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**CITY OF JACKSON  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE YEAR ENDED SEPTEMBER 30, 2014**

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March 31, 2015

**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, 2014 for the City of Jackson, MS is submitted herewith.

An unmodified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley & White Co. for the year ended September 30, 2014. The Independent Auditor's Report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1996 regarding grants received from the federal government. The Single Audit report was issued by Banks, Finley & White Co.

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

All of the governmental activities and business-type activities of the City of Jackson, MS, as well as the Jackson Redevelopment Authority (JRA) and the Capital City Convention Center Commission (component units of the city) are included in the 2014 CAFR. JRA and the Capital City Convention Center Commission are presented as a proprietary fund type within the CAFR because the City exercises significant oversight responsibility. The approval of JRA's administrative operating costs and appointments to its Board of Commissioners are authorized by the City's governing body. Additionally, JRA accounts for its separate funds and maintains revenues sufficient to meet their operating costs, debt service and system replacement and maintenance needs for their parking garages and other urban renewal projects. The Capital City Convention Center Commission is accountable as a component unit of the City because of its fiscal dependency on the City of Jackson.

Four Proprietary Funds, which provide a variety of services on a fee-for-services basis, are among those funds whose financial operations are included in the CAFR. These Proprietary

Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2014 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 4 -12 be carefully examined by the reader 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 it 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 & Cultural Development, Healthy Communities, Improving Government Service and Infrastructure, Transportation & Technology Enhancement were the policy initiatives for FY14.

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 6.9 percent with an employed labor force of 267,200. This unemployment rate compares favorably to the state's overall unemployment rate of 7.2 percent. Over the previous years, the unemployment rate has ranged from a high of 8.8 percent to a low of 5.8 percent for 2014.

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 \$173.85 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 14 percent of the adopted General Fund operating revenues for FY 14.

The unassigned General Fund balance available for future appropriation is \$16,579,012 million, which includes \$8,386,933 million attributable to the City's General Fund reserve policy. An additional \$3,220,650 million is reserved for inventories and state tort claims.

The City remains an excellent place for investors with ratings of A1 on G.O. bonds and A1 on Revenue bonds by Moody's and A+ on G.O. bonds and A+ on Revenue bonds by Standard & Poor's.

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2014 are useful gauges of the City's debt position.

POPULATION:	173,514
BONDED DEBT PER CAPITA:	\$ 734.97
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$ 1,048,184,092
NET BONDED DEBT (G.O):	\$ 139,280,000
RATIO OF DEBT TO ASSESSED VALUE:	12.90%

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

**BONDS OUTSTANDING**

Category	Amount Outstanding Sept. 30, 2014	Amount Outstanding Sept. 30, 2013
General Obligation	\$ 132,380	\$ 135,465
General Obligation Note	6,900	9,200
Tax Increment Limited Obligation	5,111	5,622
<b>Bonded Debt</b>	<b>\$ 144,391</b>	<b>\$ 150,287</b>
Revenue Bonds	233,660	239,265
Urban Renewal Bonds - Component Unit	15,370	12,980
<b>Total</b>	<b>\$ 393,421</b>	<b>\$ 402,532</b>

**PROPRIETARY FUNDS – CHANGES IN NET POSITION**

Fund	2014	2013
Water/Sewage Disposal Fund	\$ 12,674	\$ 4,594
Madison Sewage Disposal Fund	(35)	10,172
Transportation Fund	3,173	1,167
Sanitation and Recycling Fund	364	(15)
<b>Change in Net Position</b>	<b>\$ 16,176</b>	<b>\$ 15,918</b>

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

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$8,453,833 and employee benefit costs were \$15,403,820 during fiscal year 2014. The City's General fund appropriated \$6,760,123 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**

### ***The USS Jackson (LCS 6)***

This is the first ship named after the Capital City of Mississippi. It is an Independence variant of the Littoral Combat Ship Class. The ship's construction began in August 2011 with the first cut of aluminum. She was launched in December 2013, christened in March 2014 and is scheduled to be commissioned at Gulfport, Mississippi in 2015.

### ***Engineering Excellence Award***

The City of Jackson along with SOL Engineering received the Engineering Excellence Award from the American Council of Engineering Companies for the upgrade and renovation of the Presidential Hills Wastewater Treatment Facility.

### ***Jackson hosts the 2014 Mississippi PGA Golf Tournament***

The City of Jackson plays host to the Sanderson Farms 2014 PGA Tour at the Country Club of Jackson. The tournament was Mississippi's only PGA TOUR event this year.

### ***Nerd Wallet Recognitions***

Nerd Wallet has named Jackson one of the Top 50 Most Affordable Cities in America as well as the 8<sup>th</sup> Best City for African American Businesses.

### **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 2013 for its CAFR. A Certificate of Achievement is valid for one year only. The City's management believes that its 2014 CAFR conforms to the Certificate of Achievement program requirement and therefore will submit it for review.

## **FUTURE INITIATIVES**

Jackson's Infrastructure Master Plan (IMP) will transform the city through comprehensive improvement to its roads, bridges and drainage, and water/sewer systems. The City of Jackson will benefit immensely from the IMP. It will improve the quality of life for citizens and visitors alike by ensuring that jobs and minority participation are integrated components of the IMP projects. Further, the IMP will emphasize complete streets ensuring safe, ADA compliant thoroughways. Improving the state and capacity of our infrastructure systems will facilitate economic development opportunities which will attract, sustain and grow businesses. As part of the IMP, the City of Jackson will also incorporate green infrastructure projects. Greening the Capital City will make our communities more vibrant, protect natural resources and improve water quality. Year 1 projects are set to begin construction in December 2015.

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.

The 21 acre property, centrally located off of I-55, known as the Old Mississippi School for The Blind has been acquired and being developed as the 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, 120,000 square feet of residential units, and a four screen movie theater.

Growth along the Mississippi Healthcare Corridor (Woodrow Wilson Drive) is expected in the coming years and will include five hospital systems in the city, four of which will be included inside the corridor. This economic engine is being spurred by cutting edge research and health care facilities, and is a state incentivized effort.

The Highway 80 Initiative plans for a cooperative effort amongst many different groups. The City of Jackson has relocated 300 City employees to the Metro Center Mall to create an impetus 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.

The Highway 18 Corridor in South Jackson is poised to support a hospitality and retail destination with plans to see restaurants and hotels situated at Highway 18 and Interstate 20. This will generate tourism and drive up sales tax revenue.

The Jackson Zoo is also a promising family entertainment destination with plans to feature a theme styled "Super Park". The zoo has recently expanded a partnership with Mississippi State University, College of Veterinary Medicine to create a state of the art veterinary hospital on the premises with longer rotations for veterinary students, and will include student housing.

The adaptive re-use of historic structures called "Capitol Lofts" will create 31 units of artist housing, community areas, and art gallery/studio space. This development is located across the street from the successful King Edward/Standard Life Mixed-Use Project and will further the revitalization of the western end of Downtown Jackson. Capitol Art Loft, LLC is a Joint Venture between HRI Properties and Black White Development.

A 205 room Westin Hotel with restaurants and shops is slated to break ground in downtown Jackson in June, and when opened will employ 150 full time jobs.

## **ACKNOWLEDGMENTS**

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

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

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Trivia A. Jones", with a long horizontal flourish extending to the right.

Trivia A. Jones, Director  
Department of Administration



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

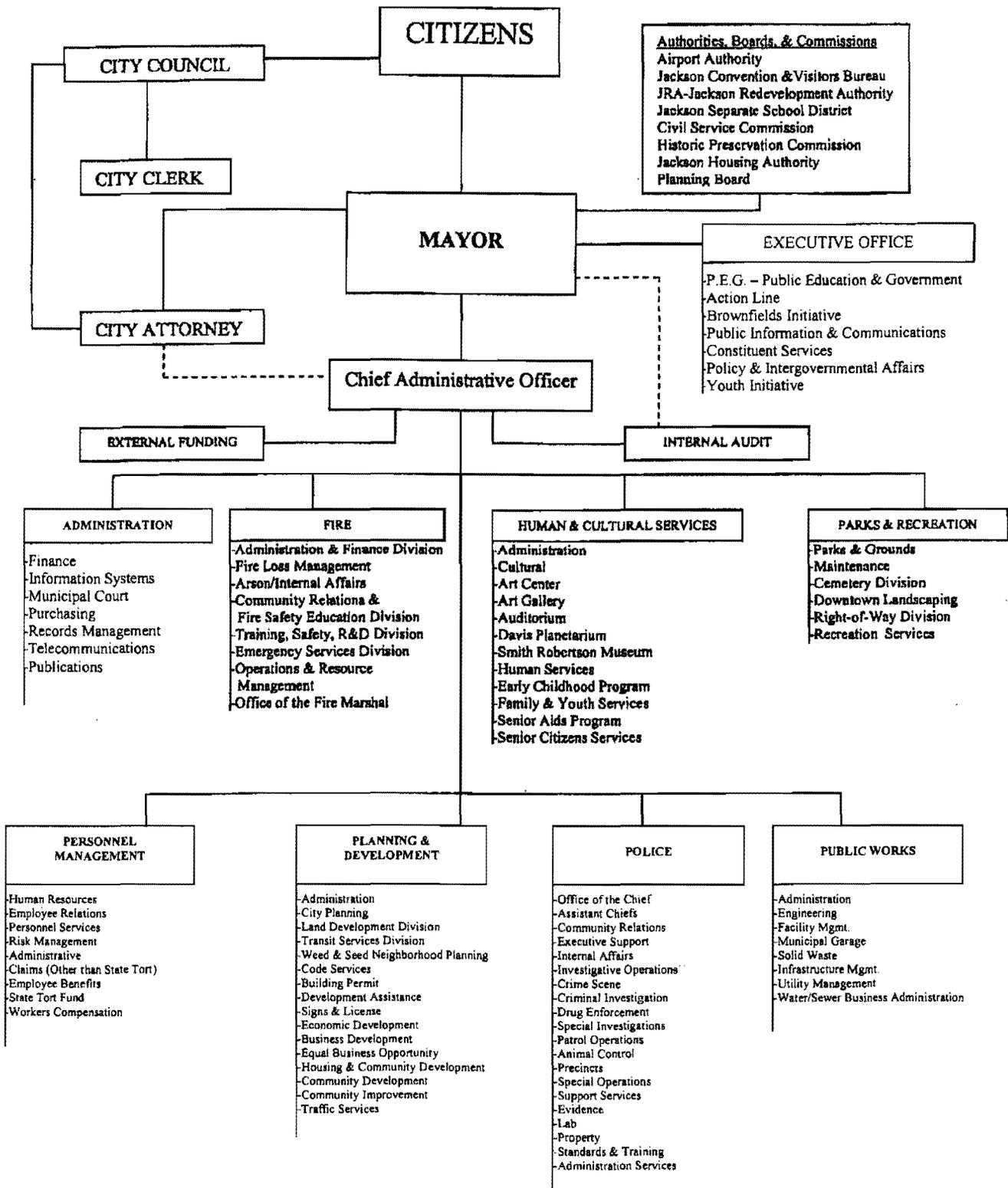
**City of Jackson  
Mississippi**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2013**

Executive Director/CEO

# CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON  
MAYOR, CITY COUNCIL AND CITY OFFICIALS  
SEPTEMBER 30, 2014**

**EXECUTIVE**

Tony Yarber  
MAYOR

**LEGISLATIVE**

**CITY COUNCIL**

Quentin Whitwell  
Ward 1

Melvin Priester, Jr.  
Ward 2  
Vice President of Council

Larita Cooper-Stokes  
Ward 3

De'Keither Stamps  
Ward 4  
President of Council

Charles Tillman  
Ward 5

Tyrone Hendrix  
Ward 6

Margaret C. Barrett-Simon  
Ward 7

Kristi Moore  
City Clerk

**EXECUTIVE BRANCH**

Gus McCoy  
Chief Administrative Officer

Jackie Woods  
Chief of Staff

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

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

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**INDEPENDENT AUDITOR'S REPORT**

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

11/11/14

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, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the component units of the City of Jackson, Mississippi, as follows: Jackson Redevelopment Authority and the Capital City Convention Center Commission which represent 17.77 percent, 28.25 percent, and 9.85 percent, respectively, of the assets, net position, and revenues of Jackson Redevelopment Authority and the Capital City Convention Center Commission. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for these component units, are based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### **Opinions**

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2014, and, the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Federal Grants Special Revenue Fund, and the Capital Project Improvement Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Other Information*

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

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

other auditors, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2015, on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jackson, Mississippi's internal control over financial reporting and compliance.

*Banks, Finley, White & Co.*

Ridgeland, Mississippi  
March 31, 2015

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## 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, 2014. 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 \$472 million (*net position*). Of this amount, there is \$76.5 million in unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$65 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$41.8 million, a decrease of \$12.2 million in comparison with the prior year. Approximately thirty-six (36) percent of this total amount is \$14.9 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 \$16.6 million, or sixteen (16) percent of total general fund expenditures.
- The City of Jackson's total debt decreased by \$3.6 million (0.7 percent) during the current fiscal year.

### Overview of the Financial Statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 13-14 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 nineteen (19) 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, 2009 General Obligation Bond Fund, and Capitol Street 2-Way, all of which are considered to be major funds. Data from the other ten (10) 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 15-26 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 27-31 of this report.

**Fiduciary funds.** Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The function of the City's principal trust fund is discussed in Note 6.A.2. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The purpose of the City's Agency Funds is to collect and remit to the related organizations the proceeds of a special sales tax received from the State.

The basic fiduciary fund financial statements can be found on pages 32-33 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 34-81 of this report.

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

The combining statements referred to earlier in connection with non-major governmental funds and non-major proprietary funds are presented immediately following the required supplementary information on pensions and other post-employment benefits. Combining and individual fund statements and schedules can be found on pages 83-106 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$472 million at the close of September 30, 2014.

By far the largest portion of the City of Jackson's net position (82.6 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.

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 138,222	\$ 150,448	\$ 115,028	\$ 180,091	\$ 253,250	\$ 330,539
Capital assets	358,743	299,768	466,200	374,219	824,943	673,987
Total assets	<u>496,965</u>	<u>450,216</u>	<u>581,228</u>	<u>554,310</u>	<u>1,078,193</u>	<u>1,004,526</u>
Deferred Outflows of Resources	63	69	125	2,737	188	2,806
Long-term liabilities outstanding	189,566	197,035	278,206	276,476	467,772	473,511
Other Liabilities	42,346	36,795	26,213	17,327	68,559	54,122
Total Liabilities	<u>231,912</u>	<u>233,830</u>	<u>304,419</u>	<u>293,803</u>	<u>536,331</u>	<u>527,633</u>
Deferred Inflows of Resources	69,917	69,630	-	-	69,917	69,630
Net position:						
Invested in capital assets, net of related debt	197,642	179,234	192,012	101,011	389,654	280,245
Restricted	5,726	13,446	-	-	5,726	13,446
Unrestricted	(8,169)	(45,855)	84,672	159,496	76,503	113,641
Total net position	<u>\$ 195,199</u>	<u>\$ 146,825</u>	<u>\$ 276,684</u>	<u>\$ 260,507</u>	<u>\$ 471,883</u>	<u>\$ 407,332</u>

The City of Jackson's total net position increased by \$64.6 million during the current fiscal year.

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

City of Jackson's Changes in Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
Program revenues						
Charges for services	\$ 12,850	\$ 15,821	\$ 81,156	\$ 56,040	\$ 94,006	\$ 71,861
Operating grants and contributions	8,251	12,261	506	582	8,757	12,843
Capital grants and contributions	7,016	11,291	2,516	4,675	9,532	15,966
<b>General revenues:</b>						
Property taxes	77,634	72,437	-	-	77,634	72,437
Sales taxes	32,740	32,718	-	-	32,740	32,718
Franchise taxes	9,667	8,245	-	-	9,667	8,245
Other	2,349	829	316	265	2,665	1,094
<b>Total revenues</b>	<b>150,507</b>	<b>153,602</b>	<b>84,494</b>	<b>61,562</b>	<b>235,001</b>	<b>215,164</b>
<b>Expenses:</b>						
General government	15,780	40,602	-	-	15,780	40,602
Public safety	27,031	64,780	-	-	27,031	64,780
Public works	14,505	24,662	-	-	14,505	24,662
Human and cultural services	7,831	14,311	-	-	7,831	14,311
Employee benefits	8,232	7,860	-	-	8,232	7,860
Interest on long-term debt	844	8,230	-	-	844	8,230
Water/Sewer	-	-	55,554	48,891	55,554	48,891
Nonmajor	-	-	8,104	7,636	8,104	7,636
Sanitation	-	-	10,765	11,699	10,765	11,699
<b>Total expenses</b>	<b>74,223</b>	<b>160,445</b>	<b>74,423</b>	<b>68,226</b>	<b>148,646</b>	<b>228,671</b>
Increase in net position before transfers	76,284	(6,843)	10,071	(6,664)	86,355	(13,507)
Transfers	(6,106)	(9,585)	6,106	9,585	-	-
<b>Increase in net position</b>	<b>70,178</b>	<b>(16,428)</b>	<b>16,177</b>	<b>2,921</b>	<b>86,355</b>	<b>(13,507)</b>
Net position - October 1, 2013	146,826	161,261	260,507	257,488	407,332	418,749
Prior year adjustment	(21,804)	1,992	-	98	(21,804)	2,090
<b>Net position - September 30, 2014</b>	<b>\$ 195,200</b>	<b>\$ 146,825</b>	<b>\$ 276,684</b>	<b>\$ 260,507</b>	<b>\$ 471,883</b>	<b>\$ 407,332</b>

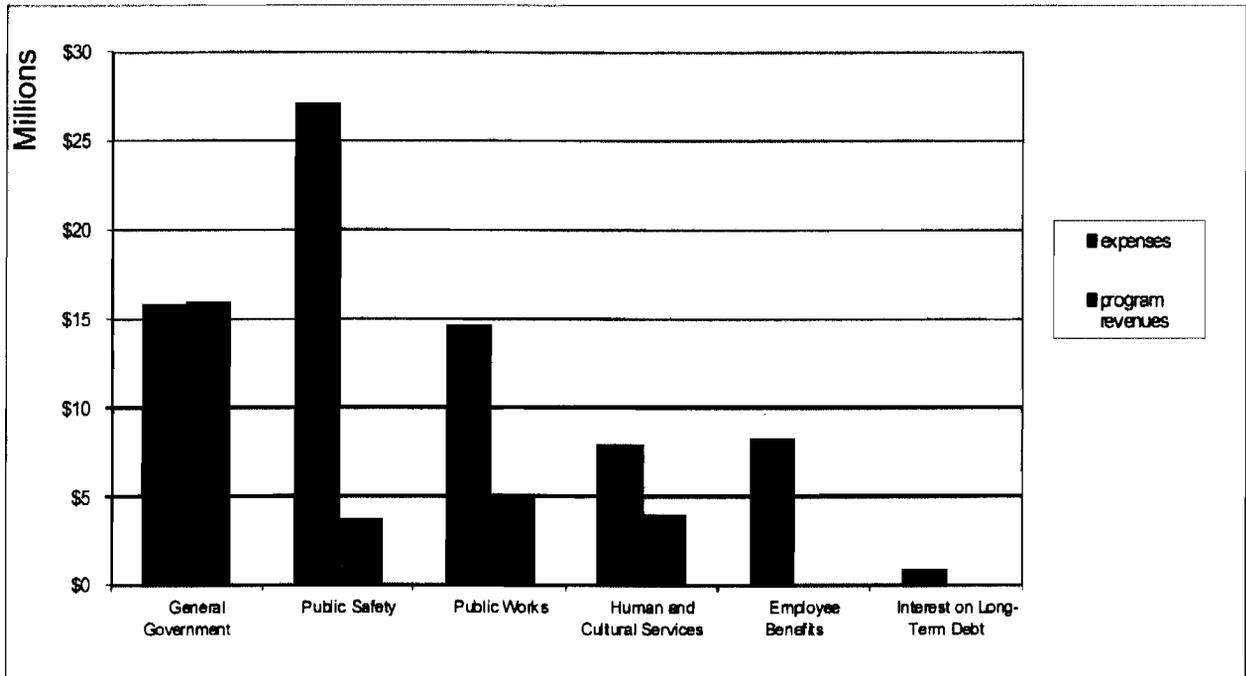
**Governmental activities.** Governmental activities increased the City of Jackson's net position by \$48.4 million.

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

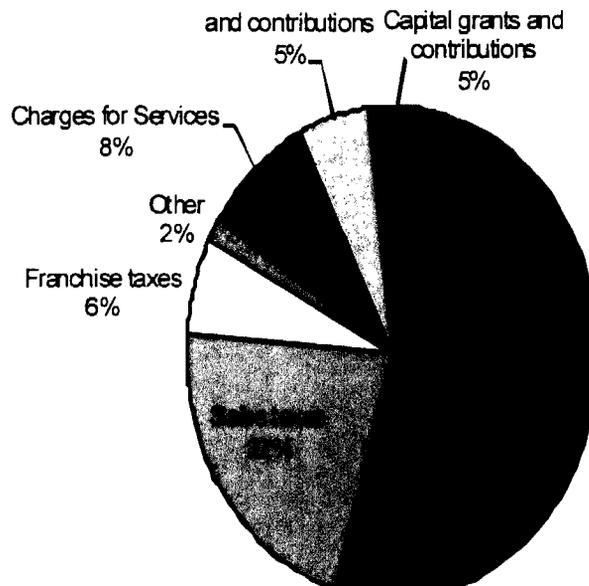
In prior years, the City had not presented the asset resulting from the 1997 contribution of bond proceeds to fund the actuarial accrued liability for the MRS plan. In 2007, pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City calculated its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

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

**Expenses and Program Revenues – Governmental Activities**



**Revenues by source – Governmental Activities**



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

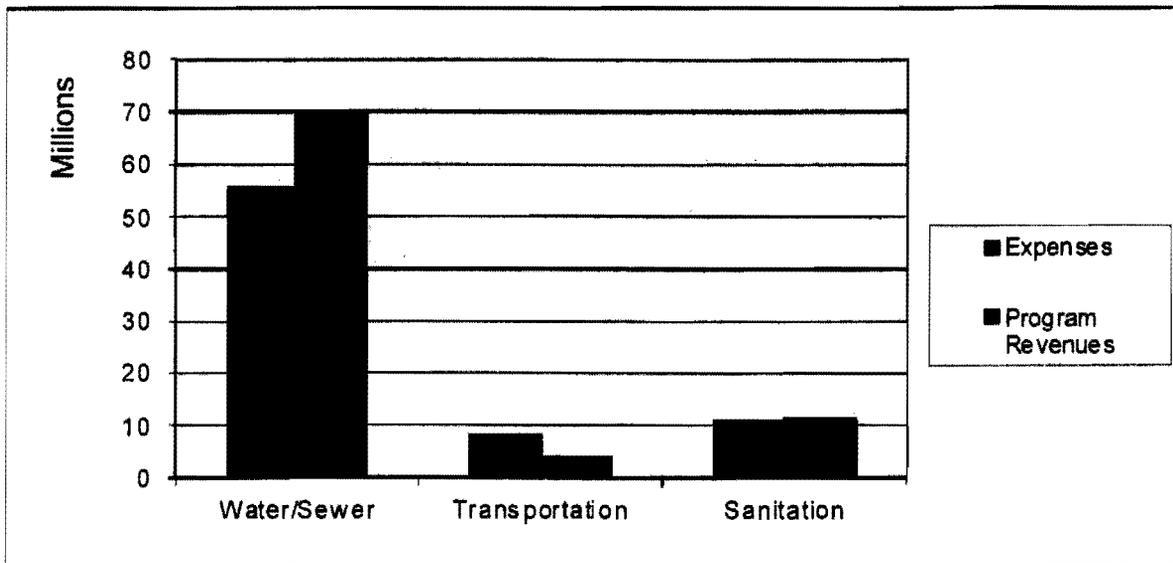
## Financial Analysis of the Government's Funds

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

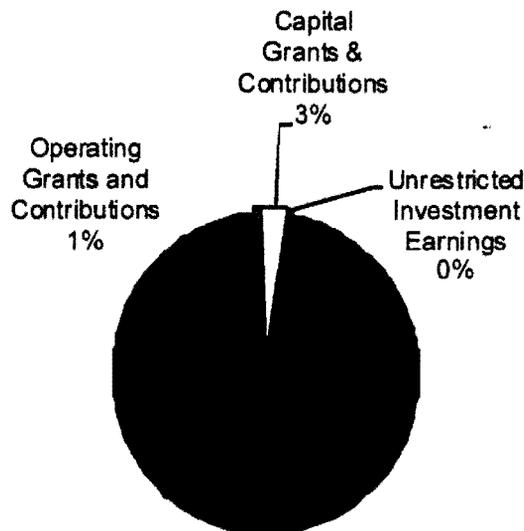
**Governmental funds.** The focus of the City of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unreserved fund balance may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

**Business-type activities.** Business-type activities increased the City of Jackson's net position by \$16 million. This increase is primarily in the Water Sewer fund.

## Expenses and Program Revenues – Business-Type Activities



## Revenues by Source – Business-Type Activities



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

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As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$41.8 million, a decrease of \$12.2 million in comparison with the prior year. Thirty-six (36) percent of this total amount is \$14.9 million which is available for spending at the government's discretion (*unassigned*). Of the remaining fund balance, \$996,565 is *nonspendable* and is not in spendable form, \$8,879,062 is *restricted* and has limitations imposed on its use by external parties, \$14,531,886 is *committed* for specific purposes imposed by the City Council, and \$2,517,626 is *assigned* for various purposes by the Director of Administration. Additional information on governmental fund balance can be found in Note 5 of the Notes to the Financial Statements including information on the specific purpose for amounts restricted, committed, and assigned.

The general fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the general fund was \$16.6 million, while total fund balance reached \$24.4 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

During the current fiscal year, the fund balance of the City of Jackson's general fund decreased by \$8,483,272. The increase in fund balance for the federal grant fund \$317,042 is for a variety of restricted purposes. The debt service fund has a total fund balance increase of \$1,218,458 which is partially revenue from property taxes and the payment of debt. The increase in fund balance for the improvement fund \$3,226,056 is to liquidate contracts and purchase orders. The increase in fund balance for the 1998 GO Bond \$252 and the decrease in fund balance for the 2003 GO Bond \$2,527,932 is the natural spend down of bond proceeds. The reduction in fund balance for the 2006 GO Bond \$315,661 is for the construction of the Capital City Convention Center. The 2009 GO Bond had a fund balance decrease of \$1,118,668 due to indebtedness incurred during the year. The Capitol Street 2-Way had a fund balance decrease of \$2,760,444 due to street improvement projects.

The debt service fund has a total fund balance of \$4 million, all of which is reserved for the payment of debt service.

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

Unrestricted net position of the Water/Sewage Disposal System Fund at the end of the year amounted to \$78.8 million. The decrease in net position for the Water/Sewage Disposal System Fund was \$12.7 million.

### General Fund Budgetary Highlights

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

- \$0.3 million increase in capital outlay
- \$4 million increase in contract services and charges
- \$1 million decrease in personnel services
- \$0.8 million decrease 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 million less than the final budget.
- Actual capital outlay for all city departments was \$1.2 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$6.5 million less than the final budget.
- Actual supplies and materials for all city departments was \$1.4 million less than the final budget.

