OF JACKSON  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)  
SEPTEMBER 30, 2011**

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Miscellaneous:						
City Council/Mayor	\$ -	\$ 402,665	\$ -	\$ 397,248	\$ -	\$ 799,913
City Clerk	-	-	-	179,611	-	179,611
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	270,669	-	287,956
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
<b>Total miscellaneous</b>	<b>1,485,483</b>	<b>2,946,324</b>	<b>-</b>	<b>904,082</b>	<b>-</b>	<b>5,335,889</b>
<b>Total governmental funds capital assets</b>	<b>\$ 14,526,623</b>	<b>\$ 81,480,260</b>	<b>\$ 214,244,644</b>	<b>\$ 69,980,950</b>	<b>\$ 84,079,080</b>	<b>\$ 464,311,557</b>

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY(1)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

	Governmental Funds Capital Assets October 1, 2010	Additions	Deductions	Governmental Funds Capital Assets September 30, 2011
<b>General Government:</b>				
Planning	\$ 2,049,454	\$ 217,698	\$ 1,795	\$ 2,265,357
Code Services	633,095	-	-	633,095
Information Systems	925,802	367,568	-	1,293,370
Transportation	10,192,613	-	-	10,192,613
Data Processing	724,267	-	-	724,267
Vehicle Pool	362,969	481,629	-	844,598
Telecommunications	10,299,800	49,367	5,000	10,344,167
Office Services	1,669	-	-	1,669
Purchasing	50,839	-	-	50,839
Finance and Management	7,680,446	-	-	7,680,446
Personnel	136,244	-	-	136,244
Municipal Court Services	1,947,895	-	-	1,947,895
Vehicle Maintenance	1,638,917	-	-	1,638,917
<b>Total general government</b>	<b>36,644,010</b>	<b>1,116,262</b>	<b>6,795</b>	<b>37,753,477</b>
<b>Urban Development and Housing:</b>				
Redevelopment Projects	272,751	-	-	272,751
Union Station	13,448,496	-	-	13,448,496
<b>Total urban development and housing</b>	<b>13,721,247</b>	<b>-</b>	<b>-</b>	<b>13,721,247</b>
<b>Health and Welfare:</b>				
Senior Services	861,177	-	50,936	810,241
Day Care Services	1,206,580	-	-	1,206,580
Senior Centers/Community Centers	630,024	-	13,769	616,255
Human and Cultural Services	1,332,992	-	-	1,332,992
<b>Total health and welfare</b>	<b>4,030,773</b>	<b>-</b>	<b>64,705</b>	<b>3,966,068</b>

(Continued)

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

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

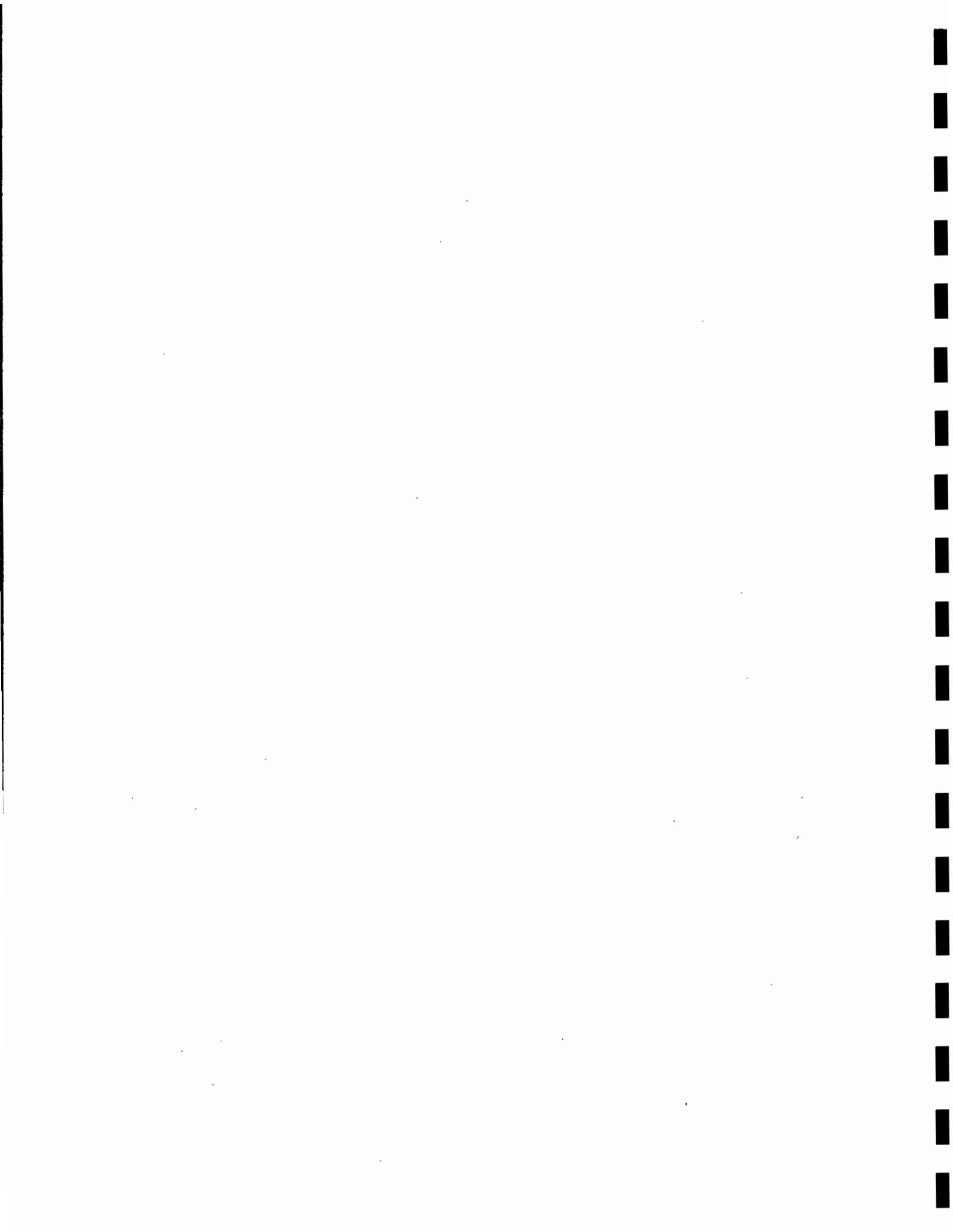
	Governmental Funds Capital Assets October 1, 2010	Additions	Deductions	Governmental Funds Capital Assets September 30, 2011
<b>Public Safety:</b>				
Fire Department	\$ 27,435,327	\$ 398,129	\$ 15,123	\$ 27,818,333
Police Department	42,798,946	1,436,230	844,279	43,390,897
Small Animal Control	1,714,102	-	-	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
<b>Total public safety</b>	<b>87,993,193</b>	<b>1,834,359</b>	<b>859,402</b>	<b>88,968,150</b>
<b>Public Works:</b>				
Cemeteries	356,014	-	-	356,014
Engineering	4,510,285	9,745	-	4,520,030
Traffic Engineering	14,151,444	177,451	15,493	14,313,402
Public Works Administration	(12,270)	-	-	(12,270)
Care and Maintenance of Public Buildings	14,657,542	14,008	-	14,671,550
Custodial Services	131,867	-	-	131,867
Pest Control	10,452	-	-	10,452
Central Sup[ply	709,337	-	-	709,337
Streets	159,591,447	2,250,743	169,667	161,672,523
Storm Drainage	61,462,226	1,305,259	140,431	62,627,054
Soil Conservation	482,909	-	-	482,909
<b>Total public works</b>	<b>256,051,253</b>	<b>3,757,206</b>	<b>325,591</b>	<b>259,482,868</b>
<b>Culture and Recreation:</b>				
Planetarium	4,789,583	-	-	4,789,583
Jackson Zoological Park	3,515,393	-	-	3,515,393
Municipal Art Building	75,838	-	-	75,838
Parks and Recreation	18,048,550	263,015	154,909	18,156,656
Library	10,628,653	(16,656)	-	10,611,997
Smith Robertson Cultural Center	2,716,324	-	-	2,716,324
City Auditorium and Art Center	13,685,420	206,628	-	13,892,048
<b>Total culture and recreation</b>	<b>53,459,761</b>	<b>452,987</b>	<b>154,909</b>	<b>53,757,839</b>

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Governmental Funds Capital Assets October 1, 2010	Additions	Deductions	Governmental Funds Capital Assets September 30, 2011
Miscellaneous:				
City Council/Mayor	\$ 6,383,538	\$ -	-	\$ 6,383,538
City Clerk	58,829	-	-	58,829
Legal	187,849	-	-	187,849
Mayor's Action Line	7,674	-	-	7,674
Internal Audit	24,018	-	-	24,018
Total miscellaneous	<u>6,661,908</u>	-	-	<u>6,661,908</u>
Total City of Jackson	<u>458,562,145</u>	<u>7,160,814</u>	<u>1,411,402</u>	<u>464,311,557</u>
Total governmental funds capital assets	<u>\$ 458,562,145</u>	<u>\$ 7,160,814</u>	<u>\$ 1,411,402</u>	<u>\$ 464,311,557</u>

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# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
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Financial Trends	113
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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	118
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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	122
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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	127
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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	129
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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.

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 180,357	\$ 188,172	\$ 180,607	\$ 197,359	\$ 196,018	\$ 168,144	\$ 131,159	\$ 113,083	\$ 95,360	\$ 34,608
Restricted	17,469	23,585	32,587	28,617	5,730	4,169	4,296	5,787	(476)	5,612
Unrestricted	(36,100)	(38,882)	(32,604)	(37,367)	24,635	33,779	40,415	53,370	17,445	37,289
<b>Total governmental activities net assets</b>	<b>\$ 161,726</b>	<b>\$ 172,875</b>	<b>\$ 180,590</b>	<b>\$ 188,609</b>	<b>\$ 226,383</b>	<b>\$ 206,092</b>	<b>\$ 175,870</b>	<b>\$ 172,240</b>	<b>\$ 112,329</b>	<b>\$ 77,509</b>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 183,735	\$ 176,170	\$ 163,408	\$ 156,309	\$ 147,013	\$ 135,512	\$ 80,995	\$ 128,208	\$ 122,710	\$ 141,800
Restricted	-	-	3,861	3,820	3,765	3,661	3,643	3,581	(125,132)	150,412
Unrestricted	78,501	77,521	82,482	91,591	94,972	94,115	136,958	85,831	217,427	(54,152)
<b>Total business-type activities net assets</b>	<b>\$ 262,236</b>	<b>\$ 253,691</b>	<b>\$ 249,751</b>	<b>\$ 251,720</b>	<b>\$ 245,750</b>	<b>\$ 233,288</b>	<b>\$ 221,596</b>	<b>\$ 217,620</b>	<b>\$ 215,005</b>	<b>\$ 238,060</b>
<b>Primary government</b>										
Invested in capital assets, net of related debt	\$ 364,092	\$ 364,342	\$ 344,015	\$ 353,668	\$ 343,031	\$ 303,656	\$ 212,154	\$ 241,291	\$ 218,070	\$ 176,408
Restricted	17,469	23,585	36,448	32,437	9,495	7,830	7,939	9,368	(125,608)	156,024
Unrestricted	42,401	38,639	49,878	120,621	120,621	127,894	177,373	139,201	234,872	(16,863)
<b>Total primary government net assets</b>	<b>\$ 423,962</b>	<b>\$ 426,566</b>	<b>\$ 430,341</b>	<b>\$ 440,329</b>	<b>\$ 472,133</b>	<b>\$ 439,380</b>	<b>\$ 397,466</b>	<b>\$ 389,860</b>	<b>\$ 327,334</b>	<b>\$ 315,569</b>

Source: Statement of Net Assets.

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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	29,312	32,358	44,790	69,721	49,147	\$ 29,179	\$ 33,311	\$ 30,021	\$ 30,228	\$ 28,337
Public safety	59,166	56,922	55,996	53,664	62,576	29,109	53,193	59,495	51,657	54,196
Public works	21,774	27,451	31,518	25,301	15,993	35,819	23,972	19,657	16,815	10,156
Human and cultural services	16,011	9,645	14,170	14,890	13,067	17,004	14,069	10,829	11,994	6,655
Employee benefits	8,625	8,764	2,149	1,765	2,180	1,836	3,257	2,329	3,359	3,275
Interest on long-term debt	5,864	8,830	5,389	5,917	5,647	4,731	9,307	5,965	6,254	8,674
Total governmental activities expenses	140,752	143,970	154,012	171,258	148,610	117,678	137,109	128,296	120,307	111,293
<b>Business-type activities:</b>										
Water/Sewer	41,795	41,064	42,275	45,279	39,904	41,184	39,663	39,299	44,396	37,671
Transportation	8,764	7,956	7,990	7,685	6,852	6,589	6,167	6,117	5,740	5,782
Sanitation	11,156	10,244	10,296	10,299	10,931	9,893	8,979	9,205	9,075	9,135
Total business-type activities expenses	61,715	59,264	60,561	63,263	57,687	57,666	54,809	54,621	59,211	52,588
Total primary government expenses	202,467	203,234	214,573	234,521	206,297	\$ 175,344	\$ 191,918	\$ 182,917	\$ 179,518	\$ 163,881
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services										
General government	13,075	4,951	6,334	4,525	7,422	3,139	5,562	3,101	6,805	6,379
Public Safety	367	3,241	2,824	3,135	2,806	3,003	7,993	5,662	3,582	550
Public Works	15	1,206	1,469	1,393	1,147	1,698	7,038	2,682	766	490
Human and cultural services	619	2,025	1,575	2,813	1,667	1,481	2,524	2,036	742	629
Employee benefits	-	-	-	-	-	-	-	901	223	42
Operating grants and contributions	11,570	17,441	16,681	18,436	12,968	22,969	12,720	4,611	12,574	10,402
Capital grants and contributions	5,025	2,226	6,188	7,912	1,771	5,955	2,034	12,774	10,873	16,272
Total governmental activities program revenues	30,671	31,090	35,071	38,214	27,781	38,245	37,871	31,767	35,565	34,764
<b>Business-type activities:</b>										
Charges for services:										
Water/Sewer	47,578	41,974	41,440	47,468	43,847	42,262	39,023	40,809	43,628	48,071
Transportation	529	431	360	397	426	448	423	475	525	595
Sanitation	11,473	11,258	10,850	11,981	10,476	9,113	8,016	9,031	7,669	7,740
Operating grants and contributions	706	664	694	832	1,378	4,391	4,137	1,947	1,626	10,843
Capital grants and contributions	2,568	4,584	1,741	1,534	5,133	-	-	-	-	-
Total business-type activities program revenue	62,854	58,911	55,085	62,212	61,260	56,214	51,599	52,262	53,448	67,249
Total primary government program revenues	93,525	90,001	90,156	100,426	89,041	\$ 94,459	\$ 89,470	\$ 84,029	\$ 89,013	\$ 102,013

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Net (expense)/revenue	(110,081)	(112,880)	(118,941)	(133,044)	(120,829)	(79,433)	(99,238)	(96,529)	(84,742)	(76,529)
Governmental activities	1,139	(353)	(5,476)	(1,051)	3,573	(1,452)	(3,210)	(2,359)	(5,763)	14,661
Business-type activities	<u>\$ (108,942)</u>	<u>\$ (113,233)</u>	<u>\$ (124,417)</u>	<u>\$ (134,095)</u>	<u>\$ (117,256)</u>	<u>\$ (80,885)</u>	<u>\$ (102,448)</u>	<u>\$ (98,888)</u>	<u>\$ (90,505)</u>	<u>\$ (61,868)</u>

**General Revenues and Other Charges in**

**Net Assets**

Governmental activities:

Taxes										
Property taxes	\$ 68,108	\$ 68,523	\$ 71,298	\$ 65,845	\$ 65,037	\$ 61,945	\$ 59,529	\$ 60,675	\$ 63,955	\$ 59,076
Sales taxes	31,656	31,268	33,598	37,298	40,453	40,849	36,197	36,593	35,097	35,899
Franchise taxes	7,878	8,552	9,234	9,062	8,936	10,144	8,818	8,460	10,692	5,834
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	292	348
Investment earnings	341	187	616	3,021	5,251	1,864	1,042	964	-	-
Gain on sale of capital assets	172	40	-	478	198	301	3,189	27	94	79
Miscellaneous	317	204	203	106	20	25	494	3,034	-	7,823
Transfers	(10,232)	(4,027)	(4,027)	(4,613)	(4,369)	(5,473)	(4,288)	(3,513)	(4,512)	(2,282)
Total governmental activities	<u>98,240</u>	<u>104,747</u>	<u>110,922</u>	<u>111,197</u>	<u>115,526</u>	<u>109,655</u>	<u>104,981</u>	<u>106,240</u>	<u>105,618</u>	<u>106,777</u>

Business-type activities:

Investment earnings	490	244	812	2,352	4,470	4,615	2,823	1,353	1,424	1,079
Gain on sale of capital assets	76	21	(1,332)	56	50	55	77	42	(21,867)	(6)
Miscellaneous	-	-	-	-	-	-	-	-	-	1,644
Gain on sale of capital assets	1,275	-	-	-	-	-	-	-	-	-
Transfers	5,565	4,027	4,027	4,613	4,369	5,473	4,288	3,513	4,512	2,282
Total business-type activities	<u>7,406</u>	<u>4,292</u>	<u>3,507</u>	<u>7,021</u>	<u>8,889</u>	<u>10,143</u>	<u>7,188</u>	<u>4,908</u>	<u>(15,931)</u>	<u>4,999</u>
Total primary government	<u>\$ 105,646</u>	<u>\$ 109,039</u>	<u>\$ 114,429</u>	<u>\$ 118,218</u>	<u>\$ 124,415</u>	<u>\$ 119,798</u>	<u>\$ 112,169</u>	<u>\$ 111,148</u>	<u>\$ 89,687</u>	<u>\$ 111,776</u>

**Changes in Net Assets**

Governmental activities	\$ (11,841)	\$ (8,133)	\$ (8,019)	\$ (21,847)	\$ (5,303)	\$ 30,222	\$ 5,743	\$ 9,711	\$ 20,876	\$ 30,248
Business-type activities	8,545	3,939	(1,969)	5,970	12,462	8,691	3,978	2,549	(21,694)	19,660
Total primary government	<u>\$ (3,296)</u>	<u>\$ (4,194)</u>	<u>\$ (9,988)</u>	<u>\$ (15,877)</u>	<u>\$ 7,159</u>	<u>\$ 38,913</u>	<u>\$ 9,721</u>	<u>\$ 12,260</u>	<u>\$ (818)</u>	<u>\$ 49,908</u>

Source: Statement of Activities

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

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

<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>
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
2005	40,509	35,673	1,406	31	267	77,886
2004	41,660	35,882	1,152	31	261	78,986
2003	41,660	35,097	1,376	31	249	78,413
2002	38,285	35,685	1,836	30	250	76,086

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General fund	1,814	1,470	1,327	1,301	1,138	981	924	859	843	786
Nonspendable	437	-	-	-	-	-	-	-	-	-
Restricted	6,086	2,659	2,807	2,747	2,731	2,641	2,511	2,235	2,720	3,168
Committed	33	-	-	-	-	-	-	-	-	-
Assigned	24,757	26,695	24,897	20,760	11,835	12,041	9,535	14,678	14,962	11,834
Unassigned	33,127	30,824	29,031	24,808	15,704	15,663	12,970	17,772	18,525	15,788
Total general fund										

All other governmental funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	3,600	4,876	7,205	4,215	3,855	2,270	6,266	3,160	3,848	10,386
Restricted	19,780	21,075	27,311	27,271	63,120	16,116	22,926	38,444	46,244	25,174
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 23,380	\$ 25,951	\$ 34,516	\$ 31,486	\$ 66,975	\$ 18,386	\$ 29,192	\$ 41,604	\$ 50,092	\$ 35,560

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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Revenues</b>										
Taxes	\$ 68,253	\$ 67,772	\$ 69,315	\$ 62,702	\$ 63,606	\$ 60,221	\$ 59,078	\$ 59,979	\$ 60,412	\$ 56,654
Licenses and permits	2,873	2,541	3,453	4,198	3,167	2,968	2,199	2,673	2,353	2,544
Intergovernmental	46,069	48,425	55,498	62,448	56,783	63,338	59,769	55,620	62,596	66,481
Charges for services	3,499	3,314	3,324	3,456	3,032	3,150	3,446	3,155	2,857	2,814
Fines	4,537	4,092	4,245	3,602	3,106	3,202	3,123	3,123	3,007	3,325
Investment earnings	342	186	616	3,020	5,252	1,865	1,042	964	904	1,452
Special assessments	8	1	19	-	14	14	17	26	38	270
Miscellaneous	15,923	14,707	13,526	13,331	13,374	15,950	17,307	13,621	15,085	13,669
Total revenues	141,504	141,038	149,996	152,757	148,334	150,708	145,981	139,161	147,252	147,209
<b>Expenditures</b>										
General government	30,977	30,506	38,847	63,330	45,471	28,359	30,352	30,396	23,412	21,475
Public safety	52,606	51,571	53,215	53,572	58,926	58,984	56,471	59,173	53,767	50,775
Culture and recreation	13,370	8,078	12,299	12,835	13,177	16,550	13,686	9,496	11,770	6,464
Public Works	19,126	24,430	36,742	26,302	17,243	30,012	20,855	25,557	27,004	43,638
Employee Benefits	8,625	8,071	2,149	1,765	2,180	1,836	3,327	2,846	3,547	3,193
Capital Outlay	8,967	9,982	15,311	1,379	9,040	2,049	15,617	1,053	1,080	1,170
Debt service										
Principal	624	3,806	10,731	14,330	13,830	13,190	12,912	11,500	13,300	41,960
Interest	6,424	7,128	5,789	6,419	6,314	4,584	4,150	5,977	6,262	7,011
Other charges	-	-	-	-	-	-	334	-	-	-
Miscellaneous	-	-	504	556	705	760	504	962	9,017	7,610
Total expenditures	140,719	143,572	175,587	180,488	166,886	156,324	158,208	146,960	149,159	183,296
Excess of revenues over (under) expenditures	785	(2,534)	(25,591)	(27,731)	(18,552)	(5,616)	(12,227)	(7,799)	(1,907)	(36,087)