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

**Capital Assets and Debt Administration**

**Capital assets.** The City of Jackson's investment in capital assets for its governmental and business type activities as of September 30, 2014, amounts to \$825 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 22.4% (a 19.7% change for governmental activities and a 24.6% increase in business activities).

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

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

City of Jackson's Capital Assets (net of depreciation) (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 13,931	\$ 14,443	\$ 1,838	\$ 1,838	\$ 15,769	\$ 16,281
Building & systems	52,905	54,390	34,957	37,667	87,862	92,057
Machinery and equipment	15,211	15,170	16,251	16,460	31,462	31,630
Infrastructure	159,018	117,200	246,174	136,172	405,192	253,372
Construction in progress	117,678	98,566	166,980	182,082	284,658	280,648
<b>Total</b>	<b>\$ 358,743</b>	<b>\$ 299,769</b>	<b>\$ 466,200</b>	<b>\$ 374,219</b>	<b>\$ 824,943</b>	<b>\$ 673,988</b>

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

**Long-term debt.** At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$371 million. Of this amount, \$137 million comprises debt backed by the full faith and credit of the City. The remainder of the City of Jackson's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

City of Jackson's Outstanding Debt General Obligation and Revenue Bonds and Other Loans (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
General obligation bonds	\$ 132,380	\$ 135,465	\$ -	\$ -	\$ 132,380	\$ 135,465
Revenue bonds	-	-	233,660	239,265	233,660	239,265
Tax increment bonds	5,111	5,622	-	-	5,111	5,622
Loans, notes and leases	34,537	37,456	30,461	22,517	64,998	59,973
<b>Total</b>	<b>\$ 172,028</b>	<b>\$ 178,543</b>	<b>\$ 264,121</b>	<b>\$ 261,782</b>	<b>\$ 436,149</b>	<b>\$ 440,325</b>

The City of Jackson's total debt decreased by \$4 million during the current fiscal year.

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

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

	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Revenue	A1	A+
General Obligation Bonds	A1	A+
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 59-69 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 2014 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund decreased \$9.9 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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City of Jackson  
Statement of Net Position  
As of September 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
<b>ASSETS</b>					
Cash and cash equivalents	\$ 47,561,686	\$ 15,352,059	\$ 62,913,745	\$ 1,777,944	\$ 1,864,390
Accounts receivable, net	102,183	47,612,264	47,714,447	-	-
Other receivable	66,721,521	1,734,074	68,455,595	4,070,447	1,318,528
Intergovernmental receivable	10,708,114	1,851,854	12,559,968	-	-
Internal balances	2,928,944	(2,928,944)	-	-	-
Inventories	996,565	1,517,828	2,514,393	-	49,134
Prepaid Expenses	25,446	1,226,788	1,252,234	4,474	25,775
Net pension asset	9,177,430	-	9,177,430	-	-
Restricted assets:					
Cash and cash equivalents	-	16,731,689	16,731,689	120,544	1,500,000
Investments	-	31,930,448	31,930,448	-	500,000
Capital assets:					
Land	13,930,521	1,837,999	15,768,520	4,538,425	5,852,683
Buildings	52,905,414	34,956,840	87,862,254	31,397,259	65,750,769
Automotive and equipment	15,211,016	16,250,571	31,461,587	121,384	4,837,034
Infrastructure	159,018,007	246,174,218	405,192,225	-	-
Construction in Progress	117,678,217	166,980,025	284,658,242	-	-
Property held for development	-	-	-	1,913,271	-
Total assets	<u>496,965,064</u>	<u>581,227,713</u>	<u>1,078,192,777</u>	<u>43,943,748</u>	<u>81,698,313</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred amount on refunding	63,197	124,830	188,027	-	-
Total deferred outflows of resources	<u>63,197</u>	<u>124,830</u>	<u>188,027</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>					
Liabilities:					
Accounts Payable	9,738,922	15,580,277	25,319,199	427,265	411,624
Accrued interest payable	720,103	2,476,907	3,197,010	150,162	-
Unearned revenue	-	-	-	-	282,566
Other liabilities	5,988,865	4,213,753	10,202,618	22,682	146,996
Noncurrent liabilities:					
Net other postemployment benefits	25,898,158	3,941,842	29,840,000	-	-
Due within one year	18,898,830	13,532,581	32,431,411	492,154	-
Due in more than one year	170,667,269	264,673,432	435,340,701	14,740,918	-
Total liabilities	<u>231,912,147</u>	<u>304,418,792</u>	<u>536,330,939</u>	<u>15,833,181</u>	<u>841,186</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Resources received before time requirements	69,916,844	-	69,916,844	-	-
<b>NET POSITION</b>					
Invested in capital assets, net of related debt	197,641,908	192,011,622	389,653,530	20,684,437	76,440,486
Restricted for:					
Debt service	4,045,050	-	4,045,050	7,870	-
Capital projects	1,680,956	-	1,680,956	-	-
Capital City Convention Center	-	-	-	-	2,000,000
Unrestricted	(8,168,644)	84,672,469	76,503,825	7,418,260	2,416,641
Total net position	<u>\$ 195,199,270</u>	<u>\$ 276,684,091</u>	<u>\$ 471,883,361</u>	<u>\$ 28,110,567</u>	<u>\$ 80,857,127</u>

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, 2014

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position			Component Unit	
	Operating		Capital		Primary Government			Capital City Convention Center Commission	
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	Jackson Redevelopment Authority	
<b>Primary government:</b>									
Governmental activities:									
General government	\$ 15,779,897	\$ 10,874,676	\$ 4,542,788	\$ 432,661	\$ 70,228	\$ -	\$ 70,228	\$ -	\$ -
Public safety	27,030,630	1,348,389	1,340,523	962,594	(23,379,124)	-	(23,379,124)	-	-
Public works	14,505,298	162,438	-	4,620,881	(9,721,979)	-	(9,721,979)	-	-
Human and cultural services	7,831,056	463,867	2,367,912	1,000,000	(3,999,277)	-	(3,999,277)	-	-
Employee benefits	8,232,024	-	-	-	(8,232,024)	-	(8,232,024)	-	-
Interest on long-term debt	843,887	-	-	-	(843,887)	-	(843,887)	-	-
Total governmental activities	<u>74,222,792</u>	<u>12,849,370</u>	<u>8,251,223</u>	<u>7,016,136</u>	<u>(46,106,063)</u>	<u>-</u>	<u>(46,106,063)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water/Sewer	55,553,518	69,423,278	-	-	-	13,869,760	13,869,760	-	-
Transportation	7,994,825	709,508	480,000	2,466,618	-	(4,338,699)	(4,338,699)	-	-
Madison Sewage	109,505	-	-	-	-	(109,505)	(109,505)	-	-
Sanitation	10,765,516	11,023,645	26,367	49,246	-	333,742	333,742	-	-
Total business-type activities	<u>74,423,364</u>	<u>81,156,431</u>	<u>506,367</u>	<u>2,515,864</u>	<u>-</u>	<u>9,755,298</u>	<u>9,755,298</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 148,646,156</u>	<u>\$ 94,005,801</u>	<u>\$ 8,757,590</u>	<u>\$ 9,532,000</u>	<u>\$ (46,106,063)</u>	<u>\$ 9,755,298</u>	<u>\$ (36,350,765)</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Component units:</b>									
Jackson Redevelopment Authority	\$ 4,102,351	\$ 1,115,936	\$ 904,496	\$ 485,000	\$ -	\$ -	\$ -	\$ (1,596,919)	\$ -
Capital City Convention Center Commission	10,505,676	2,247,633	-	-	-	-	-	-	(8,258,043)
Total component units	<u>\$ 14,608,027</u>	<u>\$ 3,363,569</u>	<u>\$ 904,496</u>	<u>\$ 485,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,596,919)</u>	<u>\$ (8,258,043)</u>
General revenues:									
Property taxes					77,633,760	-	77,633,760	-	-
Sales taxes					32,739,749	-	32,739,749	-	4,456,202
Franchise taxes					9,667,367	-	9,667,367	-	-
Unrestricted investment earnings					74,071	255,861	329,932	23,079	4,180
Gain (loss) on sale of capital assets					561,187	59,746	620,933	-	-
Miscellaneous					1,713,902	-	1,713,902	-	-
Transfers					(6,105,824)	6,105,824	-	-	245,000
Total general revenues and transfers					<u>116,284,212</u>	<u>6,421,431</u>	<u>122,705,643</u>	<u>23,079</u>	<u>4,705,382</u>
Change in net position					<u>70,178,149</u>	<u>16,176,729</u>	<u>86,354,878</u>	<u>(1,573,840)</u>	<u>(3,552,661)</u>
Net assets - beginning of year as previously reported					<u>146,825,624</u>	<u>260,507,362</u>	<u>407,332,986</u>	<u>29,684,407</u>	<u>84,409,788</u>
Prior period adjustment					<u>(21,804,503)</u>	<u>-</u>	<u>(21,804,503)</u>	<u>-</u>	<u>-</u>
Net position - beginning of year as adjusted					<u>125,021,121</u>	<u>260,507,362</u>	<u>385,528,483</u>	<u>29,684,407</u>	<u>84,409,788</u>
Net position - ending					<u>\$ 195,199,270</u>	<u>\$ 276,684,091</u>	<u>\$ 471,883,361</u>	<u>\$ 28,110,567</u>	<u>\$ 80,857,127</u>

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

City of Jackson  
Balance Sheet  
Governmental Funds  
As of September 30, 2014

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Capitol Street 2-way	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>											
Cash and cash equivalents	\$ 24,224,526	\$ 2,932,369	\$ 4,214,227	\$ 7,409,903	\$ 178,488	\$ 784,544	\$ -	\$ 1,347,429	\$ 210,844	\$ 4,804,216	\$ 46,106,546
Other receivable	57,070,252	3,500	-	-	-	-	-	-	-	7,726,955	64,800,707
Intergovernmental receivable	280,822	929,945	8,751,562	117,656	-	238,559	-	-	389,570	-	10,708,114
Special assessment receivable	-	-	63,197	-	-	-	-	-	-	-	63,197
Due from other funds	5,339,524	-	-	-	-	-	-	-	-	-	5,339,524
Inventories	996,565	-	-	-	-	-	-	-	-	-	996,565
Prepaid expenses	24,897	-	-	549	-	-	-	-	-	-	25,446
<b>Total assets</b>	<b>\$ 87,936,586</b>	<b>\$ 3,865,814</b>	<b>\$ 13,028,986</b>	<b>\$ 7,528,108</b>	<b>\$ 178,488</b>	<b>\$ 1,023,103</b>	<b>\$ -</b>	<b>\$ 1,347,429</b>	<b>\$ 600,414</b>	<b>\$ 12,531,171</b>	<b>\$ 128,040,099</b>
<b>LIABILITIES AND FUND BALANCES</b>											
<b>Liabilities:</b>											
Accounts payable	\$ 6,120,062	\$ 239,398	\$ 169,177	\$ 276,322	\$ -	\$ 15,425	\$ -	\$ -	\$ 128,864	\$ 629,085	\$ 7,578,333
Contracts and Retainage Payable	-	119,579	-	321,474	-	304,524	-	39,120	468,009	334,431	1,587,137
Due to other funds	-	636,248	-	54,108	-	-	-	-	512,536	1,207,685	2,410,577
Other liabilities	5,364,993	58,907	-	380,984	-	-	-	-	-	183,981	5,988,865
<b>Total liabilities</b>	<b>11,485,055</b>	<b>1,054,132</b>	<b>169,177</b>	<b>1,032,888</b>	<b>-</b>	<b>319,949</b>	<b>-</b>	<b>39,120</b>	<b>1,109,409</b>	<b>2,355,182</b>	<b>17,564,912</b>
<b>DEFERRED INFLOWS OR RESOURCES</b>											
Unavailable revenue-deferred revenue	-	365,849	-	-	-	-	-	-	-	-	365,849
Unavailable revenue-property taxes	52,008,441	-	8,814,759	-	-	-	-	-	-	7,444,656	68,267,856
<b>Total deferred inflows of resources</b>	<b>52,008,441</b>	<b>365,849</b>	<b>8,814,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,444,656</b>	<b>68,633,705</b>
<b>Fund Balances</b>											
Nonspendable	996,565	-	-	-	-	-	-	-	-	-	996,565
Restricted	516,703	2,445,833	4,045,050	-	-	-	-	-	-	1,871,476	8,879,062
Committed	3,833,184	-	-	6,495,220	178,488	703,154	-	1,308,309	-	2,013,531	14,531,886
Assigned	2,517,626	-	-	-	-	-	-	-	-	-	2,517,626
Unassigned	16,579,012	-	-	-	-	-	-	-	(508,995)	(1,153,674)	14,916,343
<b>Total fund balances</b>	<b>24,443,090</b>	<b>2,445,833</b>	<b>4,045,050</b>	<b>6,495,220</b>	<b>178,488</b>	<b>703,154</b>	<b>-</b>	<b>1,308,309</b>	<b>(508,995)</b>	<b>2,731,333</b>	<b>41,841,482</b>
<b>Total liabilities and fund balances</b>	<b>\$ 87,936,586</b>	<b>\$ 3,865,814</b>	<b>\$ 13,028,986</b>	<b>\$ 7,528,108</b>	<b>\$ 178,488</b>	<b>\$ 1,023,103</b>	<b>\$ -</b>	<b>\$ 1,347,429</b>	<b>\$ 600,414</b>	<b>\$ 12,531,171</b>	<b>\$ 128,040,099</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 Position**  
**September 30, 2014**

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

Total fund balances - governmental funds	\$	41,841,482
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds		358,743,175
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds		9,177,430
Internal service fund is used to account for the group benefit plan. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position		983,871
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements		1,984,011
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements		1,283,139
Net other postemployment benefit recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds		(25,898,158)
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		(161,101,267)
Accrued interest on long-term debt		(720,103)
Capital leases		(17,880,095)
Compensated absences		(4,404,167)
Claims payable		(2,210,204)
Workers' Compensation Benefits		(3,970,366)
Other reconciling adjustment		<u>(2,629,478)</u>
Net position of governmental activities	\$	<u><u>195,199,270</u></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, 2014

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Capitol Street 2-way	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>											
General property taxes	\$ 61,796,679	\$ -	\$ 6,346,380	\$ 954,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,338,128	\$ 77,435,346
Licenses and permits	2,004,634	-	886	-	-	-	-	-	-	-	2,005,520
Intergovernmental	36,696,111	7,492,537	172,803	661,789	-	2,349,053	-	-	1,598,133	1,320,511	50,290,937
Fines and forfeitures	3,109,634	-	-	-	-	-	-	-	-	-	3,109,634
Special assessments	-	-	33,872	-	-	-	-	-	-	-	33,872
Admissions, fees, rentals and concessions	3,870,797	-	-	-	-	-	-	-	-	221,502	4,092,299
Interest	45,466	1,964	7,190	5,557	252	2,847	140	2,631	687	7,337	74,071
Other	13,932,343	417,246	3,887,482	380,156	-	-	-	-	-	8,452	18,625,679
<b>Total revenues</b>	<b>121,455,664</b>	<b>7,911,747</b>	<b>10,448,613</b>	<b>2,001,661</b>	<b>252</b>	<b>2,351,900</b>	<b>140</b>	<b>2,631</b>	<b>1,598,820</b>	<b>9,895,930</b>	<b>155,667,358</b>
<b>EXPENDITURES</b>											
Current:											
General government	25,881,842	2,237,217	-	-	-	-	-	-	-	-	28,119,059
Public safety	54,236,106	474,541	-	550	-	-	-	-	-	26,714	54,737,911
Public works	10,229,691	973,012	-	3,983,739	-	4,879,831	-	1,072,949	4,359,264	4,835,415	30,333,901
Human and Cultural services	4,989,497	3,312,071	-	350	-	-	-	-	-	5,940,437	14,242,355
Employee benefits	1,933,102	-	-	-	-	-	-	-	-	6,136,703	8,069,805
Miscellaneous	2,395,757	-	-	-	-	-	-	-	-	-	2,395,757
Debt Service:											
Principal	-	-	6,029,768	-	-	-	-	-	-	-	6,029,768
Interest and service charges	-	-	6,013,256	-	-	-	-	-	-	-	6,013,256
Capital outlay:											
General government	2,014,788	-	-	-	-	-	-	-	-	-	2,014,788
Public works	1,057,043	1,330,135	-	-	-	-	48,350	-	-	63,543	2,499,071
Public safety	4,195,231	418,260	-	-	-	-	-	-	-	19,711	4,633,202
Human and Cultural services	875,791	45,249	-	-	-	-	-	-	-	395,046	1,316,086
<b>Total expenditures</b>	<b>107,808,848</b>	<b>8,790,485</b>	<b>12,043,024</b>	<b>3,984,639</b>	<b>-</b>	<b>4,879,831</b>	<b>-</b>	<b>1,121,299</b>	<b>4,359,264</b>	<b>17,417,569</b>	<b>160,404,959</b>
Excess (deficiency) of revenues over (under) expenditures	13,646,816	(878,738)	(1,594,411)	(1,982,978)	252	(2,527,931)	140	(1,118,668)	(2,760,444)	(7,521,639)	(4,737,601)
<b>OTHER FINANCING SOURCES (USES)</b>											
Transfers in	14,212	1,205,741	2,812,869	5,209,035	-	-	-	-	-	6,340,056	15,581,913
Transfers out	(27,329,916)	(13,306)	-	-	-	-	(316,801)	-	-	(787,836)	(28,447,859)
Proceeds from capitalized leases	4,636,934	-	-	-	-	-	-	-	-	170,574	4,807,508
Sale of capital assets	548,682	3,350	-	-	-	-	-	-	-	9,155	561,187
Total other financing sources (uses)	(22,130,088)	1,195,785	2,812,869	5,209,035	-	-	(316,801)	-	-	5,731,949	(7,497,251)
<b>Net change in fund balances</b>	<b>(8,483,272)</b>	<b>317,047</b>	<b>1,218,458</b>	<b>3,226,057</b>	<b>252</b>	<b>(2,527,931)</b>	<b>(316,661)</b>	<b>(1,118,668)</b>	<b>(2,760,444)</b>	<b>(1,789,690)</b>	<b>(12,234,852)</b>
Fund balances at beginning of year	32,926,362	2,128,786	2,826,592	3,269,163	178,236	3,231,085	316,661	2,426,977	2,251,449	4,521,023	54,076,334
Fund balances at end of year	\$ 24,443,090	\$ 2,445,833	\$ 4,045,050	\$ 6,495,220	\$ 178,488	\$ 703,154	\$ -	\$ 1,308,309	\$ (508,995)	\$ 2,731,333	\$ 41,841,482

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, 2014**

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

Net change in fund balances – total governmental funds	\$ (12,234,852)
Prior period adjustment for construction in progress	21,804,503
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	58,974,703
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are 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	6,824,920
Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(4,807,509)
Retirement of prior leases	5,094,320
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	(136,928)
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	(3,739,787)
Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	380,353
Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	307,275
Internal service fund net activity not reported on the governmental fund statement	1,665,015
Other reconciling adjustment	<u>(3,953,864)</u>
Change in the net position of governmental activities	<u>\$ 70,178,149</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, 2014

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues:				
General property taxes				
Current realty taxes	\$ 36,495,376	\$ 36,495,376	\$ 35,623,158	\$ (872,218)
Current personal taxes	15,244,051	15,244,051	15,383,850	139,799
Ad valorem taxes on automobiles	7,097,954	7,097,954	7,659,359	561,405
Delinquent taxes	450,000	450,000	1,827,305	1,377,305
Delinquent personal taxes	50,000	50,000	16,307	(33,693)
Interest on delinquent taxes	590,000	590,000	1,286,700	696,700
Community improvement	177,000	177,000	-	(177,000)
Total general property taxes	<u>60,104,381</u>	<u>60,104,381</u>	<u>61,796,679</u>	<u>1,692,298</u>
Licenses and permits				
Privilege licenses	455,000	455,000	373,854	(81,146)
Building permits	900,000	900,000	797,673	(102,327)
Air conditioning and duct permits	50,000	50,000	36,071	(13,929)
Plumbing permits	52,000	52,000	28,919	(23,081)
Electric permits	165,000	165,000	128,846	(36,154)
Gas Permits	55,000	55,000	26,921	(28,079)
Historic preservation application	1,000	1,000	676	(324)
Landscape permits	-	-	235	235
Dance hall and other recreational fees	6,000	6,000	5,203	(797)
Landfill charges	230,000	230,000	464,615	234,615
Taxicab license fees	2,000	2,000	1,140	(860)
Sign permits	45,500	45,500	50,241	4,741
Zoning permits	25,000	25,000	31,544	6,544
Combustible and flammable liquid permits	7,450	7,450	5,150	(2,300)
Fireworks Display Permit	300	300	275	(25)
Aircraft registration	5,000	5,000	8,322	3,322
Transit Merchants-Peddlers License	5,000	5,000	3,800	(1,200)
Boarding, Lodging-Licenses	-	-	385	385
Adult entertainment-and License	20,000	20,000	12,901	(7,099)
Special event fee	14,000	14,000	8,103	(5,897)
Maintenance fees	7,000	7,000	7,852	852
Fire inspection permit	8,000	8,000	4,613	(3,387)
Annual vehicle inspector	4,000	4,000	7,295	3,295
Total licenses and permits	<u>2,057,250</u>	<u>2,057,250</u>	<u>2,004,634</u>	<u>(52,616)</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- 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	\$ 267,000	\$ 267,000	\$ 269,500	\$ 2,500
Gasoline Tax	30,000	30,000	29,897	(103)
MDEQ - Solid Waste	-	-	2,131,716	2,131,716
Municipal revolving fund	90,800	90,800	86,528	(4,272)
State reimb training academy	-	-	5,251	5,251
State fire protection	875,036	875,036	945,602	70,566
Sales tax	31,658,003	31,658,003	29,439,545	(2,218,458)
Bus & truck privilege tax	543,000	543,000	318,830	(224,170)
Wireless radio communication program	300,000	300,000	233,635	(66,365)
Homestead exemption	1,560,121	1,560,121	1,622,713	62,592
Total state grants shared revenues	<u>35,323,960</u>	<u>35,323,960</u>	<u>35,083,217</u>	<u>(240,743)</u>
<b>Federal and State Grants and Shared Revenues:</b>				
HITDA Grant	14,840	14,840	-	(14,840)
COPS- Universal Hire	853,464	853,464	952,770	99,306
MDOT Summer Youth reimbursement	25,975	25,975	28,928	2,953
MDOT Litter Pick Up	14,600	14,600	14,064	(536)
Other police grants	98,135	98,135	59,651	(38,484)
Total federal and state shared revenues	<u>1,007,014</u>	<u>1,007,014</u>	<u>1,055,413</u>	<u>48,399</u>
<b>County Revenues:</b>				
Pro rata road tax	586,000	586,000	550,261	(35,739)
Smith Robertson Museum	-	-	7,220	7,220
Total county revenue	<u>586,000</u>	<u>586,000</u>	<u>557,481</u>	<u>(28,519)</u>
Total intergovernmental revenues	<u>36,916,974</u>	<u>36,916,974</u>	<u>36,696,111</u>	<u>(220,863)</u>
<b>Fines and Forfeitures:</b>				
Court & misdemeanor fines	905,000	905,000	630,025	(274,975)
Vehicle parking fines	140,000	140,000	127,637	(12,363)
Moving traffic violations	1,580,000	1,580,000	1,114,159	(465,841)
City court costs	22,000	22,000	14,916	(7,084)
Bad check fee and Warrant fee	182,000	182,000	125,561	(56,439)
Animal control citations	2,000	2,000	1,063	(937)
Municipal court computer	22,000	22,000	15,980	(6,020)
Municipal court drivers impr fee	46,000	46,000	38,190	(7,810)
Expungement fee	7,400	7,400	7,451	51
Jackson collection fee	146,000	146,000	117,767	(28,233)
Miscellaneous Court Docket fee	160,000	160,000	97,720	(62,280)
Dropped charge fee	5,000	5,000	4,500	(500)
Cash bond - clearing account	25,000	25,000	(11,618)	(36,618)
Rearrangement fee	25,000	25,000	21,775	(3,225)
Daily storage fee-vehicle	30,000	30,000	34,625	4,625
Administrative fee - del cases	410,000	410,000	285,853	(124,147)
Contempt fee	150,000	150,000	116,489	(33,511)
Computerized Crime prevention	31,000	31,000	19,547	(11,453)
Municipal Court Enhancement fee	150,000	167,395	163,860	(3,535)
Jackson Enhancement fee	112,000	112,000	81,964	(30,036)
Wrecker fees	85,000	85,000	102,170	17,170
Total fines and forfeitures	<u>4,235,400</u>	<u>4,252,795</u>	<u>3,109,634</u>	<u>(1,143,161)</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<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):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 190,000	\$ 190,000	\$ 128,671	\$ (61,329)
Municipal Auditorium:				
Rentals	67,200	67,200	51,962	(15,238)
Concessions	2,200	2,200	748	(1,452)
Local record fee	5,000	5,000	4,176	(824)
Pistol Range rent	3,000	3,000	3,169	169
Outdoor adversting	12,000	12,000	11,970	(30)
Fire Water flow test fee	2,500	2,500	2,300	(200)
Fire Reports	9,500	9,500	7,795	(1,705)
Accident report fee	88,000	88,000	98,450	10,450
Background check fee	15,000	15,000	8,184	(6,816)
Bail bondsman applicant photo	200	200	99	(101)
Bail bondsman mug shot fee	100	100	30	(70)
Bail bondsman ID card	500	500	490	(10)
Fingerprinting	16,000	16,000	14,140	(1,860)
Verification of records	30,000	30,000	26,400	(3,600)
Fire sprinkler plans review	5,875	5,875	5,175	(700)
Rents & Royalties	11,000	11,000	11,090	90
Swimming Fees			50	50
Telecommunication Franchise Agreement	500,000	500,000	727,557	227,557
Tower Rentals	2,651,000	2,651,000	2,714,849	63,849
Arts Center:				
Admissions, rents and royalties	3,000	3,000	4,631	1,631
Community room rent	9,000	9,000	6,603	(2,397)
Concessions	500	500	622	122
Planetarium:				
Admissions, Discovery Shop, etc.	47,000	47,000	30,033	(16,967)
Senior Centers Reservation Fee	5,200	5,200	2,149	(3,051)
Smith Robertson Museum:				
Gift shop	750	750	1,009	259
Donations	3,000	3,000	2,935	(65)
Admissions, rental	2,400	2,400	5,510	3,110
Total admissions and rentals	<u>3,679,925</u>	<u>3,679,925</u>	<u>3,870,797</u>	<u>190,872</u>
Interest:				
Earned on investments	<u>100,750</u>	<u>100,750</u>	<u>45,466</u>	<u>(55,284)</u>
Total interest earned	<u>100,750</u>	<u>100,750</u>	<u>45,466</u>	<u>(55,284)</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<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	\$ 4,171,639	\$ 4,171,639	\$ 4,932,468	\$ 760,829
Franchise cable television	1,623,000	1,623,000	1,551,869	(71,131)
Water Sewer Franchise Fee	830,597	830,597	830,597	-
Nuclear power plant	1,602,934	1,602,934	1,624,874	21,940
In-lieu-of property tax	-	-	28,447	28,447
Small animal control	6,000	6,000	1,896	(4,104)
Police-sale of weapons	-	-	12	12
Parking fee-City employees	11,900	11,900	11,309	(591)
Police	331,000	331,000	143,002	(187,998)
Public Safety Communications	8,000	8,000	-	(8,000)
Indirect cost	2,608,590	2,608,590	2,599,862	(8,728)
Street index books	100	100	-	(100)
Downtown Jackson Partners	158,600	158,600	180,163	21,563
Rabies vaccination	-	-	220	220
Plumbing exam	-	-	100	100
Electrical exam	100	100	-	(100)
Penalty on demo/grass/weeds	150,000	150,000	52,510	(97,490)
Cemeteries-openings/closings	11,000	11,000	8,400	(2,600)
Site plan review planning	13,900	13,900	12,171	(1,729)
Construction plan review	3,000	3,000	1,180	(1,820)
Building & Permit misc	100,000	100,000	104,788	4,788
Cafeteria plan-flexible spending	150,000	150,000	136,024	(13,976)
Administrative fee-payroll deductions	13,800	13,800	15,968	2,168
Sale of maps, plans, and specifications	3,000	3,000	653	(2,347)
Traffic	1,000	2,431	2,088	(343)
Legal/City Clerk/Finance and Management	21,890	37,880	11,082	(26,798)
Fire Museum donations	600	600	-	(600)
Fire-Arson/Internal Affairs donations	700	2,950	4,484	1,534
Fire Department	1,600	13,474	137,771	124,297
Grants & Donations	97,962	370,212	331,461	(38,751)
I.D. Badge fee-city employee	600	600	450	(150)
Abstract fees	7,000	7,000	8,967	1,967
Settlement of insurance claim	2,082,000	160,902	546,977	386,075
Proceeds from assets and forfeitures	119,000	119,000	54,901	(64,099)
Hinds County - Outside Jail	-	-	309,998	309,998
P E G Revenu	165,206	165,206	153,102	(12,104)
Other	5,000	5,000	134,549	129,549
Total other revenues	<u>14,299,718</u>	<u>12,682,415</u>	<u>13,932,343</u>	<u>1,249,928</u>
Total revenues	<u>121,394,398</u>	<u>119,794,490</u>	<u>121,455,664</u>	<u>1,661,174</u>