	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Other financing sources (uses)</b>										
Transfer in	7,927	7,201	7,581	6,584	6,565	4,116	4,296	7,174	17,328	15,753
Transfer out	(18,159)	(15,006)	(15,474)	(15,012)	(14,354)	(13,443)	(12,212)	(13,453)	(23,381)	(20,728)
Proceeds from capital leases	172	-	-	-	1,119	47	1,846	4,839	5,204	4,477
Proceeds from long-term debt	9,041	3,488	12,070	2,208	186	6,783	750	-	-	31,173
Proceeds from refunding bonds	-	-	-	-	-	-	22,248	-	-	-
Proceeds from GO Bonds	-	-	-	5,155	66,117	-	-	-	20,000	-
Sale of capital assets	-	40	-	-	-	-	-	-	-	-
Issuance of refunding Bonds	-	23,665	26,210	267	-	-	(21,914)	-	-	-
Payments to refunded bond escrow agent	(33)	-	(359)	(124)	-	-	-	-	-	-
Payments to escrow agent	-	(25,089)	-	-	-	-	-	-	-	-
Premium on GO bond issue	-	1,463	430	-	-	-	-	-	-	-
Proceeds from Tax Increment Bonds	-	-	2,382	2,270	-	-	-	-	-	-
Total other financing sources (uses)	(1,052)	(4,238)	32,840	1,348	59,633	(2,497)	(4,986)	(1,440)	19,151	30,675
Net change in fund balances	\$ (2,67)	\$ (4,238)	\$ 7,249	\$ (26,383)	\$ 41,081	\$ (8,113)	\$ (17,213)	\$ (9,239)	\$ 17,244	\$ (5,412)

Debt service as a percentage of noncapital expenditures

5.7%	8.9%	11.5%	12.6%	14.6%	13.0%	13.9%	13.6%	15.2%	36.8%
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**City of Jackson**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
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	1,598	31	302	99,945
2005	59,079	35,673	1,406	31	267	202,442
2004	59,979	35,882	1,152	31	261	199,890
2003	60,411	35,097	1,376	31	249	298,898
2002	56,653	35,685	1,836	30	250	297,195

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		
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%
2005	646,330,913	5,049,924,236	450,491,882	2,058,904,287	1,096,822,795	7,108,828,523	54.75	10%,15%,and 30%
2004	647,107,272	5,064,263,293	449,595,540	2,056,352,200	1,096,702,812	7,120,615,493	54.75	10%,15%,and 30%
2003	645,275,896	5,058,517,697	450,036,558	2,047,883,870	1,095,312,454	7,106,401,567	54.75	10%,15%,and 30%
2002	648,515,478	5,082,209,647	457,215,511	2,072,729,643	1,105,730,989	7,154,939,290	54.45	10%,15%,and 30%

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

(2) Includes automotive valuation.

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

SOURCE: Hinds, Rankin and Madison County Tax Collectors

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

Fiscal Year	City of Jackson			Overlapping Rates				Total Direct & Overlapping Rates	
	Operating Millage	Debt Service Millage	Total City Millage	County			School District		
				Debt Service & Operating County Millage	Operating Millage	Debt Service Millage	Total School Millage		Special Districts
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
2005	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85
2004	45.23	9.52	54.75	37.54	68.91	6.79	75.70	1.28	169.27
2003	45.23	9.52	54.75	37.54	68.91	6.79	75.70	1.28	169.27
2002	44.23	10.22	54.45	37.41	68.91	7.09	76.00	1.28	169.14

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

**City of Jackson  
Principal Property Taxpayers  
September 30, 2011  
(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>2011</u>		<u>2002</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	\$ -	-	-	\$ 74,080	1	8.19%
Entergy	-	-	-	46,333	2	5.12%
Atmos Energy	-	-	-	-	-	-
Jackson HMA	-	-	-	-	-	-
AT& T	-	-	-	12,023	3	1.33%
Trustmark National Bank	-	-	-	-	-	-
Parkway Properties	-	-	-	-	-	-
Central MS Health Systems	-	-	-	9,712	4	1.07%
Jackson Medical Offices	-	-	-	-	-	-
Wal-Mart/Sam's Wholesale Club	-	-	-	3,954	6	0.44%
McCarty Holman, Inc.	-	-	-	2,234	10	0.25%
Deposit Guaranty National Bank	-	-	-	-	-	-
Metrocenter	-	-	-	3,919	7	0.43%
MS Baptist Medical Center	-	-	-	3,714	8	0.41%
Home Depot	-	-	-	2,770	9	0.31%
Gulf South Pipeline Company LP	-	-	-	-	-	-
Delphi Auto Systems LLC	-	-	-	-	-	-
Illinois Central Railroad	-	-	-	-	-	-
Eaton Aerospace LLC	-	-	-	-	-	-
Mississippi Valley Gas Company	-	-	-	8,431	5	0.93%
Totals	<u>\$ -</u>		<u>0.00%</u>	<u>\$ 167,170</u>		<u>18.48%</u>

Source: Hinds County  
The data was not available from Hinds County in 2011.

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
2011	\$ -	\$ -	-	\$ -	-	\$ -
2010	61,942	59,321	95.8	972	60,294	97.3
2009	61,363	59,602	97.1	376	59,978	97.7
2008	55,175	53,501	97.0	212	53,712	97.3
2007	55,147	54,276	98.4	306	54,582	99.0
2006	52,019	50,928	97.9	996	51,924	99.8
2005	53,925	52,750	97.8	270	53,020	98.3
2004	51,710	50,606	97.9	301	50,907	98.4
2003	55,845	53,807	96.4	445	54,252	97.1
2002	53,295	50,401	94.6	250	50,651	95.0

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			Business-Type Activities			Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds	Special Assessment Bonds	Capital Leases	Sewer Bonds	General Obligation Bonds	Capital Leases			
2011	131,720	-	18,073	148,325	-	2,758	300,876	5.02%	1,734
2010	131,720	-	13,520	148,920	-	4,704	298,864	4.78%	1,722
2009	134,610	-	13,053	155,830	-	5,722	309,215	5.07%	1,678
2008	112,535	-	13,027	161,345	-	1,716	288,623	4.63%	1,566
2007	115,500	-	14,013	167,670	-	2,272	299,455	5.11%	1,625
2006	58,715	-	16,009	173,700	-	1,379	249,803	4.35%	1,356
2005	66,525	-	12,601	179,250	-	1,417	259,793	4.89%	1,410
2004	73,195	-	14,105	115,995	-	2,550	205,845	3.88%	1,117
2003	80,180	-	12,179	121,400	630	3,442	217,831	4.31%	1,182
2002	69,365	-	9,085	132,226	1,205	4,117	215,998	4.27%	1,172

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 124 for personal income and population data.

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

Fiscal Year	Assessed Value	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2011	\$ 1,034,756	\$ 131,720	\$ 1,832	\$ 129,888	12.55%	\$ 705.91
2010	1,022,263	131,720	2,577	129,143	12.63%	701.86
2009	1,027,088	134,610	2,471	132,139	12.87%	718.15
2008	921,948	112,535	2,257	110,278	11.96%	599.34
2007	920,291	115,500	2,521	112,979	12.28%	614.02
2006	908,925	58,715	1,529	57,186	6.29%	310.79
2005	918,235	66,525	1,785	64,740	7.05%	351.36
2004	903,200	73,195	1,293	71,902	7.96%	390.23
2003	960,332	80,180	451	79,729	8.30%	432.71
2002	904,380	69,365	1,902	67,463	7.46%	366.14
2001	895,371	76,735	3,814	72,921	8.14%	395.76

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 120 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 129.

**City of Jackson**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2011**  
**(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	\$ 43,730	76.57%	\$ 33,484
Jackson Public Schools	142,845	100.00%	142,845
Subtotal, overlapping debt			<u>176,329</u>
City of Jackson direct debt	131,720	100.00%	131,720
Total direct and overlapping debt			<u>\$ 308,049</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									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Debt limit	\$ 173,629	\$ 173,116	\$ 175,386	\$ 160,093	\$ 160,138	\$ 158,399	\$ 159,636	\$ 159,437	\$ 158,886	\$ 160,907
Total net debt applicable to limit	<u>73,261</u>	<u>70,951</u>	<u>74,132</u>	<u>43,375</u>	<u>50,710</u>	<u>59,120</u>	<u>67,345</u>	<u>74,400</u>	<u>81,745</u>	<u>71,255</u>
Legal debt margin	<u>\$ 100,368</u>	<u>\$ 102,165</u>	<u>\$ 101,254</u>	<u>\$ 116,718</u>	<u>\$ 109,428</u>	<u>\$ 99,279</u>	<u>\$ 92,291</u>	<u>\$ 85,037</u>	<u>\$ 77,141</u>	<u>\$ 89,652</u>

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

Legal Debt margin Calculation for Fiscal Year 2011

Assessed value	\$ 1,216,648
Less Homestead Exemption	\$ (59,120)
Total assessed value	<u>\$ 1,157,528</u>
Debt limit (15% of total assessed value)	173,629
Debt application to limit:	
Bond indebtedness	221,586
Less: Amount set aside for repayment of revenue bond debt	(148,325)
Total net debt applicable to limit	<u>\$ 73,261</u>
Legal debt margin	<u>\$ 100,368</u>

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

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

Fiscal Year	Sewer Revenue Bonds				Special Assessment Bonds (1)			
	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service	Special Assessment Collections	Debt Service	Debt Service	Coverage
				Principal	Interest	Principal	Interest	Coverage
2011	\$ 47,578	\$ 32,755	\$ 14,823	\$ 6,085	\$ 7,619	\$ -	\$ -	-
2010	41,974	26,128	15,846	6,910	7,838	-	-	-
2009	41,440	27,837	13,603	5,105	8,218	-	-	-
2008	47,468	29,410	18,058	6,325	8,510	-	-	-
2007	44,180	22,830	21,350	6,030	8,787	-	-	-
2006	45,495	23,985	21,510	5,550	7,715	-	-	-
2005	41,166	22,387	18,779	7,095	5,924	-	-	-
2004	40,012	23,394	16,618	5,405	6,651	-	-	-
2003	44,387	21,903	22,484	6,555	6,587	-	-	-
2002	44,453	20,609	23,844	5,410	4,425	180	9	20.00

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

(1) No principal or interest payments were scheduled for fiscal years 2003-2011 for Special Assessment Bonds.

**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>
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%
2005	184,256	5,308,231	28,809	31.0	12.3	32,000	8.3%
2004	184,256	5,308,231	28,809	34.3	12.3	31,580	4.5%
2003	184,256	5,053,774	27,428	34.2	12.3	31,508	5.0%
2002	184,256	5,053,774	27,428	34.2	12.3	31,240	5.5%
2001	184,256	4,699,634	25,506	34.2	12.3	31,436	4.5%

**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>2011</b>			<b>2001</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	2,323	7	1.26%			
Jackson State University	1,667	8	0.90%			
AT&T	1,300	9	0.71%			
Central MS Medical Center	1,200	10	0.65%			
	<u>61,835</u>		<u>33.56%</u>			

Source: MetroJackson Chamber of Commerce 2009

Note: Data for 2001 is currently not available.

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

Function	Full-time Equivalent Employees by Function									
	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
General government	234	229	219	255	250	300	304.5	299.5	311	304
Public safety										
Police										
Officers	479	465	-	500	425	468	490	490	458	429
Civilians	261	270	-	299	291	174	284	284	296	296
Fire										
Firefighters and officers	357	342	354	362	351	356	353	631	376	367
Civilians	11	10	11	11	7	8	12	11	13	13
Public works	482	449	466	606	552	625	645	606	608	648
Culture and Recreation	303	370	319	218	381	424	436.5	452.5	465	454
Planning and Development	81	78	91	70	80	77	88	90	96	101
<b>Total</b>	<b>2208</b>	<b>2213</b>	<b>1460</b>	<b>2321</b>	<b>2337</b>	<b>2432</b>	<b>2613</b>	<b>2864</b>	<b>2623</b>	<b>2612</b>

Source: City of Jackson Budget Office.

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

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

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Police</b>										
Parking violations	18,101	13,777	11,076	13,223	14,832	20,490	25,994	24,970	27,937	22,092
Traffic violations	57,815	56,587	47,146	38,429	25,314	30,061	36,837	47,324	48,587	41,682
<b>Fire</b>										
Number of calls answered	-	-	11,577	7,644	7,342	12,259	12,856	12,602	12,823	-
Inspections (3)	3,590	3,701	4,510	3,241	4,500	4,086	4,626	3,727	4,229	5,518
<b>Highways and streets</b>										
Street resurfacing (miles)	-	-	68.3	8.3	5.6	7.1	5.9	9.5	16.0	6.3
Potholes repaired (2) (4)	38,776	51,431	3,619	4,154	3,626	4,011	5,014	5,724	2,194	-
<b>Sanitation</b>										
Refuse collected (tons/day)	4,523	5,718	5,058	5,848	2,398.4	1,447.8	1,420.7	3,612.3	3,401.0	4,233.3
Recyclables collected (tons/day)(1)	76.89	81.72	80.16	109.88	90.77	99.68	85.95	-	-	-
<b>Culture and recreation</b>										
Community center admissions (3)	53	68	90	34	101	95	115	168	-	-
<b>Water</b>										
New connections	-	198	670	334	530	602	399	501	517	515
Average daily consumption (thousands of gallons) (3)	-	24,024	-	21,080	21,530	20,630	21,160	21,250	23,700	24,120
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	-	46,650	47,170	44,650	42,100	47,200	46,100	52,400	45,600	43,900

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.

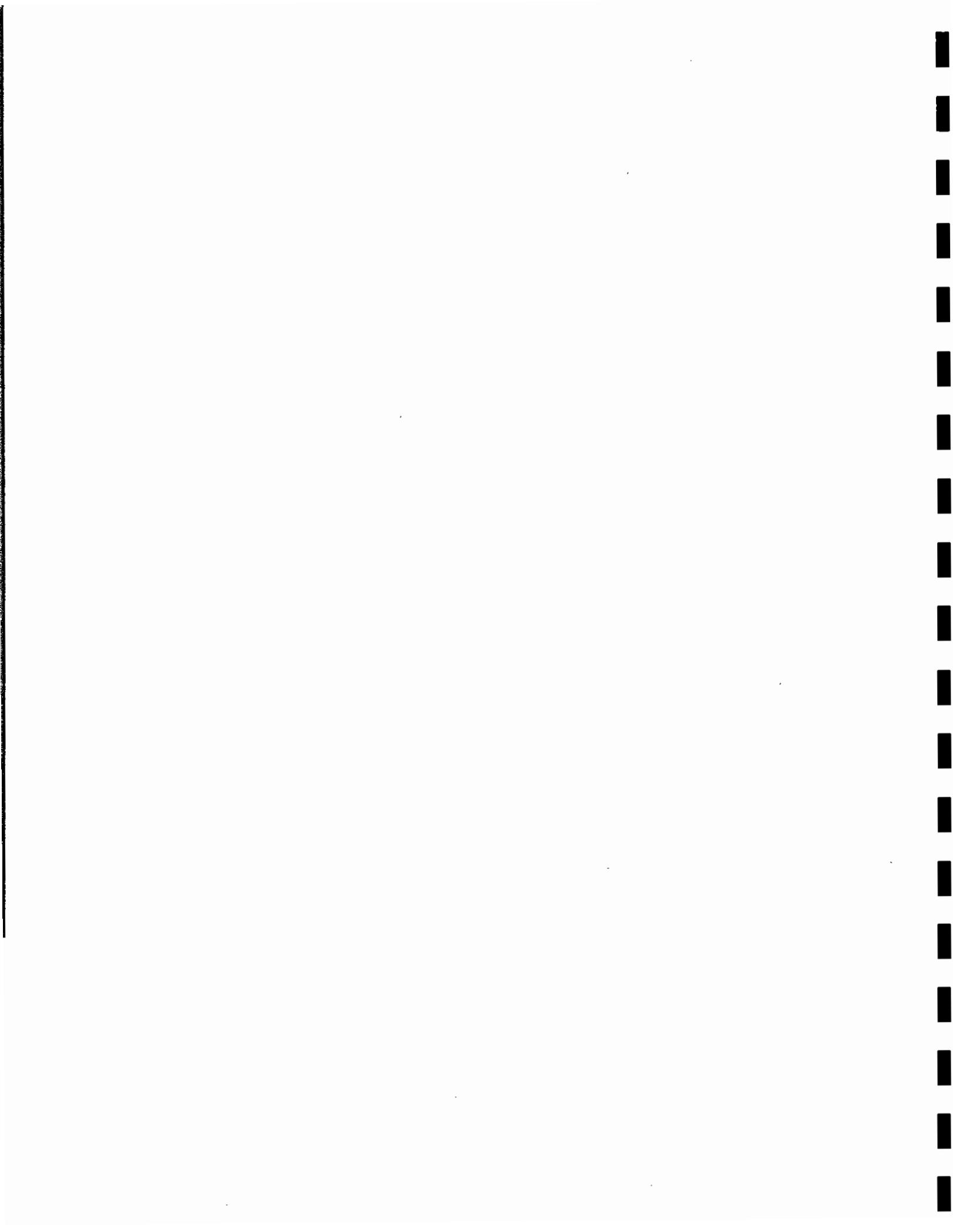
City of Jackson  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

Function	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Public safety										
Police stations	6	6	6	5	5	5	5	5	5	5
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,300	1,447	1,431	1,428	1,428	1,428	1,428	1,428	1,435	1,435
Traffic signals intersection	358	334	334	333	333	332	332	332	-	-
Culture and recreation										
Parks	54	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	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	25,600,000	25,600,000	25,600,000	25,600,000
Sewer										
Sanitary sewers (miles)	-	911	911	911	911	909	909	909	909	909
Storms sewers (miles)	-	460	460	460	460	460	460	460	460	460

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



# **SINGLE AUDIT**





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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2011, which collectively comprise the City of Jackson, Mississippi's basic financial statements and have issued our report thereon dated March 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2011-2 that we consider to be a significant deficiency in internal control over financial reporting. *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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether City of Jackson, Mississippi's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 items 2011-1.

We noted certain other matters that we reported to management of City of Jackson, Mississippi in a separate letter dated March 30, 2012.

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

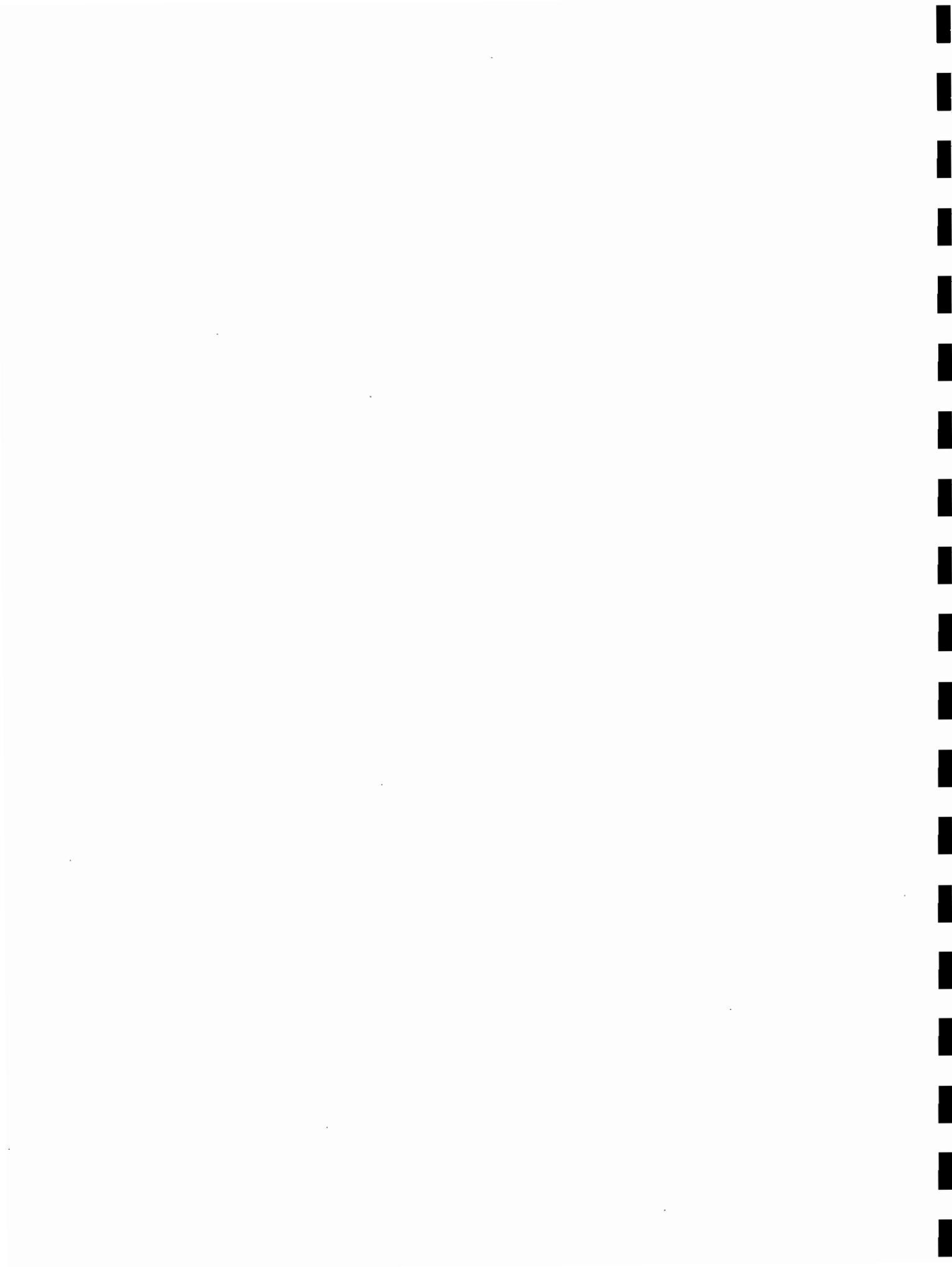
This report is intended solely for the information of the Mayor, City Council, and management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Bant, Finley, White & Co.*