**City of Jackson**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- 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	\$ 11,524,272	\$ 11,740,391	\$ 11,062,531	\$ 677,860
Supplies	1,303,998	1,629,614	1,105,031	524,583
Other services and charges	9,151,879	8,412,350	8,301,701	110,649
Capital outlay	2,821,296	3,028,351	2,000,107	1,028,244
<b>Total Department of Administration</b>	<u>24,801,445</u>	<u>24,810,706</u>	<u>22,469,370</u>	<u>2,341,336</u>
<b>Personnel</b>				
Personnel services	790,817	790,817	806,454	(15,637)
Supplies	12,036	16,086	8,829	7,257
Other services and charges	160,095	151,194	135,745	15,449
Capital Outlay	1,734	6,585	4,980	1,605
<b>Total Department of Personnel</b>	<u>964,682</u>	<u>964,682</u>	<u>956,008</u>	<u>8,674</u>
<b>Planning</b>				
Personnel services	2,726,207	2,744,384	2,442,344	302,040
Supplies	11,028	120,246	76,050	44,196
Other services and charges	4,675,113	4,651,079	4,338,914	312,165
Capital Outlay	5,159	12,774	9,701	3,073
<b>Total Department of Planning</b>	<u>7,417,507</u>	<u>7,528,483</u>	<u>6,867,009</u>	<u>661,474</u>
<b>Total General Government</b>	<u>33,183,634</u>	<u>33,303,871</u>	<u>30,292,387</u>	<u>3,011,484</u>
<b>Department of Human and Cultural Services</b>				
<b>Health and Welfare</b>				
Personnel supplies	1,399,050	1,458,715	1,396,201	62,514
Supplies	36,945	62,764	67,499	(4,735)
Other services and charges	774,076	428,105	800,099	(371,994)
Capital outlay	336,516	298,111	289,515	8,596
<b>Total Health and Welfare</b>	<u>2,546,587</u>	<u>2,247,695</u>	<u>2,553,314</u>	<u>(305,619)</u>
<b>Culture and Recreation</b>				
Personnel services	666,894	539,519	500,513	39,006
Supplies	90,871	81,821	108,778	(26,957)
Other services and charges	3,084,619	5,018,540	2,116,407	2,902,133
Capital outlay	4,300	166,776	586,276	(419,500)
<b>Total Culture and Recreation</b>	<u>3,846,684</u>	<u>5,806,656</u>	<u>3,311,974</u>	<u>2,494,682</u>
<b>Total Department of Human and Cultural Services</b>	<u>6,393,271</u>	<u>8,054,351</u>	<u>5,865,288</u>	<u>2,189,063</u>
<b>Department of Public Safety</b>				
Personnel services	47,910,164	47,100,149	46,442,059	658,090
Supplies	3,243,768	3,831,417	3,417,097	414,320
Other services and charges	4,553,483	5,521,995	4,376,950	1,145,045
Capital outlay	4,477,937	4,386,280	4,195,231	191,049
<b>Total Department of Public Safety</b>	<u>60,185,352</u>	<u>60,839,841</u>	<u>58,431,337</u>	<u>2,408,504</u>

City of Jackson  
General Fund  
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended September 30, 2014

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 7,715,996	\$ 7,599,102	\$ 6,312,649	\$ 1,286,453
Supplies	3,887,954	1,870,828	1,438,251	432,577
Other services and charges	2,624,722	4,708,426	2,478,791	2,229,635
Capital outlay	1,416,300	1,434,074	1,057,043	377,031
Total Department of Public Works	<u>15,644,972</u>	<u>15,612,430</u>	<u>11,286,734</u>	<u>4,325,696</u>
Current Operations				
Employee Benefits				
Supplies	100,000	99,805	80,789	19,016
Other services and charges	1,845,303	2,009,331	1,852,313	157,018
Total Employee Benefits	<u>1,945,303</u>	<u>2,109,136</u>	<u>1,933,102</u>	<u>176,034</u>
Total expenditures	<u>117,352,532</u>	<u>119,919,629</u>	<u>107,808,848</u>	<u>12,110,781</u>
Excess(deficiency) of revenues over expenditures	4,041,866	(125,139)	13,646,816	13,771,955
Other Financing Sources(Uses)				
Transfers in	87,000	92,682	14,212	78,470
Transfers out	(21,283,579)	(27,881,166)	(27,329,916)	(551,250)
Proceeds from long term debt	2,871,717	4,975,190	4,636,934	338,256
Sale of capital assets	129,091	384,366	548,682	(164,316)
Total other financing sources(uses)	<u>(18,195,771)</u>	<u>(22,428,928)</u>	<u>(22,130,088)</u>	<u>(298,840)</u>
Net change in fund balance	(14,153,905)	(22,554,067)	(8,483,272)	13,473,115
Fund balances at beginning of year	32,926,362	32,926,362	32,926,362	-
Fund balances at end of year	<u>\$ 18,772,457</u>	<u>\$ 10,372,295</u>	<u>\$ 24,443,090</u>	<u>\$ 14,070,795</u>

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

**City of Jackson**  
**Federal Grants Special Revenue Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2014**

	<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	\$20,045,286	\$ 19,060,539	\$ 7,492,537	\$ (11,568,002)
Interest	-	-	1,964	1,964
Other	-	-	417,246	417,246
Total revenues	<u>20,045,286</u>	<u>19,060,539</u>	<u>7,911,747</u>	<u>(11,148,792)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	4,213,488	3,719,647	3,177,017	542,630
Supplies	832,014	1,456,539	1,431,316	25,223
Other Services and Charges	14,599,130	11,988,466	2,388,508	9,599,958
Capital Outlay	1,439,567	2,982,125	1,793,644	1,188,481
Total expenditures	<u>21,084,199</u>	<u>20,146,777</u>	<u>8,790,485</u>	<u>11,356,292</u>
Excess (deficiency) of revenues over expenditures	<u>(1,038,913)</u>	<u>(1,086,238)</u>	<u>(878,738)</u>	<u>(207,500)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	1,170,813	1,197,138	1,205,741	8,603
Transfers out:				
General Fund	-	-	(13,306)	13,306
Sale of capital assets	-	-	3,350	3,350
Total other financing sources (uses)	<u>1,170,813</u>	<u>1,197,138</u>	<u>1,195,785</u>	<u>(1,353)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	131,900	110,900	317,047	206,147
Fund balances at beginning of year	<u>2,128,786</u>	<u>2,128,786</u>	<u>2,128,786</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,260,686</u>	<u>\$ 2,239,686</u>	<u>\$ 2,445,833</u>	<u>\$ 206,147</u>

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

**City of Jackson**  
**Improvement Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2014**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget- positive (negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
General property taxes	\$ 1,032,534	\$ 1,032,534	\$ 954,159	\$ (78,375)
Intergovernmental Revenue	2,652,159	5,778,861	661,789	(5,117,072)
Interest	-	250,000	5,557	(244,443)
Other revenues	-	859,844	380,156	(479,688)
Total revenues	<u>3,684,693</u>	<u>7,921,239</u>	<u>2,001,661</u>	<u>(5,919,578)</u>
<b>EXPENDITURES</b>				
Current Operations				
Supplies	7,041	1,737,964	1,136	1,736,828
Other Services and Charges	8,496,662	17,407,326	3,983,503	13,423,823
Capital Outlay	25,524	23,243	-	23,243
Total expenditures	<u>8,529,227</u>	<u>19,168,533</u>	<u>3,984,639</u>	<u>15,183,894</u>
Deficiency of revenues over (under) expenditures	(4,844,534)	(11,247,294)	(1,982,978)	(9,264,316)
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in general fund	3,045,697	8,096,508	5,209,035	(2,887,473)
Total other financing sources and uses	<u>3,045,697</u>	<u>8,096,508</u>	<u>5,209,035</u>	<u>2,887,473</u>
Net change in fund balances	(1,798,837)	(3,150,786)	3,226,057	(6,376,843)
Fund balances at beginning of year	3,269,163	3,269,163	3,269,163	-
Fund balances at end of year	<u>\$ 1,470,326</u>	<u>\$ 118,377</u>	<u>\$ 6,495,220</u>	<u>\$ (6,376,843)</u>

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

City of Jackson  
Statement of Net Position  
Proprietary Funds  
As of September 30, 2014

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Totals	Internal Service Fund
<b>Assets</b>					
Current Assets:					
Cash and cash equivalents	\$ 13,480,456	\$ 669,583	\$ 1,202,020	\$ 15,352,059	\$ 1,455,140
Accounts receivable, less allowances	39,724,206	7,888,058	-	47,612,264	102,183
Intergovernmental receivables	767,084	-	1,084,770	1,851,854	-
Other receivables	1,734,074	-	-	1,734,074	-
Prepaid expenses	968,388	258,400	-	1,226,788	-
Restricted Assets					
Cash and cash equivalents	7,617,882	-	-	7,617,882	-
Inventories	1,517,828	-	-	1,517,828	-
<b>Total Current Assets</b>	<b>65,809,918</b>	<b>8,816,041</b>	<b>2,286,790</b>	<b>76,912,749</b>	<b>1,557,323</b>
Noncurrent Assets:					
Restricted Assets					
Cash and cash equivalents	9,113,807	-	-	9,113,807	-
Investments	31,930,448	-	-	31,930,448	-
<b>Total Noncurrent Assets</b>	<b>41,044,255</b>	<b>-</b>	<b>-</b>	<b>41,044,255</b>	<b>-</b>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,830,080	57,301	187,903	118,075,284	-
Water plant, distribution system and equipment	377,215,286	-	943,632	378,158,918	-
Automotive and other equipment	15,858,010	2,617,742	11,207,794	29,683,546	-
	512,291,375	2,675,043	12,789,329	527,755,747	-
Less: accumulated depreciation	(219,409,739)	(1,773,664)	(7,352,716)	(228,536,119)	-
	292,881,636	901,379	5,436,613	299,219,628	-
Construction in Progress	160,823,573	-	6,156,452	166,980,025	-
<b>Net property, plant and equipment</b>	<b>453,705,209</b>	<b>901,379</b>	<b>11,593,065</b>	<b>466,199,653</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 560,559,382</b>	<b>\$ 9,717,420</b>	<b>\$ 13,879,855</b>	<b>\$ 584,156,657</b>	<b>\$ 1,557,323</b>

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

City of Jackson  
Statement of Net Position  
Proprietary Funds  
As of September 30, 2014

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Totals	Internal Service Fund
<b>Liabilities and Fund Equity</b>					
Current Liabilities Payable from Unrestricted Assets:					
Accounts/claims payable	\$ 2,740,587	\$ 1,218,395	\$ 259,070	\$ 4,218,052	\$ 1,063,471
Deferred revenue	-	-	124,830	124,830	-
Due to other funds	-	-	2,928,944	2,928,944	-
Compensated absences	293,849	50,759	3,260	347,868	-
Note payable	3,943,037	-	-	3,943,037	-
Retainage payable	10,989,596	-	372,629	11,362,225	-
Customer deposits	4,213,753	-	-	4,213,753	-
Current portion of Long-Term Debt:					
Lease obligations	1,533,371	273,172	201,034	2,007,577	-
State Department of Environmental Quality	1,484,099	-	-	1,484,099	-
<b>Total Current Liabilities Payable from Unrestricted Assets</b>	<b>25,198,292</b>	<b>1,542,326</b>	<b>3,889,767</b>	<b>30,630,385</b>	<b>1,063,471</b>
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	5,750,000	-	-	5,750,000	-
Accrued interest payable	2,476,907	-	-	2,476,907	-
<b>Total Current Liabilites Payable from Restricted Assets</b>	<b>8,226,907</b>	<b>-</b>	<b>-</b>	<b>8,226,907</b>	<b>-</b>
<b>Total Current Liabilities</b>	<b>33,425,199</b>	<b>1,542,326</b>	<b>3,889,767</b>	<b>38,857,292</b>	<b>1,063,471</b>
Post Employment Benefits accrual	3,432,250	449,640	59,952	3,941,842	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Compensated absences	183,183	14,912	7,410	205,505	-
Revenue bonds (net of unamortized discount/premium)	241,441,586	-	-	241,441,586	-
Lease obligations	1,481,004	325,092	169,934	1,976,030	-
State Department of Environmental Quality	21,050,311	-	-	21,050,311	-
<b>Total Long-Term Debt</b>	<b>264,156,084</b>	<b>340,004</b>	<b>177,344</b>	<b>264,673,432</b>	<b>-</b>
<b>Total Liabilities</b>	<b>301,013,533</b>	<b>2,331,970</b>	<b>4,127,063</b>	<b>307,472,566</b>	<b>1,063,471</b>
<b>Net Position</b>					
Invested in capital assets, net of related debt	180,765,528	23,997	11,222,097	192,011,622	-
Unrestricted	78,780,321	7,361,453	(1,469,305)	84,672,469	493,852
<b>Total Net Position</b>	<b>259,545,849</b>	<b>7,385,450</b>	<b>9,752,792</b>	<b>276,684,091</b>	<b>493,852</b>
<b>Total liabilities and net position</b>	<b>\$ 560,559,382</b>	<b>\$ 9,717,420</b>	<b>\$ 13,879,855</b>	<b>\$ 584,156,657</b>	<b>\$ 1,557,323</b>

City of Jackson  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended September 30, 2014

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Total	Internal Service Fund
<b>Operating Revenues:</b>					
Sales to customers	\$ 69,423,278	\$11,023,645	\$ 709,508	\$ 81,156,431	\$ -
Contributions	-	-	-	-	4,830,543
Contributions - City Match	-	-	-	-	2,928,382
Other revenues	-	26,367	480,000	506,367	694,908
<b>Total Operating Revenues</b>	<b>69,423,278</b>	<b>11,050,012</b>	<b>1,189,508</b>	<b>81,662,798</b>	<b>8,453,833</b>
<b>Operating Expenses:</b>					
Personnel services	9,926,201	1,201,664	270,821	11,398,686	-
Supplies	14,067,822	246,837	839,676	15,154,335	-
Other services and charges	10,675,711	9,074,794	6,166,479	25,916,984	15,403,820
Depreciation	12,216,857	237,813	810,848	13,265,518	-
<b>Total operating expenses</b>	<b>46,886,591</b>	<b>10,761,108</b>	<b>8,087,824</b>	<b>65,735,523</b>	<b>15,403,820</b>
<b>Operating income (loss)</b>	<b>22,536,687</b>	<b>288,904</b>	<b>(6,898,316)</b>	<b>15,927,275</b>	<b>(6,949,987)</b>
<b>Nonoperating revenues (expenses):</b>					
Interest revenue	254,622	679	560	255,861	2,572
Interest and service charges on long-term debt and capitalized lease obligations	(8,666,927)	(4,408)	(16,506)	(8,687,841)	-
Gain (loss) on sale of capital assets	29,691	30,055	-	59,746	-
<b>Total nonoperating revenues (expenses)</b>	<b>(8,382,614)</b>	<b>26,326</b>	<b>(15,946)</b>	<b>(8,372,234)</b>	<b>2,572</b>
<b>Income (loss) before contributions and transfers</b>	<b>14,154,073</b>	<b>315,230</b>	<b>(6,914,262)</b>	<b>7,555,041</b>	<b>(6,947,415)</b>
Capital contributions from grants	-	49,246	2,466,618	2,515,864	-
<b>Transfers In:</b>					
General Fund	-	-	7,511,075	7,511,075	6,760,123
Enterprise Fund	-	-	74,400	74,400	-
Capital Projects Fund	740,998	-	-	740,998	-
<b>Transfers Out:</b>					
Enterprise Fund	(74,400)	-	-	(74,400)	-
Debt Service Fund	(2,146,249)	-	-	(2,146,249)	-
<b>Total Transfers In (Out)</b>	<b>(1,479,651)</b>	<b>-</b>	<b>7,585,475</b>	<b>6,105,824</b>	<b>6,760,123</b>
<b>Change in Net Position</b>	<b>12,674,422</b>	<b>364,476</b>	<b>3,137,831</b>	<b>16,176,729</b>	<b>(187,292)</b>
<b>Total net position - beginning</b>	<b>246,871,427</b>	<b>7,020,974</b>	<b>6,614,961</b>	<b>260,507,362</b>	<b>681,144</b>
<b>Total net position - ending</b>	<b>\$259,545,849</b>	<b>\$7,385,450</b>	<b>\$ 9,752,792</b>	<b>\$ 276,684,091</b>	<b>\$ 493,852</b>

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

**City of Jackson**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended September 30, 2014**

	<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	\$ 61,773,169	\$ 9,647,871	\$ 709,508	\$ 72,130,548	\$ 7,758,925
Receipts from other revenue	-	26,367	2,315,418	2,341,785	675,484
Payments to suppliers	(18,871,603)	(9,209,321)	(7,692,898)	(35,773,822)	(15,461,756)
Payments to employees	(9,457,213)	(1,124,992)	(258,611)	(10,840,816)	-
Net Cash provided by (used for) Operating Activities	<u>33,444,353</u>	<u>(660,075)</u>	<u>(4,926,583)</u>	<u>27,857,695</u>	<u>(7,027,347)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Transfers In	740,998	-	7,585,475	8,326,473	6,760,123
Transfers Out	(2,220,649)	-	-	(2,220,649)	-
Net cash provided by noncapital financing activities	<u>(1,479,651)</u>	<u>-</u>	<u>7,585,475</u>	<u>6,105,824</u>	<u>6,760,123</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition and construction of capital assets	(101,733,235)	(110,000)	(3,741,890)	(105,585,125)	-
Disposal of capital assets	-	69,412	-	69,412	-
Proceeds from sale of capital assets	29,691	30,055	-	59,746	-
Proceeds from capital debt	11,129,623	389,118	-	11,518,741	-
Principal paid on capital debt	(8,750,150)	(211,250)	(219,587)	(9,180,987)	-
Proceeds from capital contributions	-	49,246	2,466,618	2,515,864	-
Interest paid on capital debt	(9,031,142)	(4,408)	(15,990)	(9,051,540)	-
Net cash provided by (used for) capital and related financing activities	<u>(108,355,213)</u>	<u>212,173</u>	<u>(1,510,849)</u>	<u>(109,653,889)</u>	<u>-</u>
<b>Cash Flow Provided by (Used for) Investing Activities:</b>					
Proceeds from sale and maturities of investment securities	68,867,371	-	-	68,867,371	-
Interest on investments	254,622	679	560	255,861	2,572
Net Cash provided by investing activities	<u>69,121,993</u>	<u>679</u>	<u>560</u>	<u>69,123,232</u>	<u>2,572</u>
Net increase (decrease) in cash and cash equivalents	(7,268,518)	(447,223)	1,148,603	(6,567,138)	(264,652)
Cash and cash equivalents at beginning of year	37,480,663	1,116,806	53,417	38,650,886	1,719,792
Cash and cash equivalents at end of year	<u>\$ 30,212,145</u>	<u>\$ 669,583</u>	<u>\$ 1,202,020</u>	<u>\$ 32,083,748</u>	<u>\$ 1,455,140</u>

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

City of Jackson  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended September 30, 2014

	<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)	\$ 22,536,687	\$ 288,904	\$ (6,898,316)	\$ 15,927,275	\$ (6,949,987)
Depreciation Expense	12,216,857	237,813	823,997	13,278,667	-
(Increase) decrease in accounts receivable, net	(12,807,199)	(1,375,774)	-	(14,182,973)	(19,424)
(Increase) decrease in inventories	50,101	-	-	50,101	-
(Increase) decrease in other receivable	4,416,238	-	1,710,588	6,126,826	-
(Increase) decrease in prepaid expenses	(968,388)	(258,400)	-	(1,226,788)	-
(Increase) decrease in deferred charges	-	-	124,830	124,830	-
(Increase) decrease in due to other funds	-	-	(1,138,519)	(1,138,519)	-
Increase (decrease) in accounts payable and retainage	5,680,970	370,710	438,627	6,490,307	(57,936)
Increase (decrease) in accrued interest payable	1,937,157	-	-	1,937,157	-
Increase (decrease) in compensated absences	13,420	(2,427)	1,664	12,657	-
Increase (decrease) in customer deposits	(87,058)	-	-	(87,058)	-
Increase (decrease) in other liabilities	455,568	79,099	10,546	545,213	-
Total adjustments	<u>10,907,666</u>	<u>(948,979)</u>	<u>1,971,733</u>	<u>11,930,420</u>	<u>(77,360)</u>
Net cash provided by (used for) operating activities	<u>\$ 33,444,353</u>	<u>\$ (660,075)</u>	<u>\$ (4,926,583)</u>	<u>\$ 27,857,695</u>	<u>\$ (7,027,347)</u>
<b>Noncash Investing, Capital, and Financing</b>					
<b>Activities:</b>					
Borrowing under capital lease	\$ 1,207,454	\$ 389,118	\$ -		
<b>Recap of cash and cash equivalents:</b>					
Cash and cash equivalents	\$ 13,480,456	\$ 669,583	\$ 1,202,020	\$ 15,352,059	\$ 1,455,140
Restricted cash and cash equivalents	16,731,689	-	-	16,731,689	-
	<u>\$ 30,212,145</u>	<u>\$ 669,583</u>	<u>\$ 1,202,020</u>	<u>\$ 32,083,748</u>	<u>\$ 1,455,140</u>

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

**CITY OF JACKSON  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2014**

	<u>Trust Funds</u>	<u>Agency Funds</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 476,521	\$ 5,657,982
Investment at fair value:		
Certificate of deposit	<u>32,598</u>	<u>-</u>
Total assets	<u>\$ 509,119</u>	<u>\$ 5,657,982</u>
 <b>Liabilities and Net Position</b>		
Liabilities:		
Payables to others	\$ <u>2,034</u>	\$ <u>5,657,982</u>
Total liabilities	<u>2,034</u>	<u>\$ 5,657,982</u>
Net Position:		
Held in trust	<u>507,085</u>	
Total net position	<u>507,085</u>	
Total liabilities and net position	<u>\$ 509,119</u>	

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

**CITY OF JACKSON**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Trust Funds</u>
<b>Additions:</b>	
Interest	\$ 1,026
Other additions	<u>211,774</u>
Total additions	<u>\$ 212,800</u>
<b>Deductions:</b>	
General government	
Trust funds	\$ <u>179,356</u>
Total deductions	<u>179,356</u>
Change in Net Position	33,444
Net position at beginning of year	<u>473,641</u>
Net position at end of year	<u>\$ <u>507,085</u></u>

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

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**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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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, 2014**

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

CITY OF JACKSON  
Notes to Financial Statements  
September 30, 2014

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

**B. BASIC FINANCIAL STATEMENTS - GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS  
(Continued):**

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

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

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

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

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

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

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major government funds:

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

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

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

*Improvement Fund* - This fund is used to account for revenues that are legally restricted for improvements to City facilities. The revenues are provided by external grantors.

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

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

*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.

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

The City reports the following major proprietary funds:

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued):**

Additionally, the City reports the following fund types:

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

Fiduciary Funds:

*Fiduciary Funds* are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The City has three trust funds, the Unemployment Compensation Revolving Fund, the Charitable Trust Fire and Police Fund, and the Mausoleum Trust Fund. The function of the City's principal employee benefit trust fund, the Unemployment Compensation Revolving Fund, is discussed in NOTE 6.A.2. The function of the Charitable Trust Fire and Police Fund is to account for contributions from the public sector which is held in trust for fire and police allowable claims. The function of the Mausoleum Trust Fund is to maintain and upkeep the Henry Mausoleum.

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

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

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

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

**1. Cash and Cash Equivalents**

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

**2. Receivables**

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

**3. Investments**

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

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

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

**3. Investments (Continued)**

U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. Government.

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

**4. Restricted Assets**

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

**5. Inventories**

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

**6. Capital Assets**

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value at the date received. The City's classes of capital assets and their capitalization levels are: land – cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$1,000, infrastructure - \$100,000, and construction in progress – based on the project's class. The cost of normal maintenance and repair that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures within governmental activities are not capitalized.

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

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

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

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

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

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

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

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

**7. Compensated Absences**

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

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

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

In the proprietary funds and government-wide financial statements, bond discounts, 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. Bond issuance costs, excluding any prepaid bond issuance, are reported as expenses in the year of the debt issuance. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

**9. Interfund Activity**

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

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

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

**10. Revenues**

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

**11. Expenditures**

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

**12. Reserves and Designations**

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. City has a municipal bond debt service reserve insurance policy for the proprietary funds in lieu of cash. Amounts reserved for state tort claims represent amounts required by state law to be segregated for these purposes. The unreserved designated fund balance of the Capital Projects Funds is appropriated for expenditures in future years.

**13. Net Position**

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

**14. Fund Balance**

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**14. Fund Balance (Continued)**

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

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

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

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

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

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

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

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

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

Enterprise Fund – The City maintains a Sanitation Fund, Water 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; and, 2/12 of O&M budget for Contingent Fund.

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

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

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

The total Required Fund Balance/Reserve for 2014 is \$14,304,162 and this amount is on deposit at September 30, 2014.

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

**16. Pension Expenses**

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in NOTE 6.F.

**17. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Actual results could differ from those estimates.

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

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

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

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

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**19. New Accounting Pronouncements**

During the fiscal year 2014 the City implemented the following GASB pronouncements:

In April 2012, GASB issued Statement No. 65, *Elements of Financial Statements*. This Statement specifies that recognition of deferred outflows and deferred inflows should be limited to those instances specifically identified in authoritative GASB pronouncements. Consequently, guidance was needed to determine which balances being reported as assets and liabilities should actually be reported as deferred outflows of resources or deferred inflows of resources, according to the definitions in Concepts Statement 4. Based on those definitions, Statement 65 reclassifies certain items currently being reported as assets and liabilities as deferred outflows of resources and deferred inflows of resources. In addition, this Statement recognizes certain items currently being reported as assets and liabilities as outflows of resources and inflows of resources. The requirements of this Statement are effective for periods beginning after December 15, 2012.

In April 2012, GASB issued Statement No. 66, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. This Statement amends Statement No. 10 by removing the provision that limits fund-based reporting of a state and local government's risk financing activities to the general fund and the internal service fund type. As a result, governments would base their decisions about governmental fund type usage for risk financing activities on the definitions in Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

In January 2013, the GASB issued Statement No. 69, "Government Combinations and Disposals of Government Operations". This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2013. The City is evaluating the impact, if any, upon its financial position, results of operations or cash flows upon adoption.

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

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

In April 2013, the GASB issued Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees". This statement will improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2013. The City has implemented GASB No. 70 in this annual report, however, it does not have any current impact on the City.

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

The impact of these pronouncements on the City's financial statements has not been determined.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$190,285 difference are as follows (in thousands):

Bonds payable	\$ 154,145
Less: Issuance premium	7,246
Less: Issuance discount (to be amortized as interest expense)	(290)
Accrued interest payable	720
Capital leases payable	17,880
Claims and judgments	2,210
Compensated absences	4,404
Workers' Compensation Benefits	<u>3,971</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 190,285</u>

Another element of that reconciliation explains that “Internal service funds are used to account for the group benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$494 difference are as follows (in thousands):

Net position of the internal service funds	<u>\$ 494</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 494</u>

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$80,779 difference are as follows (in thousands):

Capital outlay	\$ 83,355
Depreciation expense	<u>(2,576)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 80,779</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$6,231 difference are as follows (in thousands):

Principal repayments:	
General obligation debt	\$ 3,085
Limited obligation debt	511
Other debt	<u>2,635</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 6,231</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 (\$286) difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ 4,808
Principal repayments:	
Payment on capital lease	<u>(5,094)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (286)</u>

Another element of that reconciliation states that “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$178 difference are as follows (in thousands):

Compensated absences	\$ 24
Workers’ compensation benefits	(514)
Claims and judgments	132
Accrued interest	(57)
Amortization of bond premium	613
Amortization of bond discounts	<u>(20)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 178</u>

CITY OF JACKSON  
Notes to Financial Statements  
September 30, 2014

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

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

Another element of that reconciliation states that "Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements." The details of this (\$1,914) difference are as follows (in thousands):

Property taxes receivable	\$ (1,880)
Special assessments receivable	<u>(34)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ (1,914)</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 \$1,665 difference are as follows (in thousands):

Change in net position of the internal service funds	<u>\$ 1,665</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,665</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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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, 2014**

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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 2014 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 139,640	\$ 146,231	\$ 6,592
Special Revenue Funds	44,006	53,910	9,904
Debt Service Fund	16,130	19,191	3,061
Capital Projects Funds	34,169	25,903	(8,266)
Enterprise Funds	351,528	346,394	(5,134)
Internal Service Fund	14,802	15,922	1,120
	\$ 600,275	\$ 607,551	\$ 7,277

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, 2014.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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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 \$ 81,441,332 and the bank balances totaled \$79,808,573. Of the bank balances, \$250,000 was insured by federal deposit insurance and \$77,563,173 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

**3. Investments – Primary Government**

As of September 30, 2014, the City had investments consisting of U.S. Agencies at a total fair value of \$31,930,448 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, 2014**

**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, 2014 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, 2014, investments of the component unit consisted of the following (in thousands):

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

**B. RECEIVABLES**

Receivables at September 30, 2014, 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):

	General	Debt Service	Water and Sewer	Sanitation	Improvement	Federal Grant	2003 G O Bond	Nonmajor and Other Funds	Capitol Street 2-Way	Total
Receivables:										
Accounts receivable	\$ -	\$ -	\$ 39,724	\$ 7,888	\$ -	\$ -	\$ -	\$ 102	\$ -	\$ 47,714
Intergovernmental	281	8,752	767	-	118	930	239	1,085	390	12,562
Other	57,070	-	1,734	-	-	4	-	7,727	-	66,535
Gross receivables	<u>\$57,351</u>	<u>\$ 8,752</u>	<u>\$ 42,225</u>	<u>\$ 7,888</u>	<u>\$ 118</u>	<u>\$ 934</u>	<u>\$ 239</u>	<u>\$ 8,914</u>	<u>\$ 390</u>	<u>\$ 126,811</u>

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

**B. RECEIVABLES (Continued):**

**1. Property taxes**

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

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

Tax millage levies for 2013 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	49.77	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	5.30	Debt retirement	None
Disability and Relief Fund	<u>5.00</u>	Retirement	None
Total City of Jackson	<u>62.07</u>		
Jackson/Hinds Library System	<u>1.49</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	64.79	Public schools	None
Special Debt Retirement Levy	2.28	Public schools	None
Special Debt Retirement Bond	2.64	Public schools	None
Special Debt Retirement	<u>2.25</u>	Public schools	None
	<u>71.96</u>		
Total mills	<u>135.52</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, 2014**

**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 \$29,439,545 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)	\$ 1,843,612
Interest on delinquent property taxes receivable (general fund)	1,286,700
Special assessments not yet due (debt service fund)	63,197
Current year tax assessments (all funds)	65,074,347
Grant drawdowns prior to meeting all eligibility requirements	<u>365,849</u>
Total unearned revenue for governmental funds	<u>\$ 68,633,705</u>

**C. CHANGES IN CAPITAL ASSETS**

1. Primary government capital asset activity for the year ended September 30, 2014, was as follows (thousands):

	Balance September 30, 2013	Additions	Deletions	Adjustment	Balance September 30, 2014
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 14,443	\$ -	\$ 513	\$ -	\$ 13,930
Construction in progress	98,566	86,749	45,832	(21,805)	117,678
Total capital assets not being depreciated	113,009	86,749	46,345	(21,805)	131,608
Capital assets being depreciated:					
Buildings	81,480	-	-	-	81,480
Infrastructure	219,957	45,860	-	-	265,817
Automotive and equipment	75,312	2,859	5,769	-	72,402
Total capital assets being depreciated	376,749	48,719	5,769	-	419,699
Less accumulated depreciation for:					
Buildings	(27,090)	(1,484)	-	-	(28,574)
Infrastructure	(102,756)	(4,042)	-	-	(106,798)
Automotive and equipment	(60,143)	(2,776)	5,727	-	(57,192)
Total accumulated depreciation	(189,989)	(8,302)	5,727	-	(192,564)
Total capital assets being depreciated, net	186,760	40,417	42	-	227,135
Total governmental activities capital assets, net	\$ 299,769	\$ 127,166	\$ 46,387	\$ (21,805)	\$ 358,743

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

<b>Business-Type Activities:</b>	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	182,082	103,426	118,528	166,980
<b>Total capital assets not being depreciated</b>	<u>183,920</u>	<u>103,426</u>	<u>118,528</u>	<u>168,818</u>
<b>Capital assets being depreciated:</b>				
Buildings	118,075	-	-	118,075
Infrastructure	259,686	118,528	-	378,214
Automotive and equipment	29,027	1,903	1,301	29,629
<b>Total capital assets being depreciated</b>	<u>406,788</u>	<u>120,431</u>	<u>1,301</u>	<u>525,918</u>
<b>Less accumulated depreciation for:</b>				
Buildings	(80,407)	(2,710)	-	(83,117)
Infrastructure	(123,514)	(8,525)	-	(132,040)
Automotive and equipment	(12,568)	(2,043)	1,232	(13,378)
<b>Total accumulated depreciation</b>	<u>(216,489)</u>	<u>(13,278)</u>	<u>1,232</u>	<u>(228,535)</u>
<b>Total capital assets being depreciated, net</b>	<u>190,299</u>	<u>107,153</u>	<u>69</u>	<u>297,383</u>
<b>Total business-type activities capital assets, net</b>	<u>\$ 374,219</u>	<u>\$ 210,579</u>	<u>\$ 118,597</u>	<u>\$ 466,201</u>

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

<b>Governmental Activities:</b>	
General government	\$ 1,660
Public Works	2,657
Human & Cultural	1,494
Public Safety	<u>2,491</u>
<b>Total depreciation expense – governmental activities</b>	<u>\$ 8,302</u>
<b>Business-Type Activities:</b>	
Water/Sewer	\$ 12,216
Sanitation	238
Madison Sewage	13
Transportation	<u>811</u>
<b>Total depreciation expense – business-type activities</b>	<u>\$ 13,278</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

3. Construction work in progress at September 30, 2014 for the governmental activities of the primary government is composed of the following:

Project	Spent-to-date	Remaining Commitment
Improvement Fund	\$ 4,484,032	\$ 116,010
Community Development Block Grant	1,426,856	50,819
1982 Industrial Park Bond	49,993	-
1998 G O Public Improvement Construction Bond	12,752,821	23,919
2003 G O Public Improvement Construction Bond	12,519,729	2,785,055
2008 G O Street Construction Bond	1,388,865	797,950
2012 G O Capital Project	-	18,179
Thalia Mara Hall	-	1,725
Capital Project Fund	3,880,015	42,450
Capital Project – Care Maintenance	3,443,721	-
Capitol Street 2-Way Project	4,707,351	7,515
Water/Sewer Capital Project	70,467,395	20,515,711
Economic Development Initiative –		
Economic Development	59,924	-
Traffic – Repair and Replacement	2,079,922	72,188
Drainage – Repair and Replacement	319,825	303,172
Resurfacing – Repair and Replacement	-	2,673
Parks – Repair and Replacement	97,768	-
<b>Total</b>	<b>\$ 117,678,217</b>	<b>\$ 24,737,366</b>

4. Construction work in progress at September 30, 2014 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$166,980,025</u>	<u>\$31,634,057</u>
<b>Total</b>	<u>\$166,980,025</u>	<u>\$31,634,057</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014, was as follows:

Business-Type Activities:	Balance September 30, 2013	Additions	Deletions	Balance September 30, 2014
<b>Capital assets not being depreciated:</b>				
Land	\$ 4,538	\$ -	\$ -	\$ 4,538
Property held for development	1,913	-	-	1,913
<b>Total capital assets not being depreciated</b>	<b>6,451</b>	<b>-</b>	<b>-</b>	<b>6,451</b>
<b>Other capital assets:</b>				
Land improvements	29	51	-	80
Buildings	51,356	3,755	769	54,342
Equipment and furniture	1,466	-	-	1,466
<b>Total other capital assets</b>	<b>52,851</b>	<b>3,806</b>	<b>769</b>	<b>55,888</b>
<b>Less accumulated depreciation for:</b>				
Land improvements	(29)	-	-	(29)
Buildings	(21,825)	(1,247)	77	(22,995)
Equipment and furniture	(1,317)	(27)	-	(1,344)
<b>Total capital assets being depreciated</b>	<b>(23,171)</b>	<b>(1,274)</b>	<b>77</b>	<b>(24,368)</b>
<b>Total other capital assets, net</b>	<b>29,680</b>	<b>2,532</b>	<b>692</b>	<b>31,520</b>
<b>Total capital assets, net</b>	<b>\$ 36,131</b>	<b>\$ 2,532</b>	<b>\$ 692</b>	<b>\$ 37,971</b>

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

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

Activity for the Capital City Convention Center Commission for the year ended September 30, 2014, was as follows (in thousands):

Business-Type Activities:	Balance September 30, 2013	Additions	Deletions	Transfers	Balance September 30, 2014
<b>Capital assets not being depreciated:</b>					
Land	\$ 5,792	\$ 60	\$ -	\$ -	\$ 5,852
Building and improvements	79,996	37	-	-	80,033
Equipment	4,624	213	-	-	4,837
	90,412	310	-	-	90,722
<b>Less accumulated depreciation</b>	<b>(11,764)</b>	<b>(2,517)</b>	<b>-</b>	<b>-</b>	<b>(14,282)</b>
<b>Total capital assets, net</b>	<b>\$ 78,648</b>	<b>\$ (2,207)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 76,440</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014 follows (in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 5,340	\$ -
Federal Grant Fund	-	636
Capitol Street 2-Way	-	513
Nonmajor Governmental Fund	-	1,208
Nonmajor Proprietary Fund	-	2,929
Improvement Fund	-	54
<b>Total</b>	<b>\$ 5,340</b>	<b>\$ 5,340</b>

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

	Transfer In	Transfer Out
General Fund	\$ 14	\$ 27,329
Debt Service Fund	2,814	-
Proprietary Fund	741	2,221
Federal Grant Fund	1,206	14
2006 GO Bond	-	317
Nonmajor Governmental Funds	6,340	788
Internal Service Fund	6,760	-
Nonmajor Proprietary Funds	7,585	-
Improvement Fund	5,209	-
<b>Total</b>	<b>\$ 30,669</b>	<b>\$ 30,669</b>

Interfund transfers at September 30, 2014 consist of the following (in thousands):

\$ 14	From the Federal Grant Fund to the General Fund to subsidize operations.
2,814	From the General Fund to the debt service fund to subsidize operations.
1,206	From the General Fund to the Federal Grant Fund to subsidize operations.
6,340	From the General Fund to the Nonmajor Governmental Fund to subsidize operations.
6,760	From the General Fund to the Internal Service Fund to subsidize operations.
7,585	From the Proprietary Fund to the Nonmajor Proprietary Fund to subsidize operations.
5,209	From the General Fund to the Improvement Fund to subsidize operations.
741	From the General Fund to the Proprietary Fund to subsidize operations.
<u>\$ 30,669</u>	

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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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, 2014, there were assets under capital lease totaling \$28,049,697 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, 2014, amounted to \$768,038. 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, 2014, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2015	\$ 188
2016	123
2017	32
2018	32
2019	32
2020 and thereafter	<u>2,329</u>
Total	<u>\$ 2,736</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2014 totaled to \$1,759,785. There were no subleases or contingent rentals associated with the operating leases.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

**G. LONG-TERM DEBT:**

**1. General Obligation Bonds**

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

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

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

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

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

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

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

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

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

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 with principal maturing annually and interest due at various semi-annual dates. General obligation bonds currently outstanding at September 30, 2014, 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>					
M\$ Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	\$ 11,410
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	3,170
General Obligation Bonds, Series 2009	01/01/09	4.00-5.80%	04/01/24	26,210	19,580
General Obligation Refunding Series 2010A	09/01/10	3.00-5.00%	09/01/24	16,655	16,655
General Obligation Refunding Series 2010B	09/01/10	4.370%	09/01/24	7,010	7,010
General Obligation Refunding Series 2013	02/21/13	3.00-5.00%	03/01/36	64,940	<u>64,940</u>
<b>Total General Obligation Bonds</b>					<b><u>\$ 132,380</u></b>
	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<b>General Obligation Notes:</b>					
General Obligation Notes Payable Series 2012	04/01/12	1.71	09/01/24	11,500	\$ <u>6,900</u>
<b>Total General Obligation Notes</b>					<b><u>\$ 6,900</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**2. Revenue Bonds**

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

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

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

Revenue bonds outstanding, at September 30, 2014, were as follows (in thousands):

<u>Revenue Bonds:</u>	<u>Date of</u>	<u>Interest</u>	<u>Final</u>	<u>Issued</u>	<u>Outstanding</u>
Enterprise Funds:	<u>Obligation</u>	<u>Rate</u>	<u>Maturity</u>		
			<u>Date</u>		
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	\$ 19,915
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50-5.00%	09/01/34	46,720	43,545
Water/Sewer Revenue Refunding 2011B	09/01/11	4.070-5.40%	09/01/34	2,565	2,420
Water/Sewer Revenue Refunding 2012A	09/01/12	3.50-5.00%	09/01/34	63,045	63,045
Water/Sewer Revenue Refunding 2012B	09/01/12	1.00-2.375%	09/01/20	19,180	14,745
Water/Sewer Revenue 2013	06/01/13	5.00-6.875%	06/01/39	89,990	<u>89,990</u>
					<u>\$ 233,660</u>

At September 30, 2014, the City had \$60,765,000 of revenue bonds considered to be defeased and outstanding.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**3. Tax Increment Limited Obligation Bonds**

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

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

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

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

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

Limited obligation bonds outstanding at September 30, 2014, 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	\$ 1,340
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407	305
Tax Increment Financing Bonds, 2009	6/16/2009	3.83%	7/1/2015	375	68
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600	1,100
Tax Increment Financing Bonds, 2010	12/30/2010	4.75-5.50%	3/1/2030	2,800	<u>2,298</u>
<b>Total Limited Obligation Bonds</b>					<b><u>\$ 5,111</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**4. Section 108 Loan**

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

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

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

**5. Jackson Redevelopment Authority**

**Urban Renewal Bonds and Notes**

Urban renewal bonds and notes are issued to provide funds for various rehabilitation projects at September 30, 2014, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Urban Renewal Bonds:</u>					
<u>Enterprise Funds:</u>					
Urban Renewal Bond, Series, 2011-A	06/01/11	3.25%	06/01/31	7,165	\$ 6,575
Urban Renewal Bond, Series, 2011-B	06/01/11	5.15%	06/01/23	2,745	2,490
Note Payable, Series 2012	10/01/13	5.25%	10/26/19	2,500	2,455
Urban Renewal Bond, Series 2013	05/01/14	1.375%	11/01/15	3,850	<u>3,850</u>
Total Urban Renewal Bonds and Notes					<u>\$ 15,370</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

**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, 2014, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
Bonds and loans payable:					
General obligation bonds	\$ 135,465	\$ -	\$ 3,085	\$ 132,380	\$ 5,885
Limited obligation bonds	5,622	-	511	5,111	538
General Obligation Note	9,200	-	2,300	6,900	2,300
State revolving loan MDA	343	-	40	303	43
Miss. Development Bank Loan	2,747	-	294	2,453	294
Section 108 Loan	7,000	-	-	7,000	-
Less deferred amounts:					
For issuance discount	(310)	-	(19)	(291)	-
For issuance premium	7,859	-	613	7,246	-
Total bonds payable	<u>167,926</u>	<u>-</u>	<u>6,824</u>	<u>161,102</u>	<u>9,060</u>
Capital leases	18,167	4,808	5,094	17,881	4,618
Claims and judgments	2,078	398	265	2,211	640
Workers' Compensation Benefits	4,484	1,339	1,852	3,971	1,950
Compensated absences	4,380	2,246	2,222	4,404	2,631
	<u>29,109</u>	<u>8,791</u>	<u>9,433</u>	<u>28,467</u>	<u>9,839</u>
Total Governmental Activity	<u>\$ 197,035</u>	<u>\$ 8,791</u>	<u>\$ 16,257</u>	<u>\$ 189,569</u>	<u>\$ 18,899</u>
<b>Business-type activities:</b>					
Bonds and loans payable:					
Revenue bonds	\$ 239,265	\$ -	\$ 5,605	\$ 233,660	\$ 5,750
Miss. Development Bank Loan	2,727	1,216	-	3,943	3,943
Less deferred amounts:					
For issuance discount	(2,464)	-	(131)	(2,333)	-
For issuance premiums	16,617	-	752	15,865	-
Total bonds payable	<u>256,145</u>	<u>1,216</u>	<u>6,226</u>	<u>251,135</u>	<u>9,693</u>
Capital leases	4,137	1,597	1,750	3,984	2,008
State Revolving Loan (DEQ)	15,653	8,706	1,825	22,534	1,484
Compensated absences	541	295	282	554	348
	<u>20,331</u>	<u>10,598</u>	<u>3,857</u>	<u>27,072</u>	<u>3,840</u>
Total Business-type activities	<u>\$ 276,476</u>	<u>\$ 11,814</u>	<u>\$ 10,083</u>	<u>\$ 278,207</u>	<u>\$ 13,533</u>
<b>Component Unit – Jackson Redevelopment Authority</b>					
Urban Renewal bonds	\$ 12,980	\$ 3,850	\$ 1,460	\$ 15,370	\$ 492
Less deferred amounts:					
On refunding	(163)	-	(27)	(136)	-
Total Component Unit	<u>\$ 12,817</u>	<u>\$ 3,850</u>	<u>\$ 1,433</u>	<u>\$ 15,234</u>	<u>\$ 492</u>
Total Long-Term Debt	<u>\$ 486,328</u>	<u>\$ 24,455</u>	<u>\$ 28,074</u>	<u>\$ 482,709</u>	<u>\$ 32,924</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

**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 \$94,547,714 at September 30, 2014.

**8. Annual Maturities Requirements**

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$570,985 for the component unit as of September 30, 2014, including interest, by source of retirement are as follows (in thousands):

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

Fiscal Year	General Obligation Bonds		Total
	Interest	Principal	
2015	\$ 5,804	\$ 5,885	\$ 11,689
2016	5,535	6,250	11,785
2017	5,220	6,635	11,855
2018	4,911	7,055	11,966
2019	3,031	8,065	11,096
2020 – 2024	17,138	48,235	65,373
2025 – 2029	8,036	16,520	24,556
2030 – 2034	4,556	22,560	27,116
2035 – 2039	447	11,175	11,622
<b>Total</b>	<b>\$ 54,678</b>	<b>\$ 132,380</b>	<b>\$ 187,058</b>

Fiscal Year	State Revolving Loan MDA		Total
	Interest	Principal	
2015	\$ 8	\$ 43	\$ 51
2016	7	44	51
2017	6	46	52
2018	5	47	52
2019	2	49	51
2020 – 2024	2	74	76
<b>Total</b>	<b>\$ 30</b>	<b>\$ 303</b>	<b>\$ 333</b>

Fiscal Year	General Obligation Note		Total
	Interest	Principal	
2015	\$ 118	\$ 2,300	\$ 2,418
2016	79	2,300	2,379
2017	39	2,300	2,339
<b>Total</b>	<b>\$ 236</b>	<b>\$ 6,900</b>	<b>\$ 7,136</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

Fiscal Year	MS Development Bank Loan		Total
	Interest	Principal	
2015	\$ 31	\$ 294	\$ 325
2016	31	294	325
2017	31	294	325
2018	31	294	325
2019	31	294	325
2020 – 2024	93	983	1,076
<b>Total</b>	<b>\$ 248</b>	<b>\$ 2,453</b>	<b>\$ 2,701</b>

Fiscal Year	Limited Obligation Bonds		Total
	Interest	Principal	
2015	\$ 193	\$ 538	\$ 15,214
2016	168	496	15,204
2017	143	527	15,241
2018	117	554	13,014
2019	90	587	12,149
2020 – 2024	655	1,573	68,753
2025 – 2029	346	836	25,738
2030 – 2034	10	-	27,126
2035 – 2039	-	-	11,622
<b>Total</b>	<b>\$ 1,722</b>	<b>\$ 5,111</b>	<b>\$ 204,061</b>

**General Fund (General Fund Revenues)**

Fiscal Year	Obligation Under Capital Leases		Total
	Interest	Principal	
2015	\$ 360	\$ 4,618	\$ 4,978
2016	281	3,223	3,504
2017	223	2,290	2,513
2018	182	1,535	1,717
2019	47	1,599	1,646
2020 – 2024	397	3,449	3,846
2025 – 2029	45	1,166	1,211
<b>Total</b>	<b>\$ 1,535</b>	<b>\$ 17,880</b>	<b>\$ 19,415</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

**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>
2015	\$ 11,850	\$ 5,750
2016	11,676	5,930
2017	11,441	7,720
2018	11,168	7,990
2019	10,864	8,295
2020 – 2024	48,752	43,925
2025 – 2029	36,687	46,585
2030 – 2034	22,548	57,535
2035 – 2039	9,735	36,055
2040 – 2044	<u>970</u>	<u>13,875</u>
<b>Total</b>	<b><u>\$ 175,691</u></b>	<b><u>\$ 233,660</u></b>

Obligations Under  
Capital Lease

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2015	\$ 46	\$ 2,008
2016	21	1,374
2017	<u>4</u>	<u>602</u>
<b>Total</b>	<b><u>\$ 71</u></b>	<b><u>\$ 3,984</u></b>

State Revolving Loan

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2015	\$ 314	\$ 1,484	\$ 21,452
2016	316	1,377	20,694
2017	273	1,381	21,421
2018	230	1,424	20,812
2019	188	1,200	20,547
2020 – 2024	602	11,318	104,597
2025 – 2029	278	2,369	85,919
2030 – 2034	91	1,946	82,120
2035 – 2039	54	35	45,879
2040 – 2044	<u>-</u>	<u>-</u>	<u>14,845</u>
<b>Total</b>	<b><u>\$ 2,346</u></b>	<b><u>\$ 22,534</u></b>	<b><u>\$ 438,286</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

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

Jackson Redevelopment Authority Notes Payable, Urban Renewal Notes and Bonds			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2015	\$ 580	\$ 492	\$ 1,072
2016	534	4,365	4,899
2017	487	528	1,015
2018	465	556	1,021
2019	443	1,064	1,507
2020 – 2024	1,142	4,959	6,101
2025 – 2029	566	2,320	2,886
2030 – 2034	74	1,086	1,169
	<u>4,291</u>	<u>15,370</u>	<u>19,661</u>
Unamortized refunding cost and discounts	<u>-</u>	<u>(136)</u>	<u>(136)</u>
<b>Total</b>	<b><u>\$ 4,291</u></b>	<b><u>\$ 15,234</u></b>	<b><u>\$ 19,525</u></b>

The City has unconditionally and irrevocably agreed to grant and contribute to the Jackson Redevelopment Authority from the General Fund of the City sums sufficient to pay the principal of and interest on the bonds issued by the Jackson Redevelopment Authority for urban renewal purposes, as the same shall mature and become due. Principal and interest maturities for 2014 were paid by contributions from the General Fund of \$564,720.

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, 2014, including interest of \$564,720 for the component unit are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2015	\$ 36,742	\$ 1,072
2016	35,898	4,899
2017	36,585	1,014
2018	33,826	1,021
2019	32,696	1,507
2020 and thereafter	<u>466,596</u>	<u>10,147</u>
<b>Total</b>	<b><u>\$ 642,343</u></b>	<b><u>\$ 19,660</u></b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**10. Interest Rate Swap**

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

Under the 2004 Swap Agreement the City receives a fixed rate from the 2004 Swap Counterparty, and in return pays a fixed rate less an Adjustment Factor. The Adjustment Factor exposes the City to changes in the ratio between the tax-exempt BMA Index and LIBOR. Payments on the swap are exchanged semiannually. The swap became effective on April 1, 2005 and will terminate on April 1, 2024. An early termination of the swap transaction may result in the City making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2014, the mark to market value of the transaction was (\$3,835,670.66) for the City, which is not recorded, in the financial statements. In fiscal year 2011, the City refunded the Water/Sewer System Revenue Bonds, Series 2002.