March 30, 2012



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



City of Jackson  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2011

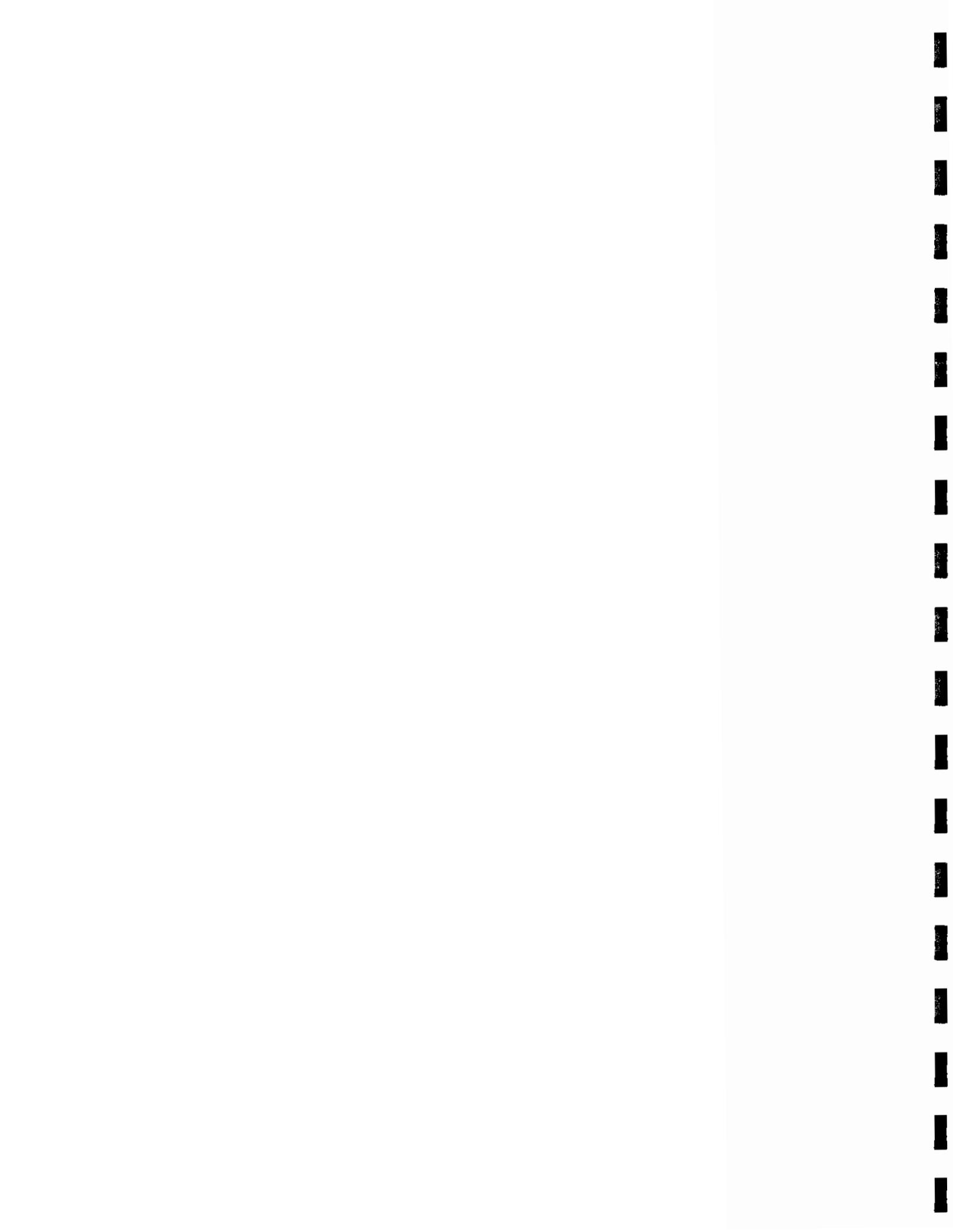
Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
Food and Nutrition Service (MS Department of Education - Pass Through)			
Child and Adult Care Food Program	10.558	V0000718080	311,907
SUBTOTAL CFDA NUMBER 10.558			<u>311,907</u>
Summer Food Service Program for Children (MS Department of Education - Pass Through)	10.559	V0000718080	65,209
SUBTOTAL CFDA NUMBER 10.559			<u>65,209</u>
(Central Mississippi Planning and Development District - Pass Through)			
Commodity Supplemental Food Program	10.565	378-L-25	24,219
Commodity Supplemental Food Program	10.565	396-E-25	34,088
SUBTOTAL CFDA NUMBER 10.565			<u>58,307</u>
(Natural Resource Conservation Service - Pass Through)			
Emergency Watershed Protection Program	10.923	68-4423-10-1982	97,462
SUBTOTAL CFDA NUMBER 10.923			<u>97,462</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>532,885</u>
<b><u>U.S. Department of Commerce</u></b>			
Direct Program:			
Economic Adjustment Assistance	11.307	04-69-06180	90,835
SUBTOTAL CFDA NUMBER 11.307			<u>90,835</u>
<b>TOTAL U.S. DEPARTMENT OF COMMERCE</b>			<u>90,835</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
Direct Program:			
CDBG - Entitlement Grant Cluster:			
Community Development Block Grant - Neighborhood Stabilization Program	14.218	B-08-MN-28-0001	325,189
Community Development Block Grant	14.218	B-09-MC-28-0003	1,539,016
Community Development Block Grant	14.218	B-10-MC-28-0003	260,304
SUBTOTAL CFDA NUMBER 14.218			<u>2,124,509</u>
Community Development Block Grant - ARRA	14.253	B-09-MY-28-0003	75,766
SUBTOTAL CFDA NUMBER 14.253			<u>75,766</u>
TOTAL CDBG - Entitlement Grant Cluster			<u>2,200,275</u>
Emergency Shelter Grants Program	14.231	S-09-MC-28-0002	36,716
Emergency Shelter Grants Program	14.231	S-10-MC-28-0002	73,430
SUBTOTAL CFDA NUMBER 14.231			<u>110,146</u>
HOME Investment Partnership Program	14.239	M-04-MC-28-0200	29,205
HOME Investment Partnership Program	14.239	M-05-MC-28-0200	177,289
HOME Investment Partnership Program	14.239	M-06-MC-28-0200	16,944
HOME Investment Partnership Program	14.239	M-07-MC-28-0200	299,400
HOME Investment Partnership Program	14.239	M-08-MC-28-0200	23,493
HOME Investment Partnership Program	14.239	M-09-MC-28-0200	18,530
SUBTOTAL CFDA NUMBER 14.239			<u>564,861</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H09-F001	482,953
Housing Opportunities for Persons with AIDS	14.241	MS-H10-F001	675,550
SUBTOTAL CFDA NUMBER 14.241			<u>1,158,503</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-MS-0134	3,760
SUBTOTAL CFDA NUMBER 14.251			<u>3,760</u>
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	S-09-MY-28-0002	631,671
SUBTOTAL CFDA NUMBER 14.257			<u>631,671</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>4,669,216</u>



City of Jackson  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2011

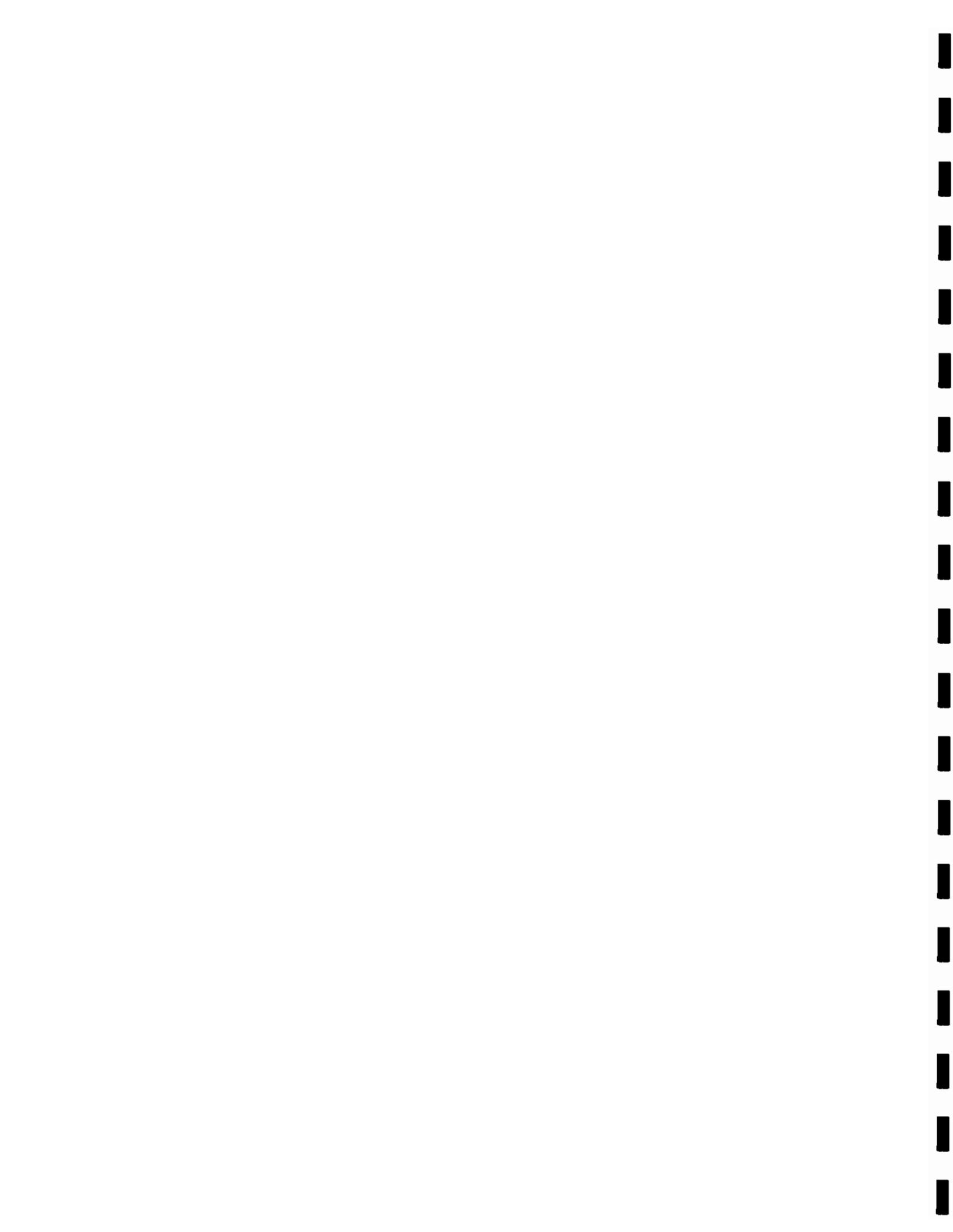
Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b>U.S. Department of Justice</b>			
<b>Direct Program:</b>			
<b>Justice Assistance Grant (JAG) Cluster:</b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007DJBX0570	237,734
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008DJBX0627	16,016
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009DJBX1159	73,411
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010DJBX0594	298,291
SUBTOTAL CFDA NUMBER 16.738			625,452
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.804	2009SBB93222	260,389
SUBTOTAL CFDA NUMBER 16.804			260,389
TOTAL Justice Assistance Grant (JAG) Cluster:			885,841
Public Safety Partnership & Community Policing Grant	16.710	2009CKWX0603	382,737
Public Safety Partnership & Community Policing Grant	16.710	2010CKWX0084	11,000
Public Safety Partnership & Community Policing Grant	16.710	95ULWX0025	24,233
SUBTOTAL CFDA NUMBER 16.710			417,970
Developing, Testing And Demonstrating New Programs	16.541	2009-JL-FX-0009	104,418
SUBTOTAL CFDA NUMBER 16.541			104,418
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			1,408,229
<b>U.S. Department of Labor</b>			
<b>Direct Program:</b>			
WIA Pilots, Demonstrations, and Research Projects - Homeless Transitional Job Project	17.261	EA-20630-10-10-60-A-28	84,423
SUBTOTAL CFDA NUMBER 17.261			84,423
Older Americans Act			
Senior Community Service Employment Program (Title V)	17.235	AD-21862-11-55-A-24	131,984
Senior Community Service Employment Program (Title V)	17.235	AD-20017-10-60-A-24	620,352
Senior Community Service Employment Program (Digital Inclusion Initiative)	17.235	AD-20017-10-60-A-24 DII	16,610
SUBTOTAL CFDA NUMBER 17.235			768,946
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			853,369
<b>U.S. Department of Transportation</b>			
<b>Federal Transit Administration</b>			
<b>Direct Programs:</b>			
<b>Federal Transit Cluster:</b>			
Federal Transit Formula Grants	20.507	MS-90-X0-81	1,772,232
SUBTOTAL CFDA NUMBER 20.507			1,772,232
Federal Transit Capital Investment Grants	20.500	MS-03-00-12	199,153
Federal Transit Capital Investment Grants	20.500	MS-03-00-13	15,689
Federal Transit Capital Investment Grants	20.500	MS-03-00-14	367,150
Federal Transit Capital Investment Grants	20.500	MS-04-00-03	213,900
SUBTOTAL CFDA NUMBER 20.500			795,892
TOTAL Federal Transit Cluster			2,568,124
(Mississippi Department of Transportation-Pass Through)			
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-7300-00(001) LPA 104587/801000	453,882
Highway Planning and Construction (Debris Removal)	20.205	ER-0250-00(030) LPA 105082/701000	159,083
Highway Planning and Construction (Safe Routes)	20.205	SRSP-0250-00(037) LPA 105967/402000	7,104
(Mississippi Department of Transportation-Pass Through)			
Urban Youth Corps Grant	20.205	STP-9999-00(915) 106227/114000	34,870
SUBTOTAL CFDA NUMBER 20.205			34,870
TOTAL Highway Planning and Construction Cluster			654,939
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			3,223,063