***Risks Associated with the 2004 Swap Agreement***

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

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

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

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

Details of nonspendable, restricted, committed, assigned, and unassigned fund balances for the year ended September 30, 2014 are as follows:

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Capitol Street 2-Way	Total Governmental Funds
<b>FUND BALANCES:</b>										
<b>NONSPENDABLE:</b>										
Inventory	\$ 996,565	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 996,565
<b>Total Non-Spendable</b>	<b>996,565</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>996,565</b>
<b>RESTRICTED FOR:</b>										
Grants and other purposes	482,448	2,445,833	-	-	-	-	-	133,432	-	3,061,713
Debt Service	-	-	4,045,050	-	-	-	-	-	-	4,045,050
Police special purposes	34,255	-	-	-	-	-	-	-	-	34,255
<b>Total Restricted</b>	<b>516,703</b>	<b>2,445,833</b>	<b>4,045,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>133,432</b>	<b>-</b>	<b>7,141,018</b>
<b>COMMITTED TO:</b>										
Grants and other purposes	78,976	-	-	-	-	-	-	-	-	78,976
Police special purposes	1,080,883	-	-	-	-	-	-	-	-	1,080,883
Fire special purposes	206,233	-	-	-	-	-	-	-	-	206,233
Vehicle Pool	243,007	-	-	-	-	-	-	-	-	243,007
Claims	2,224,085	-	-	-	-	-	-	-	-	2,224,085
Capital Construction	-	-	-	6,495,220	178,488	703,154	1,308,309	3,751,575	-	12,436,746
<b>Total Committed</b>	<b>3,833,184</b>	<b>-</b>	<b>-</b>	<b>6,495,220</b>	<b>178,488</b>	<b>703,154</b>	<b>1,308,309</b>	<b>3,751,575</b>	<b>-</b>	<b>16,269,930</b>
<b>ASSIGNED:</b>										
Flexible Benefit	51,183	-	-	-	-	-	-	-	-	51,183
Technology	2,466,443	-	-	-	-	-	-	-	-	2,466,443
<b>Total Assigned</b>	<b>2,517,626</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,517,626</b>
<b>UNASSIGNED:</b>										
Unassigned	16,579,012	-	-	-	-	-	-	(1,153,674)	(508,995)	14,916,343
<b>Total fund balances</b>	<b>\$ 24,443,090</b>	<b>\$ 2,445,833</b>	<b>\$ 4,045,050</b>	<b>\$ 6,495,220</b>	<b>\$ 178,488</b>	<b>\$ 703,154</b>	<b>\$ 1,308,309</b>	<b>\$ 2,731,333</b>	<b>\$ (508,995)</b>	<b>\$ 41,841,482</b>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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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 2014 were \$1,852,313.

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, 2014, the required amounts were funded. Claims totaled \$179,357 during fiscal year 2014. 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 \$8,453,832 and employee benefit costs were \$15,403,820 during fiscal year 2014. Claims incurred but not reported at September 30, 2014, 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, 2014**

**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 2014 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, 2014 and 2013:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
2014:				
Beginning Balance	\$ 404,241	\$ 2,077,732	\$ -	\$ 4,483,867
Current Year Claims/Changes in Estimates	15,403,820	397,731	179,357	1,338,812
Claims Payments	15,396,828	265,259	179,357	1,852,313
Ending Balance	<u>\$ 411,233</u>	<u>\$ 2,210,204</u>	<u>\$ -</u>	<u>\$ 3,970,366</u>
2013:				
Beginning Balance	\$ 411,234	\$ 2,068,822	\$ -	\$ 4,476,073
Current Year Claims/Changes in Estimates	14,347,908	434,636	166,340	1,623,048
Claims Payments	14,354,901	425,726	166,340	1,615,254
Ending Balance	<u>\$ 404,241</u>	<u>\$ 2,077,732</u>	<u>\$ -</u>	<u>\$ 4,483,867</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, 2014, was \$22,534,410.

**C. SUBSEQUENT EVENT**

Effective November 19, 2013, the water and sewer rates will increase. The sewer rate will increase 108% and the water rate will increase 29%. The increase will allow more efficiency for the operation and maintenance of the water sewer system which will result in a substantial public benefit to the citizens of the City.

Senate Bill 2839 as passed by the 2011 Regular Session of the Mississippi Legislature authorized the City of Jackson to impose a Special Sales Tax of 1% on any person engaging in business in the City. The tax applies to those activities taxed at a rate of 7% or more under the Mississippi Sales Tax Law. The Mayor and the City Council of Jackson adopted, by resolution, their intent to levy the tax as the result of the city-wide election held Tuesday, January 14, 2014. This tax will be effective March 1, 2014.

Subsequent events have been evaluated through April 30, 2014, which represents the date the comprehensive annual financial report were available to be issued. Subsequent events after that date have not been evaluated.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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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 \$871,000 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. The City shall pay the sum of \$437,916 as a civil penalty to be paid in four (4) installments of \$109,479. The City shall pay to the United States Environmental Protection Agency sixty percent (60%) and forty percent (40%) to the Mississippi Department of Environmental Quality of each installment of the civil penalty plus any interest due. This civil penalty is for violations of the Clean Water Act.

Over the last two years, the City of Jackson has been unable to obtain a viable financing plan for the Capital City Revitalization Project. Subsequent to September 30, 2014, the City began negotiating a deed in lieu of foreclosure for the land that is securing the loan under the section 108 loan. As a result, an amendment to the City's Consolidated Plan was not necessary. Upon receipt of the deed in lieu of foreclosure and the acquisition of all other lands necessary for the convention center project, Jackson Redevelopment Authority (JRA) will issue an RFP for a new hotel developer.

As of September 30, 2014, the City has resolved all claims, legal relationships and other issues with TCI MS Investment, Inc. The City will begin making payments to Housing and Urban Development (HUD) August 2018 which is based upon the promissory note signed in 2008.

**Federal Grants**

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

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

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

As of September 30, 2014, the City has disallowed expenditures resulting from a monitoring performed by the grantor agency, U. S. Department of Housing and Urban Development, Community Development Block Grant. The results of the compliance monitoring review for grant numbers B-97-MC-28-0003, B-98-MC-28-0003, B-99-MC-28-0003, B-10-MC-28-0003, B-11-MC-28-0003 and B-12-MC-28-0003 are considered a contingent liability for the City of Jackson.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

**E. JOINT VENTURES**

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2014 (in thousands):

<u>Jackson/Hinds Library System</u>	
Total assets	<u>\$ 1,130</u>
Total liabilities	<u>\$ 285</u>
Total fund equity	<u>\$ 845</u>
Total revenues	<u>\$ 4,455</u> (1)
Total expenditures	<u>\$ 4,909</u>
Net increase (decrease) in fund balance	<u>\$ (454)</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.

**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 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

*Annual Pension Cost.* For 2014, the City's annual pension cost of \$11,299,471 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2014, 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 June 30, 2014 was 20 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>
9/30/12	7,079	100%
9/30/13	7,397	100%
9/30/14	11,299	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 June 30, 2014, the date of the most recent actuarial verification, there were 1 participating municipal employees and 611 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

**2. Basis of Accounting**

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

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**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 June 30, 2014, the most recent actuarial valuation date, the plan was 50.8% funded. The actuarial accrued liability for benefits was \$118 million and the actuarial value of assets was \$59.8 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$57.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$50,000, and the ratio of the UAAL to the covered payroll was 115,634.0%.

**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 \$57,817 as of June 30, 2014, the City has recorded a net pension asset of \$9,177 in the accompanying government wide statements in the governmental activities.

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

Annual required pension contribution	\$ (5,788)
Interest on net pension asset	1,224
Adjustments to annual required contribution	<u>(1,558)</u>
Annual pension cost	(6,122)
Contributions made	<u>5,985</u>
Decrease in net pension asset	(137)
Net pension asset beginning of year	<u>9,314</u>
Net pension asset end of year	<u>\$ 9,177</u>

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

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

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 2014 is projected to be approximately \$5,788. The City's plans are to continue the present contribution level to the plan through fiscal 2014. 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 \$ 5.7 million in 2014 and growing to approximately \$9.8 million through 2023 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 June 30, 2014. 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 level dollar closed with 20 years remaining as of June 30, 2014. At June 30, 2014, the unfunded actuarial accrued liability was determined as follows:

<u>Actuarial Accrued Liability</u>	<u>(In Thousands)</u>
Retirees and beneficiaries currently receiving benefits	\$117,182
Active members	404
Vested terminated members not yet receiving benefits	<u>-</u>
Total actuarial accrued liability	117,586
Actuarial Value of Assets	<u>59,770</u>
Unfunded actuarial accrued liability	<u>\$ 57,816</u>

During the year ended June 30, 2014 the plan experienced an estimated net change of \$(3,916) in the Actuarial Accrued Liability.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**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 30 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. Contributions Required and Contributions Made:**

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

Fiscal Year <u>Funding</u>	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Asset (NPO)
9/30/12	(6,382)	124.8%	15,785
9/30/13	(6,471)	-	9,314
9/30/14	(6,122)	-	9,177

**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, 2014, 114 retirees are eligible to receive benefits under the plan. The plan was established under authority of the City Council and may be amended or abolished by council action.

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**Annual OPEB cost and Net OPEB Obligation**

The City's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. 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	\$5,823,071	\$848,929	\$6,672,000
Interest on net OPEB obligation	871,890	127,110	999,000
Adjustment to ARC	<u>(1,928,805)</u>	<u>(281,195)</u>	<u>(2,210,000)</u>
Annual OPEB cost (expense)	4,766,156	694,844	5,461,000
Less: Contributions made	<u>(1,026,369)</u>	<u>(149,631)</u>	<u>(1,176,000)</u>
Increase in net OPEB obligation	3,739,787	545,213	4,285,000
Net OPEB obligation beginning	<u>22,158,371</u>	<u>3,396,629</u>	<u>25,555,000</u>
Net OPEB obligation end of year	<u>\$25,898,158</u>	<u>\$3,941,842</u>	<u>\$29,840,000</u>

**Trend Information for OPEB Plan:**

<b><u>Fiscal Year Ending</u></b>	<b><u>Annual OPEB Cost</u></b>	<b><u>Percentage of Annual OPEB Cost Contributed</u></b>	<b><u>Net OPEB Obligation</u></b>
9/30/12	\$6,979,000	27%	20,579,000
9/30/13	\$7,060,000	30%	25,555,000
9/30/14	\$5,484,000	22%	29,840,000

**CITY OF JACKSON**  
**Notes to Financial Statements**  
**September 30, 2014**

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

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

**Funding status and funding progress**

The City funds the plan on a pay-as-you-go basis. As of September 30, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$42,463,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll was \$64,572,000 and the ratio of the UAAL to the covered payroll was 65.8%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

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

**Actuarial methods and assumptions**

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

In the September 30, 2014 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 8 percent initially, reduced by decrements to an ultimate trend rate of 5 percent after ten years. Both rates include a 2.75 percent inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

**Note 7 – Prior Period Adjustment:**

In 2014, the City recorded an adjustment to construction in progress for resurfacing projects. The adjustment was reconciled to the detailed subsidiary construction in progress schedule and corrected previously recorded net assets as follows:

Adjustment to correct construction in progress	<u>\$(21,804,503)</u>
Total adjustment to construction in progress	<u>\$(21,804,503)</u>

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Employees' Retirement Systems**  
**Schedule of Funding Progress**  
**September 30, 2014**

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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]
9/30/2012	60,512	124,010	63,498	48.8	42	151,185.7
6/30/2013	58,743	121,503	62,760	48.3	41	154,839.6
6/30/2014	59,770	117,587	57,817	50.8	50	115,634.0

**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]
10/1/2010	-	36,875	36,875	0.00%	66,782	55.2
5/1/2012	-	45,498	45,498	0.00%	N/A	N/A
5/1/2014	-	42,463	42,463	0.00%	64,572	65.8

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# Nonmajor Governmental Funds

## Special Revenue Funds

### Parks and Recreation Fund

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

### State Grant Fund

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

### Disability and Relief Fund

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

## Capital Projects Funds

### Industrial Park Bond Fund, 1982-A

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

### 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.

### 2012 General Obligation Note 2012

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

### Thalia Mara Hall

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

### Museum to Market Project

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

**City of Jackson**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**As of September 30, 2014**

**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	\$ 2,065,383	\$ 1,134,187	\$ 572,021	\$ 3,771,591
Other Receivable	2,468,095	100,044	5,158,816	7,726,955
Total Current Asset	<u>\$ 4,533,478</u>	<u>\$ 1,234,231</u>	<u>\$ 5,730,837</u>	<u>\$ 11,498,546</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable	\$ 103,309	\$ -	\$ 518,838	\$ 622,147
Contracts Payable	-	-	-	-
Other Liabilities	183,981	-	-	183,981
Due to other funds	-	100,799	-	100,799
Total liabilities	<u>287,290</u>	<u>100,799</u>	<u>518,838</u>	<u>906,927</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue-property taxes	2,285,840	-	5,158,816	7,444,656
Total deferred inflows of resources	<u>2,285,840</u>	<u>-</u>	<u>5,158,816</u>	<u>7,444,656</u>
<b>FUND BALANCES</b>				
Restricted	-	1,133,432	-	1,133,432
Committed	1,960,348	-	53,183	2,013,531
Unassigned	-	-	-	-
Total Fund Balance	<u>1,960,348</u>	<u>1,133,432</u>	<u>53,183</u>	<u>3,146,963</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,533,478</u>	<u>\$ 1,234,231</u>	<u>\$ 5,730,837</u>	<u>\$ 11,498,546</u>

The notes to the financial statements are an integral 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>2012 GO Note</b>	<b>Thalia Mara Hall Renovation</b>	<b>Museum To Market Project</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ 1,032,625	\$ -	\$ -	1,032,625	\$ 4,804,216
-	-	-	-	-	-	-	-	7,726,955
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,625</u>	<u>\$ 12,531,171</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,938	\$ -	\$ -	6,938	\$ 629,085
-	-	-	-	287,643	46,788	-	334,431	334,431
-	-	-	-	-	-	-	-	183,981
-	-	-	-	-	910,648	196,238	1,106,886	1,207,685
-	-	-	-	294,581	957,436	196,238	1,448,255	2,355,182
-	-	-	-	-	-	-	-	7,444,656
-	-	-	-	-	-	-	-	7,444,656
-	-	-	-	738,044	-	-	738,044	1,871,476
-	-	-	-	-	-	-	-	2,013,531
-	-	-	-	-	(957,436)	(196,238)	(1,153,674)	(1,153,674)
-	-	-	-	738,044	(957,436)	(196,238)	(415,630)	2,731,333
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,032,625</u>	<u>\$ 12,531,171</u>

**City of Jackson**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the year ended September 30, 2014**

**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	\$ 2,370,643	\$ -	\$ 5,967,485	\$ 8,338,128
Intergovernmental	105,875	1,051,615	163,021	1,320,511
Admissions, fees, rentals and concessions	220,666	-	836	221,502
Interest	3,712	61	554	4,327
Other	3,009	-	5,443	8,452
Total revenues	<u>2,703,905</u>	<u>1,051,676</u>	<u>6,137,339</u>	<u>9,892,920</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	4,011,007	22,246	-	4,033,253
Supplies	691,807	351	-	692,158
Other Services and Charges	1,420,577	16,419	6,136,703	7,573,699
Capital Outlay	458,589	19,711	-	478,300
Total expenditures	<u>6,581,980</u>	<u>58,727</u>	<u>6,136,703</u>	<u>12,777,410</u>
Excess (deficiency) of revenues over expenditures	<u>(3,878,075)</u>	<u>992,949</u>	<u>636</u>	<u>(2,884,490)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in:				
General Fund	3,451,044	1,539	-	3,452,583
Transfers out:				
General Fund	-	(905)	-	(905)
Federal Grant Fund	(9,058)	-	-	(9,058)
Proceeds from capitalized leases	170,574	-	-	170,574
Sale of capital assets	9,155	-	-	9,155
Total other financing sources	<u>3,621,715</u>	<u>634</u>	<u>-</u>	<u>3,622,349</u>
Net change in fund balances	(256,360)	993,583	636	737,859
Fund balances at beginning of year	<u>2,216,708</u>	<u>139,849</u>	<u>52,547</u>	<u>2,409,104</u>
Fund balances at end of year	<u>\$ 1,960,348</u>	<u>\$ 1,133,432</u>	<u>\$ 53,183</u>	<u>\$ 3,146,963</u>

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

**Capital Projects**

<b>1982 Industrial Park Bond</b>	<b>2009 Tax Increment Bond</b>	<b>2009 Tax Increme nt Bond</b>	<b>2009 Tax Increment Bond</b>	<b>2012 GO Note</b>	<b>Thalia Mara Hall Renovation</b>	<b>Museum To Market Project</b>	<b>Total</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,338,128
-	-	-	-	-	-	-	-	1,320,511
-	-	-	-	-	-	-	-	221,502
51	-	-	-	2,846	113	-	3,010	7,337
-	-	-	-	-	-	-	-	8,452
<u>51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,846</u>	<u>113</u>	<u>-</u>	<u>3,010</u>	<u>9,895,930</u>
-	-	-	-	-	-	-	-	4,033,253
-	-	-	-	50,524	-	-	50,524	742,682
-	-	-	-	548,375	3,845,022	196,238	4,589,635	12,163,334
-	-	-	-	-	-	-	-	478,300
-	-	-	-	<u>598,899</u>	<u>3,845,022</u>	<u>196,238</u>	<u>4,640,159</u>	<u>17,417,569</u>
51	-	-	-	(596,053)	(3,844,909)	(196,238)	(4,637,149)	(7,521,639)
-	-	-	-	-	2,887,473	-	2,887,473	6,340,056
-	-	-	-	-	-	-	-	(905)
-	-	-	-	-	-	-	-	(9,058)
-	-	-	-	-	-	-	-	170,574
-	-	-	-	-	-	-	-	9,155
<u>(36,361)</u>	<u>(231)</u>	<u>(160)</u>	<u>(123)</u>	<u>(740,998)</u>	<u>2,887,473</u>	<u>-</u>	<u>2,109,600</u>	<u>5,731,949</u>
(36,310)	(231)	(160)	(123)	(1,337,051)	(957,436)	(196,238)	(2,527,549)	(1,789,690)
<u>36,310</u>	<u>231</u>	<u>160</u>	<u>123</u>	<u>2,075,095</u>	<u>-</u>	<u>-</u>	<u>2,111,919</u>	<u>4,521,023</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 738,044</u>	<u>\$ (957,436)</u>	<u>\$ (196,238)</u>	<u>\$ (415,630)</u>	<u>\$ 2,731,333</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, 2014**

	<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	\$ 2,342,885	\$ 2,342,885	\$ 2,370,643	\$ 27,758
Intergovernmental	-	-	105,875	105,875
Admissions, fees, rentals and concessions	575,046	578,046	220,666	(357,380)
Interest	-	-	3,712	3,712
Other	185,000	185,000	3,009	(181,991)
Total revenues	<u>3,102,931</u>	<u>3,105,931</u>	<u>2,703,905</u>	<u>(402,026)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	4,342,089	4,369,046	4,011,007	358,039
Supplies	858,815	928,180	691,807	236,373
Other Services and Charges	2,308,010	2,439,268	1,420,577	1,018,691
Capital Outlay	436,952	562,499	458,589	103,910
Total expenditures	<u>7,945,866</u>	<u>8,298,993</u>	<u>6,581,980</u>	<u>1,717,013</u>
Excess (deficiency) of revenues over expenditures	<u>(4,842,935)</u>	<u>(5,193,062)</u>	<u>(3,878,075)</u>	<u>1,314,987</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	3,451,044	3,451,044	3,451,044	-
Operating Transfers (Out):				
Federal Grant Fund	-	-	(9,058)	(9,058)
Proceeds from capital leases	-	-	9,155	9,155
Proceeds of long term debt	190,000	190,000	170,574	(19,426)
Total other financing sources (uses)	<u>3,641,044</u>	<u>3,641,044</u>	<u>3,621,715</u>	<u>(19,329)</u>
Net change in fund balances	(1,201,891)	(1,552,018)	(256,360)	1,295,658
Fund balances at beginning of year	<u>2,216,708</u>	<u>2,216,708</u>	<u>2,216,708</u>	-
Fund balances at end of year	<u>\$ 1,014,817</u>	<u>\$ 664,690</u>	<u>\$ 1,960,348</u>	<u>\$ 1,295,658</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, 2014**

	<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	\$ 395,000	\$ 156,742	\$ 1,051,615	894,873
Interest	-	-	61	61
Total revenues	<u>395,000</u>	<u>156,742</u>	<u>1,051,676</u>	<u>894,934</u>
<b>EXPENDITURES</b>				
Current Operations:				
Personnel Services	-	3,004	22,246	(19,242)
Supplies	-	-	351	(351)
Other Services and Charges	393,820	118,739	16,419	102,320
Capital Outlay	<u>3,220</u>	<u>37,039</u>	<u>19,711</u>	<u>17,328</u>
Total expenditures	<u>397,040</u>	<u>158,782</u>	<u>58,727</u>	<u>100,055</u>
Excess (deficiency) of revenues over expenditures	<u>(2,040)</u>	<u>(2,040)</u>	<u>992,949</u>	<u>994,989</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	-	-	1,539	1,539
Transfers out:				
General Fund	-	-	(905)	(905)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>634</u>	<u>634</u>
Net change in fund balances	(2,040)	(2,040)	993,583	995,623
Fund balances at beginning of year	<u>139,849</u>	<u>139,849</u>	<u>139,849</u>	<u>-</u>
Fund balances at end of year	<u>\$ 137,809</u>	<u>\$ 137,809</u>	<u>\$ 1,133,432</u>	<u>\$ 995,623</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, 2014**

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
General property taxes	\$ 5,859,723	\$ 5,967,266	\$ 5,967,485	\$ 219
Intergovernmental	190,000	163,857	163,021	(836)
Admissions, fees, rentals and concessions	-	-	836	836
Interest	-	501	554	53
Other	-	5,079	5,443	364
Total revenues	<u>6,049,723</u>	<u>6,136,703</u>	<u>6,137,339</u>	<u>636</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	<u>6,049,723</u>	<u>6,136,703</u>	<u>6,136,703</u>	-
Total expenditures	<u>6,049,723</u>	<u>6,136,703</u>	<u>6,136,703</u>	-
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>636</u>	<u>636</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	636	636
Fund balances at beginning of year	<u>52,547</u>	<u>52,547</u>	<u>52,547</u>	<u>-</u>
Fund balances at end of year	<u>\$ 52,547</u>	<u>\$ 52,547</u>	<u>\$ 53,183</u>	<u>\$ 636</u>

**City of Jackson**  
**Debt Service Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended September 30, 2014**

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget- Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
<b>REVENUES</b>				
General property taxes				
Current realty taxes	\$ 3,918,746	\$ 3,918,746	\$ 3,929,582	\$ 10,836
Current personal taxes	1,620,934	1,626,799	1,655,575	28,776
Delinquent taxes	10,600	10,600	80,860	70,260
Automobile ad valorem taxes	671,627	671,627	680,363	8,736
Homestead exemption	92,600	92,600	172,803	80,203
Interest	1,000	1,000	7,190	6,190
Special assessments	-	-	33,872	33,872
Other revenues	59,351	59,393	3,888,368	3,828,975
Total revenues	<u>6,374,858</u>	<u>6,380,765</u>	<u>10,448,613</u>	<u>4,067,848</u>
<b>EXPENDITURES</b>				
General obligation bonds				
Principal	3,580,628	6,029,769	6,029,768	1
Interest	6,218,909	6,213,112	5,999,211	213,901
Bank service charge	15,425	39,105	14,045	25,060
Other services and charges	9,103	739,255	-	739,255
Total expenditures	<u>9,824,065</u>	<u>13,021,241</u>	<u>12,043,024</u>	<u>978,217</u>
Deficiency of revenues over (under) expenditures	<u>(3,449,207)</u>	<u>(6,640,476)</u>	<u>(1,594,411)</u>	<u>(5,046,065)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>6,036,404</u>	<u>6,170,101</u>	<u>2,812,869</u>	<u>(3,357,232)</u>
Total other financing sources (uses)	<u>6,036,404</u>	<u>6,170,101</u>	<u>2,812,869</u>	<u>(3,357,232)</u>
Net change in fund balances	2,587,197	(470,375)	1,218,458	(1,688,833)
Fund balances at beginning of year	2,826,592	2,826,592	2,826,592	-
Fund balances at end of year	<u>\$ 5,413,789</u>	<u>\$ 2,356,217</u>	<u>\$ 4,045,050</u>	<u>\$ (1,688,833)</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, 2014**

	<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	\$ 51	\$ 51	\$ 51	\$ -
Total revenues	<u>51</u>	<u>51</u>	<u>51</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Other Services and Charges	<u>36,361</u>	<u>36,311</u>	<u>-</u>	<u>36,311</u>
Total expenditures	<u>36,361</u>	<u>36,311</u>	<u>-</u>	<u>36,311</u>
Deficiency of revenues over (under) expenditures	<u>(36,310)</u>	<u>(36,260)</u>	<u>51</u>	<u>36,311</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out:				
Debt Service Fund	<u>-</u>	<u>-</u>	<u>(36,361)</u>	<u>36,361</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(36,361)</u>	<u>(36,361)</u>
Net change in fund balances	<u>(36,310)</u>	<u>(36,260)</u>	<u>(36,310)</u>	<u>(50)</u>
Fund balances at beginning of year	<u>36,310</u>	<u>36,310</u>	<u>36,310</u>	<u>-</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ (50)</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, 2014**

	<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	\$ 348,268	\$ 178,236	\$ 252	\$ (177,984)
Total revenues	<u>348,268</u>	<u>178,236</u>	<u>252</u>	<u>(177,984)</u>
<b>EXPENDITURES</b>				
Other services and charges	<u>348,268</u>	<u>178,236</u>	-	<u>178,236</u>
Total expenditures	<u>348,268</u>	<u>178,236</u>	-	<u>178,236</u>
Deficiency of revenues over (under) expenditure	<u>-</u>	<u>-</u>	<u>252</u>	<u>252</u>
Net change in fund balances	-	-	252	252
Fund balances at beginning of year	<u>178,236</u>	<u>178,236</u>	<u>178,236</u>	<u>-</u>
Fund balances at end of year	<u>\$ 178,236</u>	<u>\$ 178,236</u>	<u>\$ 178,488</u>	<u>\$ 252</u>

City of Jackson  
**2003 GO Public Improvement Bond Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2014**

	<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	\$16,169,770	\$ 9,003,307	\$ 2,349,053	\$ (6,654,254)
Interest	8,663	8,663	2,847	(5,816)
Total revenues	<u>16,178,433</u>	<u>9,011,970</u>	<u>2,351,900</u>	<u>(6,660,070)</u>
<b>EXPENDITURES</b>				
Current Operations				
Personnel services	17,179	-	-	-
Supplies	31,828	-	-	-
Other services and charges	19,278,663	12,203,555	4,879,831	7,323,724
Capital outlay	39,500	39,500	-	39,500
Total expenditures	<u>19,367,170</u>	<u>12,243,055</u>	<u>4,879,831</u>	<u>7,363,224</u>
Deficiency of revenues over (under) expenditures	<u>(3,188,737)</u>	<u>(3,231,085)</u>	<u>(2,527,931)</u>	<u>703,154</u>
Net change in fund balances	(3,188,737)	(3,231,085)	(2,527,931)	703,154
Fund balances at beginning of year	<u>3,231,085</u>	<u>3,231,085</u>	<u>3,231,085</u>	<u>-</u>
Fund balances at end of year	<u>\$ 42,348</u>	<u>\$ -</u>	<u>\$ 703,154</u>	<u>\$ 703,154</u>

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, 2014

	<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	\$ -	\$ -	\$ 140	\$ 140
Total revenues	-	-	140	140
<b>EXPENDITURES</b>				
Current Operations				
Other services and charges	-	316,802	-	316,802
Total expenditures	-	316,802	-	316,802
Deficiency of revenues over (under) expenditures	-	(316,802)	140	316,942
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers out			(316,801)	(316,801)
Total other financing sources and uses	-	-	(316,801)	(316,801)
Net change in fund balances	-	(316,802)	(316,661)	141
Fund balances at beginning of year		316,661	316,661	-
Fund balances at end of year	\$ -	\$ (141)	\$ -	\$ 141

**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, 2014**

	<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	\$ 200,000	\$ -	\$ -	-
Interest	-	-	2,631	2,631
Total revenues	<u>200,000</u>	<u>-</u>	<u>2,631</u>	<u>2,631</u>
<b>EXPENDITURES</b>				
Current Operations				
Supplies	18,040	15,692	-	15,692
Other services and charges	4,175,960	2,164,513	1,072,949	1,091,564
Capital outlay	246,771	246,771	48,350	198,421
Total expenditures	<u>4,440,771</u>	<u>2,426,976</u>	<u>1,121,299</u>	<u>1,305,677</u>
Deficiency of revenues over (under) expenditures	(4,240,771)	(2,426,976)	(1,118,668)	1,308,308
Net change in fund balances	(4,240,771)	(2,426,976)	(1,118,668)	1,308,308
Fund balances at beginning of year	<u>2,426,977</u>	<u>2,426,977</u>	<u>2,426,977</u>	<u>-</u>
Fund balances at end of year	<u>\$ (1,813,794)</u>	<u>\$ 1</u>	<u>\$ 1,308,309</u>	<u>\$ 1,308,308</u>

**City of Jackson**  
**2009 Tax Increment Financing Bond Capital Project Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual**  
**For the year ended September 30, 2014**

	<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>				
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES(USES)</b>				
Debt Service Fund			(123)	
Proceeds from Tax Increment Financing Bond	-	-	-	-
Total other financing sources and uses	-	-	(123)	123
Net change in fund balances	-	-	(123)	123
Fund balances at beginning of year	-	-	123	123
 Fund balances at end of year	 \$ -	 \$ -	 \$ -	 \$ -

**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, 2014**

	<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	-	-	-	-
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Service Fund			(231)	231
Total other financing sources (uses)	-	-	(231)	231
Net change in fund balances	-	-	(231)	(231)
Fund balances at beginning of year	-	-	231	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (231)</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, 2014**

	<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	-	-	-	-
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt Service Fund			(160)	
Total other financing sources (uses)	-	-	(160)	160
Net change in fund balances	-	-	(160)	(160)
Fund balances at beginning of year	-	-	160	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (160)</u>

**City of Jackson**  
**2012 GO Note Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2014**

	<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	\$ -	\$ -	\$ 2,846	\$ 2,846
Other	80,000	-	-	-
Total revenues	<u>80,000</u>	<u>-</u>	<u>2,846</u>	<u>2,846</u>
<b>EXPENDITURES</b>				
Current Operations:				
Supplies	-	50,525	50,524	1
Other Services and Charges	1,000,875	2,024,038	548,375	1,475,663
Capital Outlay	-	534	-	534
Total expenditures	<u>1,000,875</u>	<u>2,074,563</u>	<u>598,899</u>	<u>1,475,664</u>
Deficiency of revenues over (under) expenditures	<u>(920,875)</u>	<u>(2,074,563)</u>	<u>(596,053)</u>	<u>1,478,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out			(740,998)	(740,998)
Proceeds from long term debt	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(740,998)</u>	<u>(740,998)</u>
Net change in fund balances	(920,875)	(2,074,563)	(1,337,051)	737,512
Fund balances at beginning of year	<u>2,075,095</u>	<u>2,075,095</u>	<u>2,075,095</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,154,220</u>	<u>\$ 532</u>	<u>\$ 738,044</u>	<u>\$ 737,512</u>

City of Jackson  
 Capitol Street 2-Way  
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
 For the year ended September 30, 2014

	<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	\$ 23,375,840	\$ 5,348,444	\$ 1,598,133	\$ (3,750,311)
Interest	-	-	687	687
Total revenues	<u>23,375,840</u>	<u>5,348,444</u>	<u>1,598,820</u>	<u>(3,749,624)</u>
<b>EXPENDITURES</b>				
Current Operations				
Other services and charges	7,761,666	7,412,801	4,359,264	3,053,537
Total expenditures	<u>7,761,666</u>	<u>7,412,801</u>	<u>4,359,264</u>	<u>3,053,537</u>
Deficiency of revenues over (under) expenditures	<u>15,614,174</u>	<u>(2,064,357)</u>	<u>(2,760,444)</u>	<u>(696,087)</u>
<b>OTHER FINANCING SOURCES(USES)</b>				
Transfers in	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	15,614,174	(2,064,357)	(2,760,444)	(696,087)
Fund balances at beginning of year	<u>2,251,449</u>	<u>2,251,449</u>	<u>2,251,449</u>	<u>-</u>
Fund balances at end of year	<u>\$ 17,865,623</u>	<u>\$ 187,092</u>	<u>\$ (508,995)</u>	<u>\$ (696,087)</u>

**City of Jackson**  
**Thalia Mara Hall Renovation Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2014**

	<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	\$ 113	\$ 113	\$ 113	\$ -
Total revenues	<u>113</u>	<u>113</u>	<u>113</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	<u>3,845,022</u>	<u>3,845,022</u>	<u>3,845,022</u>	<u>-</u>
Total expenditures	<u>3,845,022</u>	<u>3,845,022</u>	<u>3,845,022</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>(3,844,909)</u>	<u>(3,844,909)</u>	<u>(3,844,909)</u>	<u>-</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in:				
General Fund	<u>2,887,473</u>	<u>2,887,473</u>	<u>2,887,473</u>	<u>-</u>
Total other financing sources (uses)	<u>2,887,473</u>	<u>2,887,473</u>	<u>2,887,473</u>	<u>-</u>
Net change in fund balances	(957,436)	(957,436)	(957,436)	-
Fund balances at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances at end of year	<u>\$ (957,436)</u>	<u>\$ (957,436)</u>	<u>\$ (957,436)</u>	<u>\$ -</u>

**City of Jackson**  
**Museum To Market Project Capital Project Funds**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual**  
**For the year ended September 30, 2014**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Other	\$ 1,250,000	\$ 1,250,000	\$ -	\$ (1,250,000)
Total revenues	<u>1,250,000</u>	<u>1,250,000</u>	<u>-</u>	<u>(1,250,000)</u>
<b>EXPENDITURES</b>				
Current Operations:				
Other Services and Charges	1,250,000	1,250,000	196,238	1,053,762
Total expenditures	<u>1,250,000</u>	<u>1,250,000</u>	<u>196,238</u>	<u>1,053,762</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(196,238)</u>	<u>(196,238)</u>
Net change in fund balances		-	(196,238)	(196,238)
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>\$ (196,238)</u>	<u>\$ (196,238)</u>

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## **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 the revenues over expenses are financed by the City.

**City of Jackson**  
**Combining Statement of Net Position**  
**Proprietary Funds - Nonmajor Funds**  
**As of September 30, 2014**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalent	\$ -	\$ 1,202,020	\$ 1,202,020
Intergovernmental Receivable	-	1,084,770	1,084,770
Total Current Asset	<u>-</u>	<u>2,286,790</u>	<u>2,286,790</u>
Property, Plant and Equipment, at Cost			
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	5,278	11,202,516	11,207,794
	<u>538,220</u>	<u>12,251,109</u>	<u>12,789,329</u>
Less: accumulated depreciation	<u>(240,427)</u>	<u>(7,112,289)</u>	<u>(7,352,716)</u>
	297,793	5,138,820	5,436,613
Construction in progress	13,800	6,142,652	6,156,452
Net property, plant and equipment	<u>311,593</u>	<u>11,281,472</u>	<u>11,593,065</u>
<b>Total Assets</b>	<u>\$ 311,593</u>	<u>\$ 13,568,262</u>	<u>\$ 13,879,855</u>

City of Jackson  
Combining Statement of Net Position  
Proprietary Funds - Nonmajor Funds  
As of September 30, 2014

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	\$ 10,848	\$ 248,222	\$ 259,070
Due to other funds	-	2,928,944	2,928,944
Deferred revenue	-	124,830	124,830
Contracts payable	-	372,629	372,629
Compensated absences	-	3,260	3,260
Current portion of long term debt:			
Lease Obligations	-	201,034	201,034
 Total current liabilities	 <u>10,848</u>	 <u>3,878,919</u>	 <u>3,889,767</u>
Post Employment Benefits accrual	-	59,952	59,952
Long Term Debt (less amounts classified as current liabilities):			
Compensated absences	-	7,410	7,410
Lease obligations	-	169,934	169,934
Total long-term debt	<u>-</u>	<u>177,344</u>	<u>177,344</u>
Total liabilities	<u>10,848</u>	<u>4,116,215</u>	<u>4,127,063</u>
 <b>NET POSITION</b>			
Invested in Capital Assets, net of related debt	311,593	10,910,504	11,222,097
Unrestricted	<u>(10,848)</u>	<u>(1,458,457)</u>	<u>(1,469,305)</u>
Total Net Position	<u>300,745</u>	<u>9,452,047</u>	<u>9,752,792</u>
<b>Total liabilities and net position</b>	<u>\$ 311,593</u>	<u>\$ 13,568,262</u>	<u>\$ 13,879,855</u>

**City of Jackson**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds - Nonmajor Funds**  
**For the Year Ended September 30, 2014**

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Operating Revenues:</b>			
Sales to Customers	\$ -	\$ 709,508	\$ 709,508
Other Revenue	-	480,000	480,000
	<u>-</u>	<u>1,189,508</u>	<u>1,189,508</u>
<b>Operating Expenses:</b>			
Personnel Services	-	270,821	270,821
Supplies	-	839,676	839,676
Other services and charges	109,505	6,056,974	6,166,479
Depreciation	-	810,848	810,848
Total operating expenses	<u>109,505</u>	<u>7,978,319</u>	<u>8,087,824</u>
Operating Income (loss)	<u>(109,505)</u>	<u>(6,788,811)</u>	<u>(6,898,316)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Interest revenue	<u>6</u>	<u>554</u>	<u>560</u>
Interest and service charges on long term debt and capitalized lease obligations	<u>-</u>	<u>(16,506)</u>	<u>(16,506)</u>
Total nonoperating revenues (expenses)	<u>6</u>	<u>(15,952)</u>	<u>(15,946)</u>
Loss before contributions and transfers	<u>(109,499)</u>	<u>(6,804,763)</u>	<u>(6,914,262)</u>
Capital contributions from grants	<u>-</u>	<u>2,466,618</u>	<u>2,466,618</u>
<b>Transfers In:</b>			
General Fund	-	7,511,075	7,511,075
Enterprise Funds	<u>74,400</u>	<u>-</u>	<u>74,400</u>
Total transfers in (out)	<u>74,400</u>	<u>7,511,075</u>	<u>7,585,475</u>
Change in Net Position	(35,099)	3,172,930	3,137,831
Total net position - beginning	<u>335,844</u>	<u>6,279,117</u>	<u>6,614,961</u>
<b>Total net position - ending</b>	<u>\$ 300,745</u>	<u>\$ 9,452,047</u>	<u>\$ 9,752,792</u>

City of Jackson  
Combining Statement of Cash Flows  
Proprietary Funds - Nonmajor Funds  
For the Year Ended September 30, 2014

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
<b>Cash Flows from Operating Activities</b>			
Receipts from customers and users	\$ -	\$ 709,508	\$ 709,508
Receipts from other revenue	-	2,315,418	2,315,418
Payments to suppliers	(127,823)	(7,565,075)	(7,692,898)
Payments to employees	-	(258,611)	(258,611)
Net cash used for Operating activities	<u>(127,823)</u>	<u>(4,798,760)</u>	<u>(4,926,583)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfers In	<u>74,400</u>	<u>7,511,075</u>	<u>7,585,475</u>
Net cash provided by noncapital and related financing activities	<u>74,400</u>	<u>7,511,075</u>	<u>7,585,475</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	-	(3,741,890)	(3,741,890)
Principal paid on capital debt	-	(219,587)	(219,587)
Interest paid on capital debt	-	(15,990)	(15,990)
Proceeds from capital contributions	-	2,466,618	2,466,618
Net cash provided by capital and related financing activities	<u>-</u>	<u>(1,510,849)</u>	<u>(1,510,849)</u>
<b>Cash Flow Provided by Investing Activities:</b>			
Interest on investments	<u>6</u>	<u>554</u>	<u>560</u>
Net cash provided by investing activities	<u>6</u>	<u>554</u>	<u>560</u>
Net increase (decrease) in cash and cash equivalents	(53,417)	1,202,020	1,148,603
Cash and cash equivalents at beginning of year	<u>53,417</u>	<u>-</u>	<u>53,417</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 1,202,020</u>	<u>\$ 1,202,020</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</b>			
Operating loss	<u>\$ (109,505)</u>	<u>\$ (6,788,811)</u>	<u>\$ (6,898,316)</u>
Depreciation expense	13,149	810,848	823,997
(Increase) decrease in other receivable	-	1,710,588	1,710,588
(Increase) decrease in deferred revenue	-	124,830	124,830
Increase (decrease) in due to other funds	-	(1,138,519)	(1,138,519)
Increase (decrease) in accounts payable	(31,467)	470,094	438,627
Increase (decrease) in compensated absences	-	1,664	1,664
Increase (decrease) in other liabilities	-	10,546	10,546
Total adjustments	<u>(18,318)</u>	<u>1,990,051</u>	<u>1,971,733</u>
Net cash provided by operating activities	<u>\$ (127,823)</u>	<u>\$ (4,798,760)</u>	<u>\$ (4,926,583)</u>
<b>Noncash Investing, Capital, and Financing Activities:</b>			
Borrowing under capital lease	\$ -	\$ -	

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## **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, 1% Infrastructure, and Jackson Convention & Visitors Bureau.

**CITY OF JACKSON  
ALL TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN POSITION AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<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	\$ 467,311	\$ 9,210	\$ -	\$ 476,521
Investment at fair value:				
Certificate of deposit	-	-	32,598	32,598
<b>Total assets</b>	<u>\$ 467,311</u>	<u>\$ 9,210</u>	<u>\$ 32,598</u>	<u>\$ 509,119</u>
<b>Liabilities and Net Position</b>				
<b>Liabilities:</b>				
Payables to others	<u>2,034</u>	<u>-</u>	<u>-</u>	<u>2,034</u>
<b>Total liabilities</b>	<u>2,034</u>	<u>-</u>	<u>-</u>	<u>2,034</u>
<b>Net Position:</b>				
Held in trust	<u>465,277</u>	<u>9,210</u>	<u>32,598</u>	<u>507,085</u>
<b>Total net assets</b>	<u>465,277</u>	<u>9,210</u>	<u>32,598</u>	<u>507,085</u>
<b>Total liabilities and net position</b>	<u>\$ 467,311</u>	<u>\$ 9,210</u>	<u>\$ 32,598</u>	<u>\$ 509,119</u>

**CITY OF JACKSON  
ALL TRUST FUNDS  
COMBINING STATEMENT OF CHANGES IN NET POSITION  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Unemployment Compensation Revolving Fund	Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Additions:				
Interest	\$ 643	\$ 55	\$ 328	\$ 1,026
Other additions	<u>211,774</u>	<u>-</u>	<u>-</u>	<u>211,774</u>
 Total additions	 <u>212,417</u>	 <u>55</u>	 <u>328</u>	 <u>212,800</u>
Deductions:				
General government Trust funds	<u>179,356</u>	<u>-</u>	<u>-</u>	<u>179,356</u>
Total deductions	<u>179,356</u>	<u>-</u>	<u>-</u>	<u>179,356</u>
Change in Net Position	33,061	55	328	33,444
Net position at beginning of year	<u>432,216</u>	<u>9,155</u>	<u>32,270</u>	<u>473,641</u>
Net position at end of year	<u>\$ 465,277</u>	<u>\$ 9,210</u>	<u>\$ 32,598</u>	<u>\$ 507,085</u>

**CITY OF JACKSON  
ALL AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<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, 2013	\$ 12,242	\$ 12,242	\$ 12,242	\$ 12,242
Additions	4,414,600	4,414,600	4,414,600	4,414,600
Deductions	<u>4,414,575</u>	<u>4,414,575</u>	<u>4,414,575</u>	<u>4,414,575</u>
Balance at September 30, 2014	<u>\$ 12,267</u>	<u>\$ 12,267</u>	<u>\$ 12,267</u>	<u>\$ 12,267</u>
<b>Jackson Convention &amp; Visitors Bureau</b>				
Balance at October 1, 2013	\$ -	\$ -	\$ -	\$ -
Additions	3,369,103	3,369,103	3,369,103	3,369,103
Deductions	<u>3,369,103</u>	<u>3,369,103</u>	<u>3,369,103</u>	<u>3,369,103</u>
Balance at September 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Jackson/Hinds Library System</b>				
Balance at October 1, 2013	\$ -	\$ -	\$ -	\$ -
Additions	1,631,828	1,631,828	1,631,828	1,631,828
Deductions	<u>1,631,828</u>	<u>1,631,828</u>	<u>1,631,828</u>	<u>1,631,828</u>
Balance at September 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Jackson Municipal Separate School District</b>				
Balance at October 1, 2013	\$ -	\$ -	\$ -	\$ -
Additions	10,389,679	10,389,679	10,389,679	10,389,679
Deductions	<u>10,389,679</u>	<u>10,389,679</u>	<u>10,389,679</u>	<u>10,389,679</u>
Balance at September 30, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>1% Infrastructure Tax</b>				
Balance at October 1, 2013	\$ -	\$ -	\$ -	\$ -
Additions	5,645,715	5,645,715	5,645,715	5,645,715
Deductions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at September 30, 2014	<u>\$ 5,645,715</u>	<u>\$ 5,645,715</u>	<u>\$ 5,645,715</u>	<u>\$ 5,645,715</u>
<b>Total - All Agency Funds:</b>				
Balance at October 1, 2013	\$ 12,242	\$ 12,242	\$ 12,242	\$ 12,242
Additions	25,450,925	25,450,925	25,450,925	25,450,925
Deductions	<u>19,805,185</u>	<u>19,805,185</u>	<u>19,805,185</u>	<u>19,805,185</u>
Balance at September 30, 2014	<u>\$ 5,657,982</u>	<u>\$ 5,657,982</u>	<u>\$ 5,657,982</u>	<u>\$ 5,657,982</u>

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE (1)**  
**SEPTEMBER 30, 2013 AND 2014**

	2014	2013
<b>Governmental funds capital assets:</b>		
Land	\$ 13,930,521	\$ 14,443,131
Buildings	81,480,260	81,480,260
Automotive and equipment:	72,402,475	75,312,543
Infrastructure	265,816,305	219,955,869
Construction in progress	117,678,217	98,565,717
Total governmental funds capital assets	\$ 551,307,778	\$ 489,757,520

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

Assets prior to 1985 not segregated		
by sources	\$ 14,002,713	\$ 14,002,713
General Fund revenues	77,221,554	81,347,095
Special Revenue Fund revenues	95,487,155	95,226,355
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	317,614,688	252,669,962
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	39,921,197	39,465,922
State grants	110,159	95,161
County grants	430,949	430,949
Total governmental funds capital assets	\$ 551,307,778	\$ 489,757,520

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

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (1)**  
**SEPTEMBER 30, 2014**

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Automotive and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Assets prior to 1985 not segregated by function and activity	\$ 10,957,843	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 14,002,712
General Government:						
Planning	(111,491)	43,001	39,349	363,011	3,348,277	3,682,147
Code Services	-	-	-	670,093	-	670,093
Telecommunication	-	4,554,834	37,152	(209,653)	-	4,382,333
Data Processing / Information System	-	42,257	-	5,799,653	-	5,841,910
Vehicle Pool Fund	-	-	-	1,539,283	-	1,539,283
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	272,762	-	2,705,392
Personnel	-	-	-	225,894	-	225,894
Municipal Court Services	-	-	-	1,466,044	712,767	2,178,811
Vehicle Maintenance	-	5,816	-	720,841	1,789	728,446
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	<u>(11,491)</u>	<u>6,945,300</u>	<u>209,739</u>	<u>11,176,992</u>	<u>4,062,833</u>	<u>22,383,373</u>
Urban Development and Housing:						
Neighborhood Enhancement Task	-	-	-	11,125	-	11,125
Redevelopment Projects	87,578	-	-	69,874	-	157,452
Post Office Project	500	-	-	-	-	500
Union Station	-	15,044,796	243,000	-	-	15,287,796
Total urban development and housing	<u>88,078</u>	<u>15,044,796</u>	<u>243,000</u>	<u>80,999</u>	<u>-</u>	<u>15,456,873</u>
Health and Welfare:						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	498,346	-	749,690
Day Care Services	-	281,849	16,109	256,428	-	554,386
Senior Centers/Community Centers	-	1,271,615	-	19,813	-	1,291,428
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	15,645	1,876	18,684	-	36,205
Total health and welfare	<u>46,245</u>	<u>1,820,453</u>	<u>17,985</u>	<u>808,100</u>	<u>-</u>	<u>2,692,783</u>

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

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)**  
**SEPTEMBER 30, 2014**

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Automotive and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
<b>Public Safety:</b>						
Fire Department	\$ 75,000	\$ 5,300,973	\$ 3,580,587	\$ 15,660,360	\$ 677,910	\$ 25,294,830
Police Department	123,992	6,037,047	856,190	26,765,639	12,249,406	46,032,274
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>	<u>198,992</u>	<u>14,428,748</u>	<u>8,939,283</u>	<u>42,877,821</u>	<u>12,927,316</u>	<u>79,372,160</u>
<b>Public Works:</b>						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	45,832,227	5,233,868	19,112,500	71,784,734
Traffic Engineering	-	17,215	638,701	2,392,214	1,506,018	4,554,148
Traffic Signals	-	-	2,355,398	425,624	8,881,133	11,662,155
Care and Maintenance of Public Buildings	-	7,817,689	433,294	95,950	10,201,865	18,548,798
Custodial Services	-	-	-	61,510	-	61,510
Public Works Deputy Dir/Adm	-	-	-	41,124	3,128	44,252
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	128,148,222	(119,546)	46,328,235	174,711,189
Storm Drainage	-	-	70,154,513	484,049	6,752,068	77,390,630
Bridges	-	-	23,032	-	2,847,769	2,870,801
Soil Conservation	-	120,000	112,159	-	-	232,159
<b>Total public works</b>	<u>939,551</u>	<u>8,984,200</u>	<u>247,697,546</u>	<u>8,759,472</u>	<u>95,632,716</u>	<u>362,013,485</u>
<b>Culture and Recreation:</b>						
Planetarium	-	827,314	34,963	911,482	-	1,773,759
Jackson Zoological Park	-	3,000,000	-	465,122	172,281	3,637,403
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks and Recreation	225,820	16,678,250	7,947,871	3,064,779	(142,510)	27,774,210
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	57,595	155,007	1,637,150
City Auditorium and Art Center	-	3,849,374	511,131	64,922	2,433,073	6,858,500
<b>Total culture and recreation</b>	<u>225,820</u>	<u>31,310,439</u>	<u>8,708,752</u>	<u>4,731,199</u>	<u>5,055,352</u>	<u>50,031,562</u>

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)**  
**SEPTEMBER 30, 2014**

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Automotive and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Miscellaneous:						
City Council/Mayor	\$ -	\$ 402,665	\$ -	\$ 427,895	\$ -	\$ 830,560
City Clerk	-	-	-	192,219	-	192,219
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	246,356	-	263,643
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total miscellaneous	1,485,483	2,946,324	-	923,024	-	5,354,831
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental funds capital asset	\$ <u>13,930,521</u>	\$ <u>81,480,260</u>	\$ <u>265,816,305</u>	\$ <u>72,402,475</u>	\$ <u>117,678,217</u>	\$ <u>551,307,778</u>

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY(1)**  
**- FOR THE YEAR ENDED SEPTEMBER 30, 2014 -**

	Governmental Funds Capital Assets October 1, 2013	Additions	Deductions	Governmental Funds Capital Assets September 30, 2014
<b>General Government:</b>				
Planning	\$ 2,825,606	\$ 1,567,915	\$ 2,104,593	\$ 2,288,928
Code Services	573,064	-	12,848	560,216
Information Systems	1,723,915	161,034	57,338	1,827,611
Transportation	10,192,613	-	-	10,192,613
Data Processing	724,267	-	-	724,267
Vehicle Pool	932,552	36,479	-	969,031
Telecommunications	10,391,010	64,661	434,348	10,021,323
Office Services	1,669	-	-	1,669
Purchasing	50,839	-	-	50,839
Finance and Management	7,692,575	-	-	7,692,575
Personnel	136,244	-	-	136,244
Municipal Court Services	1,947,895	-	14,065	1,933,830
Vehicle Maintenance	1,628,972	-	-	1,628,972
Total general government	<u>38,821,221</u>	<u>1,830,089</u>	<u>2,623,192</u>	<u>38,028,118</u>
<b>Urban Development and Housing:</b>				
Redevelopment Projects	272,751	-	-	272,751
Union Station	13,448,496	-	-	13,448,496
Total urban development and housing	<u>13,721,247</u>	<u>-</u>	<u>-</u>	<u>13,721,247</u>
<b>Health and Welfare:</b>				
Senior Services	810,241	42,974	-	853,215
Day Care Services	1,208,980	-	-	1,208,980
Senior Centers/Community Centers	616,255	-	-	616,255
Human and Cultural Services	1,372,077	-	29,987	1,342,090
Total health and welfare	<u>4,007,553</u>	<u>42,974</u>	<u>29,987</u>	<u>4,020,540</u>

(Continued)

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

**CITY OF JACKSON**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY (CONTINUED)**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Governmental Funds Capital Assets October 1, 2013	Additions	Deductions	Governmental Funds Capital Assets September 30, 2014
<b>Public Safety:</b>				
Fire Department	\$ 31,922,039	\$ 1,261,742	\$ 2,232,929	\$ 30,950,852
Police Department	43,423,624	1,512,516	1,693,709	43,242,431
Small Animal Control	1,714,102	-	-	1,714,102
Juvenile Justice	11,693,078	-	-	11,693,078
Communication Center	4,120,964	-	-	4,120,964
Public Safety Garage	230,776	-	-	230,776
	<u>93,104,583</u>	<u>2,774,258</u>	<u>3,926,638</u>	<u>91,952,203</u>
<b>Total public safety</b>				
<b>Public Works:</b>				
Cemeteries	356,014	-	-	356,014
Engineering	5,213,708	109,496,153	13,903,131	100,806,730
Traffic Engineering	14,781,301	437,027	4,614,010	10,604,318
Public Works Administration	14,408	-	-	14,408
Care and Maintenance of Public Buildings	21,354,812	4,179,840	362,761	25,171,891
Custodial Services	121,499	-	59,734	61,765
Pest Control	10,452	-	-	10,452
Central Sup[ply	709,337	-	-	709,337
Streets	171,670,380	8,647,495	41,338,354	138,979,521
Storm Drainage	64,250,552	6,691,411	6,354,096	64,587,867
Soil Conservation	482,909	-	-	482,909
	<u>278,965,372</u>	<u>129,451,926</u>	<u>66,632,086</u>	<u>341,785,212</u>
<b>Total public works</b>				
<b>Culture and Recreation:</b>				
Planetarium	4,776,962	416,000	-	5,192,962
Jackson Zoological Park	3,687,674	-	-	3,687,674
Municipal Art Building	75,838	-	-	75,838
Parks and Recreation	18,452,645	896,768	706,880	18,642,533
Library	10,611,997	-	-	10,611,997
Smith Robertson Cultural Center	2,867,818	-	-	2,867,818
City Auditorium and Art Center	14,040,784	-	-	14,040,784
	<u>54,513,718</u>	<u>1,312,768</u>	<u>706,880</u>	<u>55,119,606</u>
<b>Total culture and recreation</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, 2014**

	Governmental Funds Capital Assets October 1, 2013	Additions	Deductions	Governmental Funds Capital Assets September 30, 2014
Miscellaneous:				
City Council/Mayor	\$ 6,383,538	\$ 30,647	\$ -	\$ 6,414,185
City Clerk	45,060	26,380	-	71,440
Legal	163,536	-	-	163,536
Mayor's Action Line	7,674	-	-	7,674
Internal Audit	24,018	-	-	24,018
Total miscellaneous	<u>6,623,826</u>	<u>57,027</u>	<u>-</u>	<u>6,680,853</u>
Total governmental funds capital assets	<u>\$ 489,757,520</u>	<u>\$ 135,469,041</u>	<u>\$ 73,918,783</u>	<u>\$ 551,307,778</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.