The accompanying notes are an integral part of this schedule.



City of Jackson  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2011

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b><u>U.S. Department of Energy</u></b>			
<b>Direct Programs:</b>			
Energy Efficiency and Conservation Block Grant Program (ARRA)	81.128	DE-SC0003032	417,881
SUBTOTAL CFDA NUMBER 81.128			<u>417,881</u>
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>			<u>417,881</u>
<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	377-L-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	378-L-25	83,181
SUBTOTAL CFDA NUMBER 93.045			<u>83,181</u>
(State of MS Office of Child Nutrition - Pass Through)			
Child Care Development Block Grant	93.575	625Q601A	868,192
Child Care Development Block Grant	93.575	625Q611A	164,708
SUBTOTAL CFDA NUMBER 93.575			<u>1,032,900</u>
Title XX-Social Services Block Grant (Central MS Planning and Development District - Pass Through)			
Transportation	93.667	396-E-25	92,020
Home Delivered Meals (Non-cash)	93.667	396-E-25	128,887
SUBTOTAL CFDA NUMBER 93.667			<u>220,907</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>1,346,988</u>
<b><u>Corporation for National and Community Service</u></b>			
Mississippi Commission for Volunteer Service - Pass Through			
AMERICORPS	94.006	10AC109584	226,465
AMERICORPS	94.006	11AC122587	11,537
SUBTOTAL CFDA NUMBER 94.006			<u>238,002</u>
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<u>238,002</u>
<b><u>U.S. Office of National Drug Control Policy</u></b>			
(MS Gulf Coast HIDTA - Pass Through)			
High Intensity Drug Trafficking Area (HIDTA)	95.001	110PGCP540Z	2,100
High Intensity Drug Trafficking Area (HIDTA)	95.001	111PGCP540Z	22,583
SUBTOTAL CFDA NUMBER 95.001			<u>24,683</u>
<b>TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY</b>			<u>24,683</u>
<b><u>U.S. Department of Homeland Security</u></b>			
Mississippi Department of Public Safety (Pass-Through)			
Homeland Security Grant Program	97.067	07MM221	33,523
Homeland Security Grant Program	97.067	08MM221	98,960
Homeland Security Grant Program	97.067	08HS221T	26,858
Homeland Security Grant Program	97.067	S9HS221T	8,739
Homeland Security Grant Program	97.067	09HS221T	1,985
Homeland Security Grant Program	97.067	09LE221	32,815
Homeland Security Grant Program	97.067	S9LE221	48,745
Homeland Security Grant Program	97.067	10LE221	9,394
SUBTOTAL CFDA NUMBER 97.067			<u>261,019</u>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			<u>261,019</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ <u>13,066,170</u></b>



City of Jackson  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2011

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b>U.S. Department of Housing and Urban Development</b>			
<p>The City of Jackson has the following loans payable to the U.S. Department of Housing and Urban Development at September 30, 2011. The funds were used to stimulate renewal and economic development activities in the Capital Center Development Area</p>			<u>Principal Balance at 9/30/2011</u>
Community Development Block Grant - Section 108 Loan Guarantees variable/fixed rate note dated September 15, 2008	14.248	B-07-MC-28-0003	<u>\$ 6,999,930</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u><b>\$ 6,999,930</b></u>



CITY OF JACKSON  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2011

**NOTE 1 - BASIS OF PRESENTATION**

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

**NOTE 2 - CONTINGENCY**

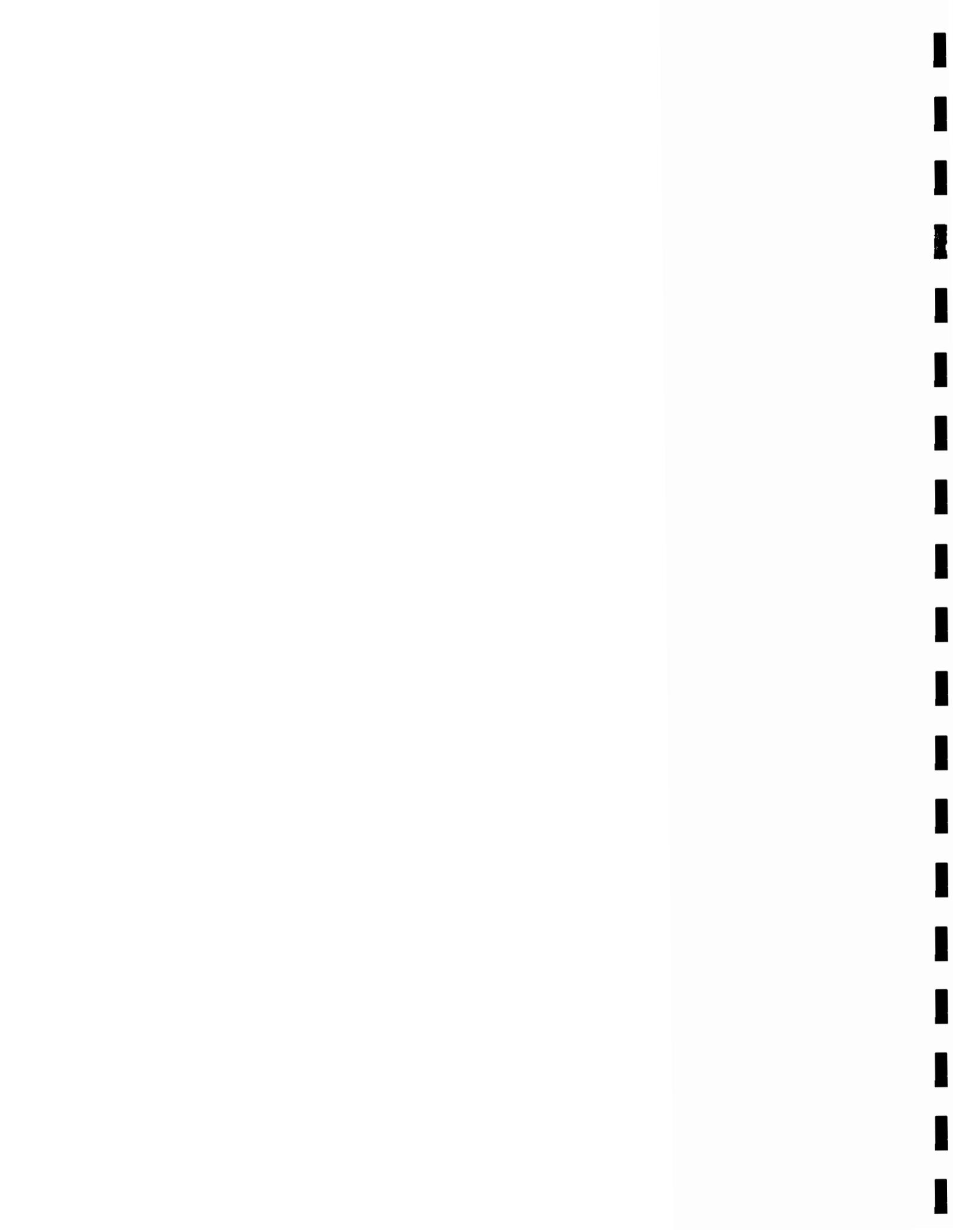
The City has responsibility for expending grant funds in accordance with specific instructions from its funding sources. Any deficits resulting from over expenditures and/or questioned costs are the responsibility of the City.

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

**NOTE 3 - SUB-RECIPIENTS**

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant – Entitlement Grants Cluster	14.218	\$ 168,768
Home Investment Partnership Program	14.239	457,234
Emergency Shelter Grant Program	14.231	110,146
Housing Opportunities for Persons With Aids	14.241	1,139,629
Homeless Prevention and Rapid Re-Housing Grant – ARRA	14.257	<u>631,671</u>
Total		<u>\$ 2,507,448</u>





**BANKS, FINLEY,  
WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the 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 City of Jackson, Mississippi's major federal programs for the year ended September 30, 2011. City of Jackson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jackson, Mississippi's management. Our responsibility is to express an opinion on the City of Jackson, Mississippi's compliance based on our audit.

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

As described in item(s) 2011-3 through 2011-6 in the accompanying schedule of findings and questioned costs, City of Jackson, Mississippi did not comply with requirements regarding Procurement & Suspension & Debarment and Sub-Recipient Monitoring that are applicable to its Community Development Block Grant, Home Investment Partnership Program, Housing Opportunities for Persons With Aids and Edward Bynes Memorial Justice Assistance Grant – ARRA. Compliance with such requirements is necessary, in our opinion, for City of Jackson, Mississippi to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Jackson, Mississippi complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2011.

Internal Control Over Compliance

Management of City of Jackson, Mississippi is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and





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

*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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

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

*Bare, Finley, White & Co.*  
March 30, 2012



CITY OF JACKSON, MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2011

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

- |    |   |             |
|----|---|-------------|
| 1. | Type of auditor's report issued on the basic financial statements.                        | Unqualified |
| 2. | Material noncompliance relating to the financial statements.                              | None        |
| 3. | Internal control over financial reporting:  |             |
|    | a. Material weaknesses identified?  | None        |
|    | 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   |      |
|    | Unqualified for all major programs except for Home Investment Partnership Program, Housing Opportunities for Persons with Aids Grant, Edward Byrne Memorial Justice Assistance Grant Program - ARRA and Community Development Block Grant |      |
| 5. | Internal control over major programs:   |      |
|    | a. Material weaknesses identified?  | None |
|    | b. Significant deficiencies identified that are not considered to be material weaknesses?   | None |
| 6. | Any audit findings reported as required by Section __.510(a) of OMB Circular A-133?   | Yes  |
| 7. | Federal programs identified as major programs:  |      |
|    | CFDA #10.559 U. S. Department of Agriculture<br>Child and Adult Food Care Program   |      |
|    | CFDA #14.218 U. S. Department of Housing and Urban Development<br>Community Development Block Grant   |      |
|    | CFDA #14.239 U. S. Department of Housing and Urban Development<br>Home Investment Partnership Program   |      |
|    | CFDA #14.241 U. S. Department of Housing and Urban Development<br>Housing Opportunities for Persons with AIDS   |      |
|    | CFDA #14.253 U. S. Department of Housing and Urban Development<br>ARRA – Community Development Block Grant  |      |
|    | CFDA #14.257 U. S. Department of Housing and Urban Development<br>ARRA – Homeless Prevention and Rapid Re-Housing Program   |      |



CFDA #16.710 U. S. Department of Justice  
Public Safety Partnership & Community Policing Grant

CFDA #16.804 U. S. Department of Justice  
Edward Byrne Memorial Justice Assistance Grant Program - ARRA  
Assistance Discretionary Grants Program

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

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

CFDA #81.128 U. S. Department of Energy  
Energy Efficiency and Conservation Block Grant - ARRA

CFDA #93.575 U. S. Department of Health and Human Services  
Child Care Development Block Grant Cluster

8. The dollar threshold used to distinguish between type A and type B programs: \$391,985
9. The City of Jackson did not qualify as a low-risk auditee.

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

### **PAYROLL CHANGES IN PERSONNEL FILES**

**2011-1**

#### **Statement of Condition**

Our audit testing of payroll transactions revealed that in 29 out of 40 personnel files tested, adequate documentation was not available to support the employees' current pay rate.

#### **Cause of Condition**

Failure to follow established procedures for pay rate changes.

#### **Effect of Condition**

An excessive amount of time was utilized in verifying the employee's current salary pay rate.

#### **Criteria**

The requirements of the City of Jackson Department of Personnel and Management's Employee Handbook Section 7.1.1 – states "The Department of Personnel Management shall maintain records showing administrative actions including records of employment history of each



employee, performance evaluation records and related files and correspondence. In addition, the Department of Personnel Management shall prepare, maintain and preserve records on the wages, hours and other conditions and practices of employment of all City employees.”

Auditor's Recommendation

The City should strengthen internal administrative controls to ensure that the personnel department updates all changes in an employee's wages and documents these changes in the employee's personnel file so that, at any point in time, the employee's current salary can be verified.

**TIMELY REQUESTS FOR GRANT REIMBURSEMENTS – PUBLIC WORKS DEPARTMENT**

2011-2

Statement of Condition

During our audit, we noted that there are no formal procedures in the City's Public Works Department for requesting reimbursement of grant expenditures and that the current practice has contributed to the requesting of reimbursements near the end of projects or near the end of the City's fiscal year.

Cause of Condition

No formal procedures within the Public Works Department regarding requesting reimbursement for grant expenditures.

Effect of Condition

The recording of revenue is delayed and grants receivables are not accurately reflected during the year

Criteria

The City is responsible for establishing and maintaining effective internal control over financial reporting.

Auditor's Recommendation

We strongly suggest that the City implement procedures within the Public Works Department that require requests for grant reimbursements to be made on at least a quarterly basis. Additionally, a grant accountant should be assigned within this department to ensure for the timely recording of revenues and to ensure that requests for grant reimbursements are submitted in a timely manner.



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

#### **Finding 2011-03 – SUSPENSION AND DEBARMENT**

**Grant Program/CFDA#: Home Investment Partnership Program/ 14.239; Housing Opportunities for Persons with Aids/14.241; Community Development Block Grants/ 14.218**

##### **Statement of Condition**

During the suspension and debarment testing, we noted that the City entered into three (3) contracts for goods and/or services for an amount equal to or exceeding \$25,000 and four (4) sub-recipient contracts 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 that the contractor was not suspended or debarred.

##### **Effect of Condition**

Non-compliance with grant requirements.

##### **Criteria**

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

##### **Auditor's Recommendation**

Although we were able to determine that the contractors and sub-recipients were not suspended or debarred, we recommend that the department(s) responsible for monitoring and obtaining suspension and debarment certifications require a suspension and debarment clause in all procurement contracts involving federal funds for goods or services equal to or in excess of \$25,000 and all sub-recipient contracts.

#### **Finding 2011-4 – SUB RECIPIENT MONITORING**

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

##### **Statement of Condition**

The City of Jackson is required to monitor the performance of CDBG sub recipients against goals and performance standards and sub recipients are required to submit to the City a copy of their annual audit(s) within 180 days after their fiscal year end (if required).

A review of sub recipient monitoring reports and audit reports revealed ten (10) instances in which sub-recipient audit reports were not submitted within 180 days after the fiscal year end.



Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

Sub-recipient audit reports were not submitted in a timely manner.

Criteria

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

Auditor's Recommendation

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

**Finding 2011-5 – SUBRECIPIENT MONITORING**

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

Statement of Condition

During the Subrecipient Monitoring test, we noted that the City did not ensure that one (1) subrecipient's audit report was submitted within 180 days of their fiscal year end as required in the sub-grantee agreement.

Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

Sub-recipient audit reports were not submitted in a timely manner.

Criteria

The City is responsible for ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 and that the required audits are completed and submitted to the City within 180 days of the end of the subrecipient's fiscal year.



Auditor's Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that subrecipients submit audit reports within the prescribed time period as noted in the sub-grantee agreement.

**Finding 2011-6 – SUB-RECIPIENT MONITORING**

**Grant Program/CFDA#: Edward Byrnes Memorial Justice Assistance Grant – ARRA/ 16.804**

Statement of Condition

During the Sub-recipient Monitoring test, we noted that the City did not request and review the audit report of their sub-grantee.

Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

The sub-recipient audit report was not requested and reviewed to note any findings related to the sub-grant award.

Criteria

The City is responsible for ensuring that sub-recipients expending \$500,000 or more in Federal awards during the sub-recipient's fiscal year for fiscal years ending after December 31, 2003, as provided in OMB Circular A-133, have met the audit requirements of OMB Circular A-133 and that the required audits are completed and submitted to the City.

Auditor's Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that sub-recipient audit reports are requested and reviewed in adherence to the City's External Funding Manual.



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2011**

**2010-1 FINDING NO. 2 – SECTION 2**

**Current Status:** Corrected

**2010-2 FINDING NO. 1 – SECTION 2**

**Current Status:** Corrected

**2010-3 FINDING NO. 2 – SECTION 3**

**Current Status:** Not Corrected

**2010-4 FINDING NO. 3 – SECTION 3**

**Current Status:** Not Corrected, repeated as finding 2011-3

**2010-5 FINDING NO. 4 – SECTION 3**

**Current Status:** Corrected

**2010-6 FINDING NO. 5 – SECTION 3**

**Current Status:** Not corrected, repeated as finding 2011-5

**2010-7 FINDING NO. 2 – SECTION 2**

**Current Status:** Corrected



Department of Administration



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

Harvey Johnson, Jr.  
*Mayor of the City of Jackson*

## CORRECTIVE ACTION PLAN

03/30/12

### 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, 2011.

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, 2011

The findings from the September 30, 2011 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. 2011-1 PAYROLL CHANGES IN PERSONNEL FILES

**Recommendation:** The City should strengthen internal administrative controls to ensure that the personnel department updates all changes in an employee's wages and documents these changes in the employee's personnel file so that, at any point in time, the employee's current salary can be verified.

**Action Taken:** The City has approved several cost of living pay increases that may not be reflected in an employee's file unless that employee has had some type of personnel action to occur which requires a PER-3 form, which is the necessary required documentation of that personnel action where it would reflect an employee's current salary at that time. The two (2) cost of living increases are as follows:

Effective 10/01/2008, the City approved a \$50/month cost of living pay increase for current and future employees and a \$100.00/month cost of living pay increase for current and future sworn police officers and firefighters.

Effective 01/01/2012, the City approved a \$79.18/month cost of living pay increase for current and future school crossing guards, for current and future permanent and full-time employees, and for current and future permanent part-time employees. Excluded from the approved pay adjustments were Senior aides, Americorps trainees, elected officials, interns, and other temporary part-time classifications.

##### Finding No. 2011-2 TIMELY REQUESTS FOR GRANT REIMBURSEMENTS – PUBLIC WORKS DEPARTMENT



**Finding No. 2011-2 TIMELY REQUESTS FOR GRANT REIMBURSEMENTS – PUBLIC WORKS DEPARTMENT**

**Recommendation:** We strongly suggest that the City implement procedures within the Public Works Department that require requests for grant reimbursements to be made on at least a quarterly basis. Additionally, a grant accountant should be assigned within this department to ensure for the timely recording of revenues and to ensure that requests for grant reimbursements are submitted in a timely manner.

**Action Taken:** The Public Works Department is now requiring that the MDOT reimbursement forms are submitted with the invoice, so that the City of Jackson can submit reimbursement from MDOT on a monthly basis instead of quarterly.

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

**Finding 2011-03 – SUSPENSION AND DEBARMENT**

**Grant Program/CFDA#: Home Investment Partnership Program/ 14.239; Housing Opportunities for Persons with Aids/14.241; Community Development Block Grants/ 14.218**

**Recommendation:** Although we were able to determine that the contractors and sub-recipients were not suspended or debarred, we recommend that the department(s) responsible for monitoring and obtaining suspension and debarment certifications require a suspension and debarment clause in all procurement contracts involving federal funds for goods or services equal to or in excess of \$25,000 and all sub-recipient contracts.

**Action Taken:** The City has determined that the contractors and sub-recipients were not on the suspension and debarment list. Verification of a search and supporting documentation can be located in the file.

**Finding 2011-4 – SUB RECIPIENT MONITORING**

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

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

**Action Taken:** The City has taken the auditor's recommendation to strengthen its internal administrative control procedures to ensure that annual audit reports are received within the prescribed time period and that all reports submitted clearly indicates the date of submission through implementation of the following Office of Housing & Community Development's policies:

1. All Subrecipients' audit reports will be received in through the Office of Housing & Community Development's Office Coordinator. Staff member(s) will date stamp, distribute to program compliance staff member and filed in the appropriate agency folder.
2. The Office of Housing & Community Development will implement an electronic tracking system through Microsoft Outlook that will notify staff members of audit report due dates from each funded agency a month in advance of report due date.
3. The Office of Housing & Community Development will utilize the OMB Circular A-133 Single Agency Audit Certification form supplied by Internal Auditors for all funded agencies. This form will be completed by the funded agencies annually and placed in their files.