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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	123
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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	127
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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	134
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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	136
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These schedules contain service and infrastructure data to help the reader understand how the information in the City of Jackson's financial report relates to the services the city provides and the activities it performs.

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

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

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 197,641	\$ 179,234	\$ 187,511	\$ 180,357	\$ 188,172	\$ 180,607	\$ 197,359	\$ 207,047	\$ 168,144	\$ 131,159
Restricted	5,726	13,446	15,040	17,469	23,585	32,587	28,617	64,061	4,169	4,296
Unrestricted	(8,168)	(45,855)	(41,290)	(36,100)	(38,882)	(32,604)	(37,367)	(44,725)	33,779	40,415
<b>Total governmental activities net position</b>	<b>\$ 195,199</b>	<b>\$ 146,825</b>	<b>\$ 161,261</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>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 192,012	\$ 101,011	\$ 184,185	\$ 183,735	\$ 176,170	\$ 163,408	\$ 156,309	\$ 147,013	\$ 135,512	\$ 80,995
Restricted	-	-	-	-	-	3,861	3,820	3,765	3,661	3,643
Unrestricted	84,672	159,496	73,303	78,501	77,521	82,482	91,591	94,972	94,115	136,958
<b>Total business-type activities net position</b>	<b>\$ 276,684</b>	<b>\$ 260,507</b>	<b>\$ 257,488</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>Primary government</b>										
Invested in capital assets, net of related debt	\$ 389,653	\$ 280,245	\$ 371,696	\$ 364,092	\$ 364,342	\$ 344,015	\$ 353,668	\$ 354,060	\$ 303,656	\$ 212,154
Restricted	5,726	13,446	15,041	17,469	23,585	36,448	32,437	67,826	7,830	7,939
Unrestricted	76,504	113,641	32,013	42,401	38,639	49,878	54,224	50,247	127,894	177,373
<b>Total primary government net position</b>	<b>\$ 471,883</b>	<b>\$ 407,332</b>	<b>\$ 418,749</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>

Source: Statement of Net Position.

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

Expenses	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Governmental activities:</b>										
General government	\$ 15,780	\$ 40,602	\$ 29,456	\$ 29,312	\$ 32,358	\$ 44,790	\$ 69,721	\$ 49,147	\$ 29,179	\$ 33,311
Public safety	27,031	64,780	57,055	59,166	56,922	55,996	53,664	62,576	29,109	53,193
Public works	14,505	24,661	24,721	21,774	27,451	31,518	25,301	15,993	35,819	23,972
Human and cultural services	7,831	14,311	13,756	16,011	9,645	14,170	14,890	13,067	17,004	14,069
Employee benefits	8,232	7,860	8,685	8,625	8,764	2,149	1,765	2,180	1,836	3,257
Interest on long-term debt	844	8,230	7,448	5,864	8,830	5,389	5,917	5,647	4,731	9,307
<b>Total governmental activities expenses</b>	<b>74,223</b>	<b>160,444</b>	<b>141,121</b>	<b>140,752</b>	<b>143,970</b>	<b>154,012</b>	<b>171,258</b>	<b>148,610</b>	<b>117,678</b>	<b>137,109</b>
<b>Business-type activities:</b>										
Water/Sewer	55,553	48,891	55,347	41,795	41,064	42,275	45,279	39,904	41,184	39,663
Transportation	7,995	7,554	6,970	8,713	7,956	7,990	7,685	6,852	6,589	6,167
Madison Sewage	109	82	74	51	-	-	-	-	-	-
Sanitation	10,766	11,699	11,894	11,156	10,244	10,296	10,299	10,931	9,893	8,979
<b>Total business-type activities expenses</b>	<b>74,423</b>	<b>68,226</b>	<b>74,285</b>	<b>61,715</b>	<b>59,264</b>	<b>60,561</b>	<b>63,263</b>	<b>57,687</b>	<b>57,666</b>	<b>54,809</b>
<b>Total primary government expenses</b>	<b>\$ 148,646</b>	<b>\$ 228,670</b>	<b>\$ 215,406</b>	<b>\$ 202,467</b>	<b>\$ 203,234</b>	<b>\$ 214,573</b>	<b>\$ 234,521</b>	<b>\$ 206,297</b>	<b>\$ 175,344</b>	<b>\$ 191,918</b>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services										
General government	\$ 10,875	\$ 14,204	\$ 15,019	\$ 13,075	\$ 4,951	\$ 6,334	\$ 4,525	\$ 7,422	\$ 3,139	\$ 5,562
Public Safety	1,348	823	798	367	3,241	2,824	3,135	2,806	3,003	7,993
Public Works	162	200	253	15	1,206	1,469	1,393	1,147	1,698	7,038
Human and cultural services	464	595	885	619	2,025	1,575	2,813	1,667	1,481	2,524
Employee benefits	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	8,251	12,261	10,114	11,570	17,441	16,681	18,436	12,968	22,969	12,720
Capital grants and contributions	7,016	11,291	1,970	5,025	2,226	6,188	7,912	1,771	5,955	2,034
<b>Total governmental activities program revenues</b>	<b>28,116</b>	<b>39,374</b>	<b>29,039</b>	<b>30,671</b>	<b>31,090</b>	<b>35,071</b>	<b>38,214</b>	<b>27,781</b>	<b>38,245</b>	<b>37,871</b>
<b>Business-type activities:</b>										
Charges for services:										
Water/Sewer	69,423	44,052	47,966	47,578	41,974	41,440	47,468	43,847	42,262	39,023
Transportation	710	677	589	529	431	360	397	426	448	423
Sanitation	11,024	11,311	12,007	11,473	11,258	10,850	11,981	10,476	9,113	8,016
Operating grants and contributions	506	582	631	706	664	694	832	1,378	4,391	4,137
Capital grants and contributions	2,516	4,675	2,844	2,568	4,584	1,741	1,534	5,133	-	-
<b>Total business-type activities program revenue</b>	<b>84,179</b>	<b>61,297</b>	<b>64,037</b>	<b>62,854</b>	<b>58,911</b>	<b>55,085</b>	<b>62,212</b>	<b>61,260</b>	<b>56,214</b>	<b>51,599</b>
<b>Total primary government program revenues</b>	<b>\$ 112,295</b>	<b>\$ 100,671</b>	<b>\$ 93,076</b>	<b>\$ 93,525</b>	<b>\$ 90,001</b>	<b>\$ 90,156</b>	<b>\$ 100,426</b>	<b>\$ 89,041</b>	<b>\$ 94,459</b>	<b>\$ 89,470</b>

	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Net (expense)/revenue										
Governmental activities	(46,107)	(121,071)	(112,083)	(110,081)	(112,880)	(118,941)	(133,044)	(120,829)	(79,433)	(99,238)
Business-type activities	9,755	(6,929)	(10,248)	1,139	(353)	(5,476)	(1,051)	3,573	(1,452)	(3,210)
Total primary government net expenses	<u>\$ (36,352)</u>	<u>\$ (128,000)</u>	<u>\$ (122,332)</u>	<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>
<b>General Revenues and Other Charges in Net Assets</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 77,634	\$ 72,437	\$ 74,856	\$ 68,108	\$ 68,523	\$ 71,298	\$ 65,845	\$ 65,037	\$ 61,945	\$ 59,529
Sales taxes	32,740	32,718	32,701	31,656	31,268	33,598	37,298	40,453	40,849	36,197
Franchise taxes	9,667	8,245	8,218	7,878	8,552	9,234	9,062	8,936	10,144	8,818
Investment earnings	74	145	395	341	187	616	3,021	5,251	1,864	1,042
Gain on sale of capital assets	561	108	166	172	40	-	478	198	301	3,189
Miscellaneous	1,714	577	282	317	204	203	106	20	25	494
Transfers	(6,106)	(9,585)	(5,000)	(10,232)	(4,027)	(4,027)	(4,613)	(4,369)	(5,473)	(4,288)
Total governmental activities	<u>116,284</u>	<u>104,644</u>	<u>111,617</u>	<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>
Business-type activities:										
Investment earnings	256	249	472	490	244	812	2,352	4,470	4,615	2,823
Gain on sale of capital assets	59	15	30	76	21	(1,332)	56	50	55	77
Transfers	6,106	9,585	5,000	5,565	4,027	4,027	4,613	4,369	5,473	4,288
Total business-type activities	<u>6,421</u>	<u>9,849</u>	<u>5,502</u>	<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>
Total primary government	<u>\$ 122,705</u>	<u>\$ 114,493</u>	<u>\$ 117,119</u>	<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>
<b>Changes in Net Position</b>										
Governmental activities	\$ 70,178	\$ (16,426)	\$ (465)	\$ (11,841)	\$ (8,133)	\$ (8,019)	\$ (21,847)	\$ (5,303)	\$ 30,222	\$ 5,743
Business-type activities	16,174	2,918	(4,748)	8,545	3,939	(1,969)	5,970	12,462	8,691	3,978
Total primary government	<u>\$ 86,352</u>	<u>\$ (13,508)</u>	<u>\$ (5,213)</u>	<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>

Source: Statement of Activities

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2014	61,797	29,440	1,552	30	270	93,089
2013	56,970	29,902	1,590	26	270	88,758
2012	55,855	29,155	1,652	30	268	86,960
2011	54,594	30,798	1,823	28	268	87,511
2010	50,483	29,995	1,890	31	262	82,661
2009	53,256	32,301	1,572	31	274	87,434
2008	48,769	35,428	1,477	31	282	85,987
2007	44,240	35,838	1,442	31	304	81,855
2006	41,324	37,993	1,398	31	302	81,048
2005	40,509	35,673	1,406	31	267	77,886

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General fund										
Nonspendable	\$ 997	\$ 2,283	\$ 2,160	\$ 1,814	\$ 1,470	\$ 1,327	\$ 1,301	\$ 1,138	\$ 981	\$ 924
Restricted	517	492	658	437	-	-	-	-	-	-
Committed	3,833	3,585	4,789	6,086	2,659	2,807	2,747	2,731	2,641	2,511
Assigned	2,518	49	49	33	-	-	-	-	-	-
Unassigned	16,579	26,517	26,310	24,757	26,695	24,897	20,760	11,835	12,041	9,535
<b>Total general fund</b>	<b>\$ 24,444</b>	<b>\$ 32,926</b>	<b>\$ 33,966</b>	<b>\$ 33,127</b>	<b>\$ 30,824</b>	<b>\$ 29,031</b>	<b>\$ 24,808</b>	<b>\$ 15,704</b>	<b>\$ 15,663</b>	<b>\$ 12,970</b>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	8,362	7,210	4,045	3,600	4,876	7,205	4,215	3,855	2,270	6,266
Committed	10,699	13,943	11,692	19,780	21,075	27,311	27,271	63,120	16,116	22,926
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(1,663)	-	-	-	-	-	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 17,398</b>	<b>\$ 21,153</b>	<b>\$ 15,737</b>	<b>\$ 23,380</b>	<b>\$ 25,951</b>	<b>\$ 34,516</b>	<b>\$ 31,486</b>	<b>\$ 66,975</b>	<b>\$ 18,386</b>	<b>\$ 29,192</b>

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Revenues</b>										
Taxes	\$ 77,435	\$ 70,026	\$ 69,887	\$ 68,253	\$ 67,772	\$ 69,315	\$ 62,702	\$ 63,606	\$ 60,221	\$ 59,078
Licenses and permits	2,006	2,291	2,676	2,873	2,541	3,453	4,198	3,167	2,968	2,199
Intergovernmental	50,291	55,535	49,721	46,069	48,425	55,498	62,448	56,783	63,338	59,769
Charges for services	4,092	4,152	3,693	3,499	3,314	3,324	3,456	3,032	3,150	3,446
Fines	3,109	3,923	4,166	4,537	4,092	4,245	3,602	3,106	3,202	3,123
Investment earnings	74	145	395	342	186	616	3,020	5,252	1,865	1,042
Special assessments	34	2	6	8	1	19	-	14	14	17
Miscellaneous	18,626	18,423	16,560	15,923	14,707	13,526	13,331	13,374	15,950	17,307
Total revenues	<u>155,667</u>	<u>154,497</u>	<u>147,104</u>	<u>141,504</u>	<u>141,038</u>	<u>149,996</u>	<u>152,757</u>	<u>148,334</u>	<u>150,708</u>	<u>145,981</u>
<b>Expenditures</b>										
General government	28,119	30,718	29,269	30,977	30,506	38,847	63,330	45,471	28,359	30,352
Public safety	54,738	52,586	57,035	52,606	51,571	53,215	53,572	58,926	58,984	56,471
Culture and recreation	14,242	13,753	8,349	13,370	8,078	12,299	12,835	13,177	16,550	13,686
Public Works	30,334	23,232	24,698	19,126	24,430	36,742	26,302	17,243	30,012	20,855
Employee Benefits	8,070	7,780	8,685	8,625	8,071	2,149	1,765	2,180	1,836	3,327
Capital Outlay	10,463	21,090	10,539	5,749	9,982	15,311	1,379	9,040	2,049	15,617
Principal	6,030	2,780	873	624	3,806	10,731	14,330	13,830	13,190	12,912
Interest	6,013	5,061	6,575	6,424	7,128	5,789	6,419	6,314	4,584	4,150
Other charges	-	-	-	-	-	-	-	-	-	334
Miscellaneous	2,396	-	-	-	-	504	556	705	760	504
Total expenditures	<u>160,405</u>	<u>157,000</u>	<u>146,023</u>	<u>137,501</u>	<u>143,572</u>	<u>175,587</u>	<u>180,488</u>	<u>166,886</u>	<u>156,324</u>	<u>158,208</u>
Excess of revenues over (under) expenditures	(4,738)	(2,503)	1,081	4,003	(2,534)	(25,591)	(27,731)	(18,552)	(5,616)	(12,227)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Other financing sources (uses)</b>										
Transfer in	15,582	10,400	4,813	7,927	7,201	7,581	6,584	6,565	4,116	4,296
Transfer out	(28,448)	(26,745)	(16,442)	(18,159)	(15,006)	(15,474)	(15,012)	(14,354)	(13,443)	(12,212)
Proceeds from capital leases	4,808	12,144	3,098	172	-	-	-	1,119	47	1,846
Issuance of debt	-	11,098	402	9,041	3,488	12,070	2,208	186	6,783	750
Proceeds from refunding bonds	-	64,940	-	-	-	-	-	-	-	22,248
Proceeds from GO Bonds	-	-	-	-	-	-	5,155	66,117	-	-
Sale of capital assets	-	108	166	-	40	-	-	-	-	-
Issuance of refunding Bonds	-	(913)	-	-	23,665	26,210	267	-	-	(21,914)
Payments to refunded bond escrow agent	-	(69,891)	-	(33)	-	(359)	(124)	-	-	-
Payments to escrow agent	-	-	-	-	(25,089)	-	-	-	-	-
Premium on GO bond issue	-	5,738	-	-	1,463	430	-	-	-	-
Proceeds from Tax Increment Bonds	-	-	-	-	-	2,382	2,270	-	-	-
<b>Total other financing sources (uses)</b>	<b>(8,058)</b>	<b>6,879</b>	<b>(7,963)</b>	<b>(1,052)</b>	<b>(4,238)</b>	<b>32,840</b>	<b>1,348</b>	<b>59,633</b>	<b>(2,497)</b>	<b>(4,986)</b>
<b>Net change in fund balances</b>	<b>\$ (12,796)</b>	<b>\$ 4,376</b>	<b>\$ (6,882)</b>	<b>\$ 2,951</b>	<b>\$ (6,772)</b>	<b>\$ 7,249</b>	<b>\$ (26,383)</b>	<b>\$ 41,081</b>	<b>\$ (8,113)</b>	<b>\$ (17,213)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>8.4%</b>	<b>6.1%</b>	<b>5.7%</b>	<b>5.7%</b>	<b>8.9%</b>	<b>11.5%</b>	<b>12.6%</b>	<b>14.6%</b>	<b>13.0%</b>	<b>13.9%</b>

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Motor Fuel Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2014	77,435	29,440	1,552	30	270	108,727
2013	70,026	32,034	1,590	26	270	103,946
2012	69,887	29,155	1,652	30	268	100,992
2011	68,253	30,798	1,823	28	268	101,170
2010	67,772	29,995	1,890	31	262	99,950
2009	69,315	32,301	1,572	31	274	103,493
2008	62,702	35,428	1,447	31	282	99,890
2007	63,606	35,838	1,442	31	304	101,221
2006	60,221	37,993	1,398	31	302	99,945
2005	59,079	35,673	1,406	31	267	96,456

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

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

(2) Includes automotive valuation.

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

SOURCE: Hinds, Rankin and Madison County Tax Collectors

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

Fiscal Year	City of Jackson			Overlapping Rates					Total Direct & Overlapping Rates
	Operating Millage	Debt Service Millage	Total City Millage	County	School District			Special Districts	
				Debt Service & Operating County Milage	Operating Millage	Debt Service Millage	Total School Millage		
2014	56.77	5.30	62.07	38.33	64.79	7.17	71.96	1.49	173.85
2013	53.50	3.04	56.54	38.33	62.58	14.91	77.49	1.49	173.85
2012	53.43	3.20	56.63	38.33	62.66	12.33	74.99	1.40	171.35
2011	53.56	3.07	56.63	44.13	62.58	12.41	74.99	1.40	177.15
2010	50.09	6.63	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2009	51.25	5.47	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2008	52.28	4.47	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2007	47.23	9.52	56.75	39.12	68.91	6.08	74.99	1.28	172.14
2006	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85
2005	45.23	9.52	54.75	39.12	68.91	6.79	75.70	1.28	170.85

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

City of Jackson  
Principal Property Taxpayers  
September 30, 2014  
(amounts expressed in thousands)

Taxpayer	2014			2004		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Bell South	\$ 35,075	2	3.35%	\$ 75,398	1	8.35%
Entergy	99,087	1	9.45%	46,217	2	5.12%
Atmos Energy	9,488	4	0.91%	-	-	-
Midcontinent Express Pipeline LLC	-		0.00%	-		-
AT&T	15,925	3	1.52%	11,064	4	1.22%
Trustmark National Bank	6,184	7	0.59%	5,214	8	0.58%
Parkway Properties	7,815	5	0.75%	7,778	6	0.86%
Central MS Health Systems	3,927	10	0.37%	13,701	3	1.52%
Entergy Services Inc	-		0.00%	-		-
Wal-Mart/Sam's Wholesale Club	-		0.00%	5,469	7	0.61%
Jackson Medical	7,394	6	0.71%	-		0.00%
Jackson HMA Inc. LLC	5,957	8	0.57%			
Texas Eastern Transmission C	-		0.00%			
Plaza Investments				4,281	9	0.47%
Home Depot				3,993	10	0.44%
St. Dominics Hospital	-		0.00%	-	-	-
Baptist	5,391	9	0.51%	-		-
Illinois Central Railroad	-		0.00%	-		-
Mississippi Valley Gas Company	-		-	8,596	5	0.95%
Totals	<u>\$ 196,243</u>		<u>18.72%</u>	<u>\$ 181,711</u>		<u>20.12%</u>

Source: Hinds County

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

<u>Fiscal Year Ended September 30</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2014	\$ 69,499	\$ 66,623	95.9	\$ 1458	\$ 68,081	98.0
2013	69,069	61,147	88.5	1106	62,253	90.1
2012	67,138	60,734	90.5	1533	62,267	92.7
2011	-	-	-	-	-	-
2010	61,942	59,321	95.8	972	60,293	97.3
2009	61,363	59,602	97.1	376	59,978	97.7
2008	55,175	53,501	97.0	212	53,713	97.4
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

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	Limited Obligation Bonds	State Revolving Loan MDA	Miss Development Bank Loan	Section 108 Loan	General Obligation Note	Capital Leases	Sewer Bonds	State Revolving Loan MDA	Capital Leases	State Revolving Loan (DEQ)			
2014	139,280	5,111	302	2,452	6,889	6900	17,880	233,660	3,943	4,187	22,534	443,138	7.39%	2,554
2013	135,645	5,622	342	2,747	7,000	9200	18,167	239,265	2,727	4,137	15,653	440,505	7.34%	2,539
2012	131,290	6,102	383	3,040	7,000	402	17,058	154,430	-	3,069	12,578	335,352	5.59%	1,933
2011	131,720	6,541	430	3,335	7,000	-	18,073	148,325	-	2,758	13,799	331,981	5.54%	1,913
2010	131,720	4,231	462	2,650	7,000	-	13,520	148,920	-	4,704	15,428	328,635	5.26%	1,894
2009	134,610	4,522	497	2,847	7,000	-	13,053	155,830	-	5,722	16,997	341,078	5.59%	1,851
2008	112,535	2,270	534	737	-	-	13,027	161,345	-	1,716	18,508	310,672	4.98%	1,686
2007	115,500	210	568	622	-	-	14,013	167,670	-	2,272	19,005	319,860	5.46%	1,736
2006	58,715	405	602	668	-	-	16,009	173,700	-	1,379	18,125	269,603	4.69%	1,463
2005	66,525	820	632	740	-	-	12,601	179,250	-	1,417	19,361	281,346	5.30%	1,527

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

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

<b>Fiscal Year</b>	<b>Assessed Value</b>	<b>General Obligation Note</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property (1)</b>	<b>Per Capita (2)</b>
2014	\$ 1,048,184	6,900	\$ 132,380	\$ 4,045	\$ 135,235	12.90%	\$ 734.97
2013	1,053,718	9,200	135,465	5,149	139,516	13.24%	758.24
2012	1,046,591	402	131,290	2,331	129,361	12.36%	703.05
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

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

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

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

**City of Jackson**  
**Direct and Overlapping Governmental Activities Debt**  
**As of September 30, 2014**  
**(amounts expressed in thousands)**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes:			
Hinds County	\$ 36,845	76.57%	\$ 28,212
Jackson Public Schools	145,850	100.00%	145,850
Subtotal, overlapping debt			<u>174,062</u>
 City of Jackson direct debt	 144,390	 100.00%	 <u>144,390</u>
 Total direct and overlapping debt			 <u>\$ 318,452</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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Debt limit	\$176,428	\$ 176,090	\$174,971	\$173,629	\$173,116	\$175,386	\$160,093	\$160,138	\$158,399	\$159,636
Total net debt applicable to limit	<u>100,148</u>	<u>94,548</u>	<u>73,224</u>	<u>73,261</u>	<u>70,951</u>	<u>74,132</u>	<u>43,375</u>	<u>50,710</u>	<u>59,120</u>	<u>67,345</u>
Legal debt margin	<u>\$ 76,280</u>	<u>\$ 81,542</u>	<u>\$101,747</u>	<u>\$100,368</u>	<u>\$102,165</u>	<u>\$101,254</u>	<u>\$116,718</u>	<u>\$109,428</u>	<u>\$ 99,279</u>	<u>\$ 92,291</u>
Total net debt applicable to the limit as a percentage of the debt limit										

**Legal Debt margin Calculation for Fiscal Year 2014**

Assessed value	\$ 1,237,790
Less Homestead Exemption	\$ (61,604)
Total assessed value	<u>\$ 1,176,186</u>
Debt limit (15% of total assessed value)	176,428
Debt application to limit:	
Bond indebtedness	309,940
Less: Amount set aside for repayment of revenue bond debt	<u>(233,660)</u>
Total net debt applicable to limit	<u>\$ 76,280</u>
Legal debt margin	<u>\$ 100,148</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)

**Sewer Revenue Bonds**

Fiscal Year	Water/Sewer Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2014	69,472	34,670	34,802	\$ 9,180	\$ 11,917	1.65
2013	44,186	33,337	10,849	9,380	6,680	0.68 <sup>1</sup>
2012	48,171	33,366	14,805	6,780	4,961	1.26
2011	47,578	32,755	14,823	4,870	6,876	1.26
2010	41,974	26,128	15,846	6,085	7,284	1.19
2009	41,440	27,837	13,603	6,910	7,617	0.94
2008	47,468	29,410	18,058	6,910	7,617	1.24
2007	44,180	22,830	21,350	6,325	8,212	1.47
2006	45,495	23,985	21,510	6,030	8,510	1.48
2005	41,166	22,387	18,779	6,030	8,510	1.29

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

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

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

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (amounts expressed in thousands)</u>	<u>Per Capita Personal Income (3)</u>	<u>Median Age (4)</u>	<u>Education Level in Years of Formal Schooling (2)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2014	173,514	5,675,296	32,708	31.5	12	30,000	5.9%
2013	173,514	5,801,267	33,434	31.5	12	30,000	6.7%
2012	173,514	5,997,858	34,567	31.0	12	30,000	7.3%
2011	173,514	5,995,776	34,555	32.0	12	30,600	8.4%
2010	173,514	6,247,025	36,003	31.0	12	30,600	7.8%
2009	184,256	6,104,770	33,132	31.9	12	30,600	7.9%
2008	184,256	6,238,540	33,858	31.0	12.3	31,000	6.5%
2007	184,256	5,860,815	31,808	31.9	12.3	31,000	5.0%
2006	184,256	5,744,549	31,177	31.9	12.3	32,403	4.4%
2005	184,256	5,308,231	28,809	31.0	12.3	32,000	8.3%

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>2014</b>			<b>2004</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 2014

Note: Data for 2004 is currently not available.