**Finding 2011-5 – SUB-RECIPIENT MONITORING**

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

**Recommendation:** We recommend that the City strengthen internal administrative control procedures to ensure that sub-recipients submit audit reports within the prescribed time period as noted in the sub-grantee agreement.

**Action Taken:** Subsequently, the OMB Circular A-133 Single Agency Audit Certification form for the agency has been completed. Based on their certification form, West Jackson CDC did not meet the threshold requirements of the Single Audit Act relating to the preparation and submittal of an annual audit report.

**Finding 2011-6 – SUB-RECIPIENT MONITORING**

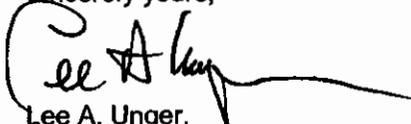
**Grant Program/CFDA#: Edward Byrnes Memorial Justice Assistance Grant – ARRA/ 16.804**

**Recommendation:** We recommend that the City strengthen internal administrative control procedures to ensure that sub-recipient audit reports are requested and reviewed in adherence to the City's External Funding Manual.

**Action Taken:** Subsequently, the City of Jackson has received the Hinds County audit and reviewed the audit as it relates to the Edward Byrnes Memorial Justice Assistance Grant – ARRA. There were no findings related to the current year and prior year findings have been corrected.

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

Sincerely yours,

  
Lee A. Unger,  
Director of Administration





**BANKS, FINLEY,  
WHITE & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2011, and have issued our report thereon dated March 30, 2012. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

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

The results of those procedures and our audit of the basic financial statements disclosed no material instances of noncompliance with state laws and regulations.

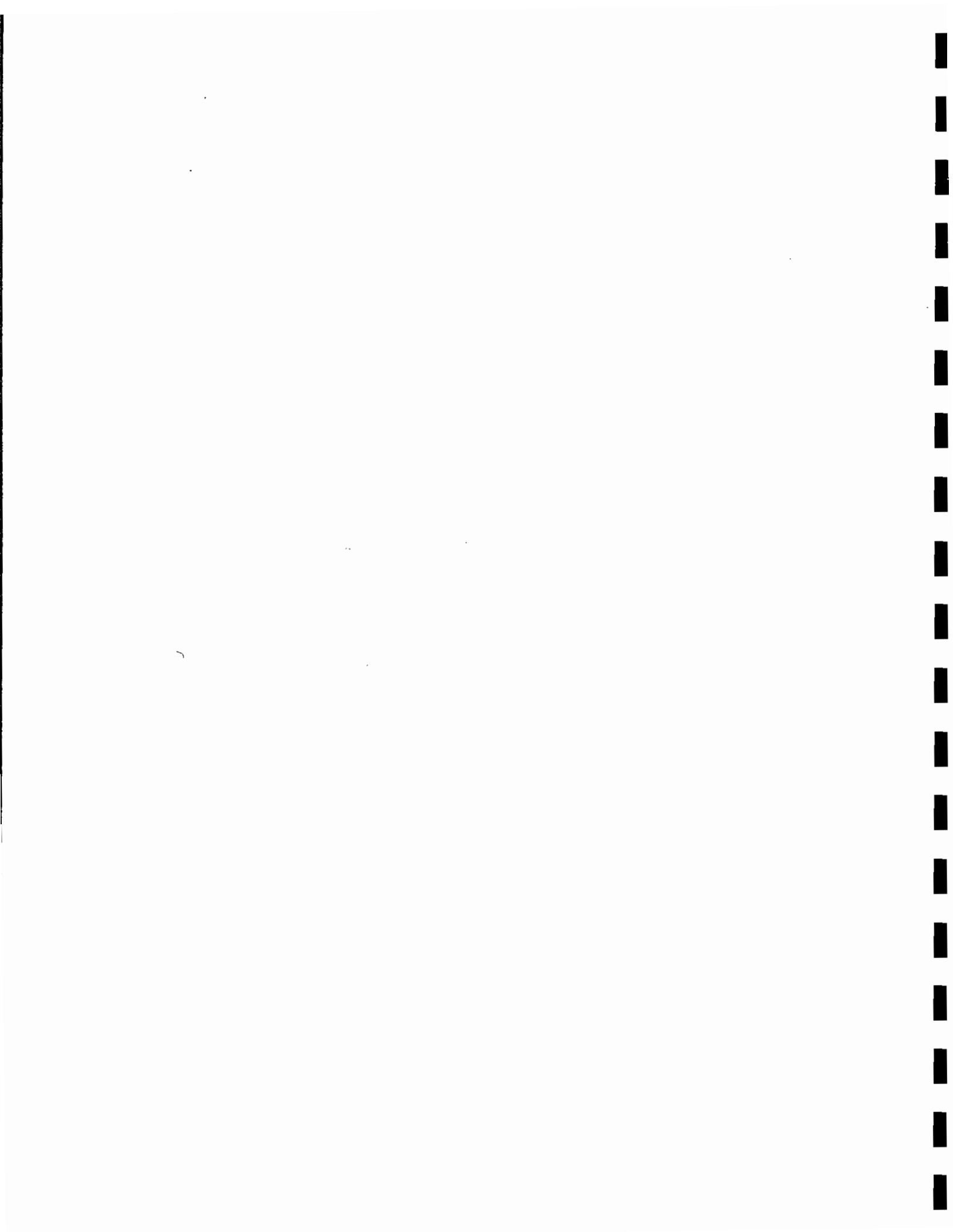
This report is intended solely for the information of the Mayor, City Council, management others within the organization, Office of the State Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Banks, Finley, White & Co.*

March 30, 2012







**CITY OF JACKSON  
SCHEDULE OF BONDS OF CITY OFFICIALS  
SEPTEMBER 30, 2011**

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 (8)	\$100,000	03/28/11 - Indefinite

2) Company: Porter's Insurance Agency  
Fortson's Insurance Agency  
Fisher Brown Bottrell Insurance  
Statewide General Insurance

Limits of liability: Surety Bond coverage as follows:

<u>Position</u>	<u>Coverage per each</u>	<u>Term of bond</u>
City Council (7)	\$100,000	02/17/11 - 07/06/13
Mayor	\$100,000	07/01/11 - 07/01/12
City Administrative Officer	\$50,000	03/29/11 - 03/29/12
Assistant Chief Administrative Officer	\$50,000	03/29/11 - 03/29/12
City Clerk	\$50,000	04/15/11 - 04/15/12
Director of Administration	\$50,000	05/01/11 - 05/01/12
Chief of Police	\$50,000	01/02/11 - 01/02/12
Assistant Police Chief	\$50,000	07/20/11 - 07/20/12
Deputy Chief of Police	\$50,000	02/24/11 - 05/11/12
Assistant City Clerk	\$50,000	05/10/11 - 05/10/12
Deputy Clerk (6)	\$50,000	02/25/11 - 08/22/12
Deputy Clerk	\$50,000	02/25/11 - 08/22/12
Deputy Clerk	\$50,000	02/25/11 - 08/22/12



**CITY OF JACKSON, MISSISSIPPI**  
**MANAGEMENT LETTER**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**RECEIVED**  
**APR 03 2012**



# BANKS, FINLEY, WHITE & CO.

CERTIFIED PUBLIC ACCOUNTANTS

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

In planning and performing our audit of the financial statements of The City of Jackson, Mississippi (City), as of and for the year ended September 30, 2011, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated March 30, 2012 on the financial statements of the City.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various City personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

## **Maintaining Property Records**

The City currently maintains detail property records of all capital assets acquired. However, according to GASB 34 reporting of capital assets, only those capital assets with a per item cost greater than or equal to \$5,000 is required to be depreciated. During the audit of the depreciation schedules for capital assets, items costing less than \$5,000 had to be separated to arrive at the current year depreciation amounts. We also, noted that numerous items remained on the detail depreciation schedules that had been sold and disposed of in prior years.

## **Suggestion**

The City should revise its detailed property inventory records to include only those items with a per item cost greater than or equal to \$5,000 and a separate property inventory records of items costing less than \$5,000. This will allow the City to be in compliance with the GASB 34 reporting Model and also comply with the State Law, which require the City to maintain an accounting of capital assets with a cost of \$500. Additionally, all capital asset items that have been sold or disposed of should be removed from the detail depreciation schedules in order to provide an accurate accounting of capital assets currently owned by the City.

## **City's Response**

The City has modified its property inventory records by separating the inventory to include those items with a per item cost of \$5,000 or greater and one that has a per item cost of less than \$5,000. Those inventory items of \$5,000 or greater has been separated and depreciated in compliance with GASB 34. Those inventory items with cost of less than \$5,000 will be maintained for inventory control purposes. Assets that have been sold or disposed of have been removed from the depreciation schedules.

### **Closing Construction in Progress Projects**

During the audit of construction in progress over the past two (2) years, we found that several CIP projects remain on the CIP detail reports (excel spread sheets) for which there have been little or no activity. Additionally, the Public Works Department of the City has failed to respond to the Finance Department's request to identify and confirm certain CIP projects that have been completed or closed over the past two (2) years. We also found that numerous CIP projects that had been completed and closed in prior years remained on the detail CIP schedules.

#### **Suggestion**

The City should implement internal administrative control procedures to identify all CIP projects that have been completed and closed. Once the completed and closed CIP project has been identified, such project should be removed from the CIP detail schedule (excel spread sheet) and placed on a separate excel spread worksheet so that these projects can be easily identified. The necessary adjustments should be made to the accounting records to reflect those projects that have been completed and move the cost from the CIP general ledger account to the appropriate capital asset account so that the cost can be depreciated.

#### **City's Response**

The Public Works Department has initiated a policy to ensure that all CIP projects that have been completed are closed in a timely fashion. Upon final payment requests from the contractor and approval by the City Council to close the project, the Public Works Department will promptly notify the Department of Administration Finance Division that the project has been closed. The Finance Division will then initiate all entries to close the project and establish the capital asset account so that the cost can be depreciated.

### **Sub-Recipient Audit Reports**

During our audit, we noted that sub-recipient contracts entered into by the City of Jackson contain a clause that requires a sub-recipient to submit their annual audit report within 180 days of their fiscal year end. The agreement, however, does not provide a basis for the City to determine if the sub-recipient is required to have an annual audit.

#### **Suggestion**

We strongly suggest that the City implement internal administrative controls that require sub-recipients to document, on an annual basis, whether they are required to have an annual single audit. The OMB Circular A-133 and the 2003 Single Audit Act set the guidelines for single audits. Any state, local government or non-profit entity expending more than \$500,000 in federal awards in a fiscal year is required to have a single audit in accordance with the OMB Circular A-133 and the 2007 Single Audit Act as amended. The sub-recipient must identify all federal programs they administer and if the total expenditures are greater than \$500,000, a single audit is required. The sub-recipient can submit a City prepared form that will determine whether an audit in accordance with OMB Circular A-133 and the 2007 Single Audit Act, as amended are required to be performed. This document will also indicate whether an audit is not required and will provide a basis for that decision.

#### **City's Response**

The City will develop an internal document to require sub-recipients to respond to the City as to whether or not they are required to have a single audit under the guidelines of OMB Circular A-133 and the 2007 Single Audit Act as amended. Based on the response received, the City will request a copy of the single audit within 180 days of their fiscal year end.

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

*Barr, Finley, White & Co.*

March 30, 2012