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

Function	<u>Full-time Equivalent Employees by Function</u>									
	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General government	278	302	290	315	307	310	325	330	377	392.5
Public safety										
Police										
Officers	412	455	499	479	465	-	500	425	468	490
Civilians	280	267	272	261	270	-	299	291	174	284
Fire										
Firefighters and officers	345	316	337	357	342	354	362	351	356	353
Civilians	23	17	11	11	10	11	11	7	8	12
Public works	425	461	484	482	449	466	606	552	625	645
Culture and Recreation	262	318	238	303	370	319	218	381	424	436.5
<b>Total</b>	<u>2025</u>	<u>2136</u>	<u>2131</u>	<u>2208</u>	<u>2213</u>	<u>1460</u>	<u>2321</u>	<u>2337</u>	<u>2432</u>	<u>2613</u>

Source: City of Jackson Information System Department.

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

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Police</b>										
Parking violations	10,098	12,281	17,190	18,101	13,777	11,076	13,223	14,832	20,490	25,994
Traffic violations	41,823	52,425	60,598	57,815	56,587	47,146	38,429	25,314	30,061	36,837
<b>Fire</b>										
Number of calls answered	14,025	11,825	9,403	-	-	11,577	7,644	7,342	12,259	12,856
Inspections (3)	4,141	4,500	4,635	3,590	3,701	4,510	3,241	4,500	4,086	4,626
<b>Highways and streets</b>										
Street resurfacing (miles)	6.1	4.2	10.6	-	-	68.3	8.3	5.6	7.1	5.9
Potholes repaired (2) (4)	29,921	37,565	29,871	38,776	51,431	3,619	4,154	3,626	4,011	5,014
<b>Sanitation</b>										
Refuse collected (tons/day)	5,361	5,301	7,904	4,523	5,718	5,058	5,848	2,398.4	1,447.8	1,420.7
Recyclables collected (tons/day)(1)	90.06	91.35	89.84	76.89	81.72	80.16	109.88	90.77	99.68	86
<b>Culture and recreation</b>										
Community center admissions (3)	64	89	118	53	68	90	34	101	95	115
<b>Water</b>										
New connections	-	-	212	-	198	670	334	530	602	399
Average daily consumption (thousands of gallons) (3)	-	-	-	-	24,024	-	21,080	21,530	20,630	21,160
<b>Wastewater</b>										
Average daily sewage treatment (thousands of gallons)	-	-	-	-	46,650	47,170	44,650	42,100	47,200	46,100

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									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
<b>Public safety</b>										
Police stations	6	6	6	6	6	6	5	5	5	5
Fire stations	21	21	21	21	21	21	21	21	21	21
<b>Highways and streets</b>										
Streets (miles)	1,201	1,201	1,204	1,300	1,447	1,431	1,428	1,428	1,428	1,428
Traffic signals intersection	358	358	358	358	334	334	333	333	332	332
<b>Culture and recreation</b>										
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
<b>Water</b>										
Water mains (miles)	-	-	-	-	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
<b>Sewer</b>										
Sanitary sewers (miles)	-	-	-	-	911	911	911	911	909	909
Storms sewers (miles)	-	-	-	-	460	460	460	460	460	460

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



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City of Jackson, Mississippi's basic financial statements and have issued our report thereon dated March 31, 2015.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in 2014-1 and 2014-2 in the accompanying schedule of findings and questioned costs to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in 2014-3 in the accompanying schedule of findings and questioned costs to be a significant deficiency.

### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City of Jackson, Mississippi in a separate letter dated March 31, 2015.

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

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

### Purpose of this Report

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

*Bar, Fry, White & Co.*  
Ridgeland, Mississippi  
March 31, 2015

City of Jackson  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2014

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<b>Direct Program:</b>			
Food and Nutrition Service (MS Department of Education - Pass Through)			
Child and Adult Care Food Program	10.558	V0000718080	\$ 280,026
SUBTOTAL CFDA NUMBER 10.558			<u>280,026</u>
<b><u>Child Nutrition Cluster:</u></b>			
Summer Food Service Program for Children (MS Department of Education - Pass Through)	10.559	V0000718080	40,655
SUBTOTAL CFDA NUMBER 10.559			<u>40,655</u>
TOTAL Child Nutrition Cluster			<u>40,655</u>
<b>(Central Mississippi Planning and Development District - Pass Through)</b>			
Commodity Supplemental Food Program	10.565	1194-25	24,563
Commodity Supplemental Food Program	10.565	1154-25	35,509
SUBTOTAL CFDA NUMBER 10.565			<u>60,072</u>
<b>(Natural Resource Conservation Service - Pass Through)</b>			
Emergency Watershed Protection Program	10.923	68-4423-12-2342	111,375
SUBTOTAL CFDA NUMBER 10.923			<u>111,375</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>492,128</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<b><u>CDBG Entitlement Grants Cluster:</u></b>			
Community Development Block Grant - Neighborhood Stabilization Program	14.218	B-08-MN-28-0001	7,358
Community Development Block Grant	14.218	B-11-MC-28-0003	1,537,955
Community Development Block Grant	14.218	B-12-MC-28-0003	1,415,491
Community Development Block Grant	14.218	B-13-MC-28-0003	232,278
SUBTOTAL CFDA NUMBER 14.218			<u>3,193,082</u>
TOTAL CDBG Entitlement Grants Cluster			<u>3,193,082</u>
Emergency Solution Grants Program	14.231	E-12-MC-28-0002	9,056
Emergency Solution Grants Program	14.231	E-13-MC-28-0002	124,858
SUBTOTAL CFDA NUMBER 14.231			<u>133,914</u>
HOME Investment Partnership Program	14.239	M-07-MC-28-0200	23,682
HOME Investment Partnership Program	14.239	M-08-MC-28-0200	172,724
HOME Investment Partnership Program	14.239	M-09-MC-28-0200	504,060
SUBTOTAL CFDA NUMBER 14.239			<u>700,466</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H11-F001	4,363
Housing Opportunities for Persons with AIDS	14.241	MS-H12-F001	121,343
SUBTOTAL CFDA NUMBER 14.241			<u>125,706</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-MS-0133	12,301
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-10-SP-MS-0109	11,906
SUBTOTAL CFDA NUMBER 14.251			<u>24,207</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>4,177,375</u>

City of Jackson  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2014

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b><u>U.S. Department of Justice</u></b>			
<b><u>JAG Program Cluster:</u></b>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009DJBX1159	71,218
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010DJBX0594	51,391
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011DJBX3320	220,538
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012DJBX1095	167,657
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013DJBX0727	205,407
SUBTOTAL CFDA NUMBER 16.738			<u>716,211</u>
TOTAL JAG Program Cluster			<u>716,211</u>
Public Safety Partnership & Community Policing Grant	16.710	2008CKWX0439	4,766
Public Safety Partnership & Community Policing Grant	16.710	2009CKWX0603	124,681
Public Safety Partnership & Community Policing Grant	16.710	2010CKWX0084	33,845
Public Safety Partnership & Community Policing Grant	16.710	2011ULWX0021	952,770
SUBTOTAL CFDA NUMBER 16.710			<u>1,116,062</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>1,832,273</u>
<b><u>U.S. Department of Labor</u></b>			
Older Americans Act			
Senior Community Service Employment Program (Title V)	17.235	AD-24194-13-55-A-24	345,517
Senior Community Service Employment Program (Title V)	17.235	AD-25533-14-55-A-24	108,230
SUBTOTAL CFDA NUMBER 17.235			<u>453,747</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>453,747</u>
<b><u>U.S. Department of Transportation</u></b>			
<b>Federal Transit Administration</b>			
<b><u>Federal Transit Cluster:</u></b>			
<b>Direct Programs:</b>			
Federal Transit Formula Grants	20.507	MS-90-0072-01	507,504
Federal Transit Formula Grants	20.507	MS-90-00-88	1,733,791
Federal Transit Formula Grants	20.507	MS-90-0081-01	537,478
SUBTOTAL CFDA NUMBER 20.507			<u>2,778,773</u>
Federal Transit Capital Investment Grants	20.500	MS-03-0014	821,452
Federal Transit Capital Investment Grants (ARRA)	20.500	MS-96-0003	432,661
SUBTOTAL CFDA NUMBER 20.500			<u>1,254,113</u>
TOTAL Federal Transit Cluster			<u>4,032,886</u>
<b><u>Highway Planning &amp; Construction Cluster:</u></b>			
<b>(Mississippi Department of Transportation-Pass Through)</b>			
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-7300-00(001) 104587/811000	<u>254,779</u>
Highway Planning and Construction (Fortification Street Improvements)	20.205	STP-7285-00(002) 105325/801000	<u>1,091,586</u>
Highway Planning and Construction (Capitol Street Improvements)	20.205	STP-xxxx-00(002) 106058/801000	<u>1,598,133</u>
Highway Planning and Construction (West County Line Road Improvements)	20.205	DHP-7305-00(005) 105014/812000	<u>82,715</u>
Highway Planning and Construction (ITS-3 Railroad Grade Crossing Project)	20.205	ITS-0250-00(020)LPA 103901/701000	<u>181,118</u>
Highway Planning and Construction (Traffic Calming Project)	20.205	TCP-0250 103924/101000	<u>19,296</u>

City of Jackson  
Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b>(Mississippi Department of Transportation-Pass Through)</b>			
Urban Youth Corps Grant	20.205	STP-9999-09(037) 106845/309000	34,803
SUBTOTAL CFDA NUMBER 20.205			<u>3,262,430</u>
<b>TOTAL Highway Planning and Construction Cluster</b>			<u>3,262,430</u>
<b>Mississippi Office of Highway Safety</b>			
Alcohol Open Container Grant	20.607	14-ST-130-1	15,135
SUBTOTAL CFDA NUMBER 20.607			<u>15,135</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>7,310,451</u>
<b><u>U.S. Department of Environmental Quality</u></b>			
<b>(Mississippi Department of Environmental Quality-Pass Through)</b>			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280886-03	40,121
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280886-02-1	1,800,878
SUBTOTAL CFDA NUMBER 66.458			<u>1,840,999</u>
<b>TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL QUALITY</b>			<u>1,840,999</u>
<b><u>U.S. Department of Health and Human Services</u></b>			
<b>Direct Programs:</b>			
Metro Medical Response System	93.000	233-01-0043	8,119
SUBTOTAL CFDA NUMBER 93.000			<u>8,119</u>
<b><u>Aging Cluster:</u></b>			
<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)</b>			
Title III-B Outreach	93.044	1034-25	10,000
SUBTOTAL CFDA NUMBER 93.044			<u>10,000</u>
<b>Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through)</b>			
Congregate Nutrition Program (Non-cash)	93.045	1194-25	90,944
SUBTOTAL CFDA NUMBER 93.045			<u>90,944</u>
<b>TOTAL Aging Cluster</b>			<u>100,944</u>
<b><u>CCDF Cluster:</u></b>			
<b>(State of MS Office of Child Nutrition - Pass Through)</b>			
Child Care Development Block Grant	93.575	625Q631A	158,234
Child Care Development Block Grant	93.575	625Q641A	659,722
SUBTOTAL CFDA NUMBER 93.575			<u>817,956</u>
<b>TOTAL CCDF Cluster</b>			<u>817,956</u>

City of Jackson  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended September 30, 2014

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<b>Title XX-Social Services Block Grant</b>			
<b>(Central MS Planning and Development District - Pass Through)</b>			
Transportation	93.667	1534-25	125,115
Home Delivered Meals (Non-cash)	93.667	1514-25	148,335
SUBTOTAL CFDA NUMBER 93.667			273,450
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			1,200,469
<b><u>Corporation for National and Community Service</u></b>			
<b>Mississippi Commission for Volunteer Service - Pass Through</b>			
AMERICORPS	94.006	13AC152478	217,797
AMERICORPS	94.006	14AC161949	10,012
SUBTOTAL CFDA NUMBER 94.006			227,809
<b>TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE</b>			227,809
<b><u>U.S. Department of Homeland Security</u></b>			
<b>Mississippi Emergency Management Agency (Pass-Through)</b>			
Homeland Security Grant Program	97.067	11MM221	4,629
Homeland Security Grant Program	97.067	A11HS221T	14,998
Homeland Security Grant Program	97.067	12LE221	9,181
SUBTOTAL CFDA NUMBER 97.067			28,808
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>			28,808
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			\$ 17,564,059

CITY OF JACKSON  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended September 30, 2014

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - CONTINGENCY

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

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

NOTE 3 - SUB-RECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Sub-recipients</u>
Home Investment Partnership Program	14.239	\$ 364,717
Edward Byrne Memorial Justice Assistance Grant Program	16.738	299,109
Community Development Block Grant – Entitlement Grants	14.218	155,133
Housing Opportunities for Persons With Aids	14.241	121,343
Emergency Solutions Grant	14.231	<u>124,858</u>
Total		<u>\$ 1,065,160</u>

NOTE 4 – LOAN AND LOAN GUARANTEES

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

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

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

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

We have audited the City of Jackson, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Jackson, Mississippi's major federal programs for the year ended September 30, 2014. City of Jackson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

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

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

**Basis for Qualified Opinion on CFDA#16.738, Edward Byrne Memorial Justice Assistance Grant Program**

As described in the accompanying schedule of findings and questioned costs, City of Jackson, Mississippi, did not comply with requirements regarding sub-recipient monitoring that is applicable to its Edward Byrne Memorial Justice Assistance Grant Program. Compliance with such requirements is necessary, in our opinion, for City of Jackson, Mississippi to comply with the requirements applicable to those programs.

### **Qualified Opinion on Edward Byrne Memorial Justice Assistance Grant Program**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, City of Jackson, Mississippi, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

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

In our opinion, City of Jackson, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2014.

### **Other Matters**

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2014-5, 2014-6 and 2014-7. Our opinion on each major federal program is not modified with respect to these matters.

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

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

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

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

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-5 and 2014-7 to be significant deficiencies.

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

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

*Barr, Fung, White & Co.*

Ridgeland, Mississippi  
March 31, 2015

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CITY OF JACKSON, MISSISSIPPI  
 Schedule of Findings and Questioned Costs  
 Year Ended September 30, 2014

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

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

Federal Awards:

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

Community Development Block Grant Entitlement Grants Cluster:

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

Home Investment Partnership Program:

- CFDA #14.239 - U. S. Department of Housing and Urban Development

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

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2014

Federal programs identified as major programs: (continued)

JAG Program Cluster:

Edward Byrne Memorial Justice Assistance Grant Program  
CFDA #16.738 - U. S. Department of Justice

Federal Transit Cluster:

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

Highway Planning & Construction Cluster:

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

Capitalization Grants for Clean Water – State Revolving Funds:

CFDA #66.458 – U. S. Department of Environmental Quality

CCDF Cluster:

CFDA #93.575 – Child Care Development Block Grant

8. The dollar threshold used to distinguish between type A and type B programs: \$471,692
9. The City of Jackson did not qualify as a low-risk auditee.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2014

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

**TIMESHEETS NOT SIGNED AND APPROVED**

**Finding 2014-1**

**Finding Type: Material Weakness**

**Statement of Condition**

Our audit testing of 40 payroll transactions revealed the following:

1. 35 out of 40 employee time cards were not electronically signed by the employee
2. 11 out of 40 employee time cards were not electronically signed by the supervisor documenting their review and approval

**Cause of Condition**

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

**Effect of Condition**

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

**Criteria**

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

**Auditor's Recommendation**

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

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

**Finding 2014-2**

**REPEAT FINDING**

**Finding Type: Material Weakness**

**Statement of Condition**

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

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2014

Cause of Condition

There are no formal procedures within the Public Works Department in place for preparing requests for reimbursement of grant funds.

Effect of Condition

The recording of grant revenue is delayed and grants receivables are not accurately in the accounting records. Additionally, the City's general fund resources are being used to fund the grant projects.

Criteria

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

Auditor's Recommendation

We strongly recommend that the City implement internal control procedures within the Public Works Department that require requests for grant reimbursements to be made in a systematic and timely manner. The timely filing of reimbursement requests minimizes the period that the City's General funds are used and improves cash management of grant funds and the City's available cash resources.

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

**Finding 2014-3**

**REPEAT FINDING**

**Finding Type: Significant Deficiency**

Statement of Condition

The City does not have a Grants Accountant for the Public Works Department .

Cause of Condition

Improper administration of grants within the Public Works Department

Effect of Condition

Requests for reimbursement of grant expenditures were not filed in a systematic or timely manner

Criteria

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

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2014

Auditor's Recommendation

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

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

**Finding 2014-4 – SUB RECIPIENT MONITORING**

**Finding Type: Material Weakness**

**Grant Program/CFDA#: Edward Byrne Memorial Justice Assistance Grant Program 16.738**

Statement of Condition

During our review of the Justice Assistance Grant, it was noted that the City performed a fiscal monitoring of the sub-recipient but did not perform and document a programmatic monitoring of the subrecipient to ensure compliance with applicable grant requirements and verify that performance goals were achieved.

Cause of Condition

Lack of compliance with established policies and procedures

Effect of Condition

The programmatic sub-recipient monitoring report was not provided for review.

Criteria

The Department of Justice grant award of special conditions and the City of Jackson External Funding Policies and Procedures Manual which states, "The City of Jackson departments are required to monitor activities of their sub-grantees. A department must monitor each project, program, sub-grant or activity supported by a federal award to assure compliance with applicable federal, state and city regulations and those performance goals are achieved"

Auditor's Recommendation

The City should strengthen internal administrative control procedures to ensure that sub-recipients are being monitored fiscally and programmatically within the prescribed time period and sufficient documentation is on file to support the monitoring review.

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2014

**Finding 2014-5 – REPORTING**  
**Finding Type: Significant Deficiency**

**Grant Program/CFDA#: Edward Byrne Memorial Justice Assistance Grant Program 16.738**

Statement of Condition

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

Cause of Condition

City personnel failed to comply with reporting requirements

Effect of Condition

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

Criteria

The Department of Justice grant award of special conditions; City of Jackson External Funding Policies and Procedures Manual; and OMB Circular A-110 2 CFR section 215.51 Performance Reporting.

Auditor's Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that the required reports are completed and submitted in a timely manner

**Finding 2014-6 – DAVIS BACON ACT**

**Finding Type: Material Weakness**

**Grant Program/CFDA#: Community Development Block Grant/14.218**  
**Grant Program/CFDA#: Federal Transit Cluster - 20.500 Federal Transit\_Capital Investment Grants, 20.507 Federal Transit\_Formula Grants**

Statement of Condition

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

Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

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

CITY OF JACKSON, MISSISSIPPI  
Schedule of Findings and Questioned Costs  
Year Ended September 30, 2014

Criteria

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

Auditor's Recommendation

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

**Finding 2014-7 SUSPENSION AND DEBARMENT VERIFICATION**  
**Finding Type: Significant Deficiency**

**Grant Program/CFDA#: Edward Byrne Memorial Justice Assistance Grant Program 16.738**

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 one (1) sub-recipient contract (Hinds Co. Board of Supervisors) in which no documentation was maintained to support the fact that the contractor or sub-recipient had not been suspended or debarred or otherwise excluded from receiving the contract

Cause of Condition

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

Effect of Condition

Non-compliance with grant requirements

Criteria

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

Auditor's Recommendation

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

**CITY OF JACKSON, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED SEPTEMBER 30, 2014**

**2013-1 FINDING NO. 1 – SECTION 2**

**Condition:** Our audit testing of payroll transactions revealed that in 12 out of 40 personnel files tested, adequate documentation was not available in the personnel file to support the current pay rate of some employees.

**Current Status:** Corrected

**2013-2 FINDING NO. 2 – SECTION 2**

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

**Current Status:** Not Corrected, repeated as finding 2014-2

**2013-3 FINDING NO. 3 – SECTION 2**

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

**Current Status:** Not Corrected, repeated as finding 2014-3

**2013-4 FINDING NO. 4 – SECTION 2**

**Condition:** Pursuant to revenue bond and related agreements, the City has certain covenants that provide for rates to be set at levels annually to maintain certain debt service coverage ratios. In addition, rates must be set at levels to provide for the payment of current expenses and to provide deposits to meet certain trust fund requirements associated with the bond agreements. The City is not in compliance with the debt covenants above.

**Current Status:** Corrected

**CITY OF JACKSON, MISSISSIPPI  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)  
YEAR ENDED SEPTEMBER 30, 2014**

**2013-5 FINDING NO. 5 – SECTION 3**

**SUB RECIPIENT MONITORING**

**Home Investment Partnership Program (HOME) and Community Development Block Grant – Neighborhood Stabilization Program**

**Condition:** The City did not provide the COPS Annual Progress Report to the Department of Justice in a timely manner.

**Current Status:** Corrected

**2012-6 FINDING NO. 6 – SECTION 3**

**REPORTING**

**Economic Development Initiative Grant**

**Condition:** During our review of Progress and Performance Reporting, we noted that the EDI program did not submit the required semi-annual Program Progress Reports during the year.

**Current Status:** Corrected

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Department of Administration



Post Office Box 17  
Jackson, Mississippi 39205-0017

Tony T. Yarber  
*Mayor of the City of Jackson*

## CORRECTIVE ACTION PLAN

03/31/15

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, 2014.

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, 2014

The findings from the September 30, 2014 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. 2014-1** **TIMESHEETS NOT SIGNED AND APPROVED**

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

**Action Taken:** The City of Jackson Department of Personnel Management has issued the Official Timekeeping Policy that addresses the issue of both employee and supervisor review and signoff of timesheets and provides guidelines for enforcement of these policies. All City employees were required to sign an acknowledgement page to verify their receipt and understanding of these policies.

**Finding No. 2014-2**  
**TIMELY REQUESTS FOR GRANT REIMBURSEMENTS – PUBLIC WORKS DEPARTMENT**

**REPEAT FINDING**

**Recommendation:** We strongly recommend that the City implement internal control procedures within the Public Works Department that require requests for grant reimbursements to be made in a systematic and timely manner. The timely filing of reimbursement requests minimizes the period that the City's General funds are used and improves cash management of grant funds and the City's available cash resources.

**Action Taken:** The Department of Public Works has made improvements by reviewing the programmatic and financial status of grant funded projects; Engineering has been working with our Fiscal staff and the Administration department to request grant reimbursements timely; our engineers have also been handling terms of loan proceeds as well; however, due to the expected increase in external funding and the workload, a dedicated person is required in the Department of Public Works to manage our grant funding and capital accounts. A formal process including internal control procedures, quarterly grant status meetings and tracking of programmatic and financial status of each grant in order to ensure timely request for reimbursements and other reporting requirements. This formal process and a dedicated resource will be in place before the end of the 2<sup>nd</sup> quarter of FY2015.

**Finding No. 2014-3**  
**GRANT ACCOUNTANT NEEDED FOR THE PUBLIC WORKS DEPARTMENT**

**REPEAT FINDING**

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

**Action Taken:** The City currently has two grant accountants. A grant accountant was not specifically budgeted for the Department of Public Works for FY2015; however, we will continue to utilize the resource that has been assisting the Department of Public Works and determine if a separate grant accountant is required and if so budget accordingly for FY 2016.

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

**Finding 2014-4 – SUB RECIPIENT MONITORING**

**Grant Program/CFDA#: Edward Byrne Memorial Justice Assistance Grant Program / 16.738**

**Recommendation:** The City should strengthen internal administrative control procedures to ensure that sub-recipients are being monitored fiscally and programmatically within the prescribed time period and sufficient documentation is on file to support the monitoring review.

**Action Taken:** The Jackson Police Department does monitor the Financial Aspect of Hinds County. We contact Ms. Lillie Woods for copies of all invoices and cancelled checks. We review the financial documentation and make sure all purchased, cancelled checks and request for payment are in compliance with the grant guidelines as well as the scope of work we had provided to the Department of Justice.

According to the finding, we did not provide Hinds County with a formal letter stating the monitoring visits, desk reviews, nor the finds. Upon the next monitoring visit and desk review, we will send our subrecipient a normal letter stating the date and time of the monitoring review as well as the inventory that needs to be seen. We will do a follow up letter stating the findings with corrective action plans.

**Finding 2014-5 – REPORTING**

**Grant Program/CFDA#: Edward Byrne Memorial Justice Assistance Grant Program / 16.738**

**Recommendation:** We recommend that the City strengthen internal administrative control procedures to ensure that the required reports are completed and submitted in a timely manner.

**Action Taken:** Although we are unable to correct the 2009 and 2010 missing annual reports, we will ensure that going forward all reports are submitted timely by including reminders on calendars and having a checklist for each grant that includes important due dates.

**Finding 2014-6 – DAVIS-BACON ACT**

**Grant Program/CFDA#: Community Development Block Grants / 14.218  
Federal Transit Cluster  
Federal Transit Capital Investment Grant / 20.500  
Federal Transit Formula Grant / 20.507**

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

**Action Taken:** The City acknowledges that we failed to comply with this requirement. We commit that going forward we will ensure compliance by subjecting contractors and subcontractors to random, documented interviews of their employees to ensure that said employees are being paid the prevailing wage rates as determined by the United States Department of Labor to all laborers and mechanics on all federally funded construction projects.

**Finding 2014-7 – SUSPENSION AND DEBARMENT VERIFICATION**

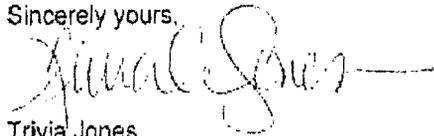
**Grant Program/CFDA#: Edward Byrne Memorial Justice Assistance Grant Program / 16.738**

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

**Action Taken:** On this finding, we will have to concur and state that in the future we will have documentation that a search was performed on the contractors and sub recipients.

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

Sincerely yours,



Trivia Jones,  
Director of Administration



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

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

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2014, and have issued our report thereon dated March 31, 2015. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards.

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

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

### Finding

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

- (1) 1 vehicle was not marked as prescribed by Section 25-1-87, Miss. Code Ann. (1972)
- (2) 6 vehicles within various City Departments were not marked as prescribed by Miss. Code and were utilized by nonqualified employees and not by authorized police personnel.

### Recommendation

We recommend that the City properly mark vehicles and ensure that only qualified employees use unmarked vehicles as prescribed by Section 25-1-87, Miss. Code Ann. (1972).

### City of Jackson, Mississippi's Response

We will ensure that our records reflect that the 3 vehicles are being driven by authorized persons and documenting that they are qualified to drive those vehicles pursuant to statute. As for the other vehicles, the offending departments have been notified that vehicles must be properly transferred to the departments which are using said vehicles via the City of Jackson Equipment Transfer Form and that they must bear the proper City Seal and/or identification. The Department of Administration will follow up with those departments to ensure those corrective actions have been taken.

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

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

*Barr, Fry, White & Co.*

Ridgeland, Mississippi  
March 31, 2015

**CITY OF JACKSON  
SCHEDULE OF BONDS OF CITY OFFICIALS  
SEPTEMBER 30, 2014**

1) Company: Porter's Insurance Agency  
 Limits of liability: Honesty Blanket  
 Position Bond Coverage

<u>Position</u>	<u>Coverage per each</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 (10)	\$100,000

2) Company: Statewide General Insurance

Limits of liability: Surety Bond coverage as follows:

<u>Position</u>	<u>Coverage per each</u>
City Council (7)	\$100,000
Mayor	\$100,000
City Administrative Officer	\$50,000
City Clerk	\$50,000
Director of Administration	\$50,000
Chief of Police	\$50,000
Assistant Police Chief	\$50,000
Deputy Chief of Police	\$50,000
Assistant City Clerk	\$50,000
Deputy Clerk (10)	\$50,000

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