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Office of the Mayor
Harvey Johnson, Jr., Mayor



219 South President Street
Post Office Box 17
Jackson, Mississippi 39205-0017
Telephone: 601-960-1084
Facsimile: 601-960-2193

May 21, 2013

Office of the Auditor
501 N. West Street, Suite 801
Woolfolk Building
Jackson, MS 39201

RE: Annual Municipal Audit

Accompanying this letter are two copies of the annual audit report of the City of Jackson, Mississippi, for the fiscal year ended September 30, 2012.

Sincerely,

A handwritten signature in black ink, appearing to be "HJ", written over the printed name "Harvey Johnson, Jr.".

Harvey Johnson, Jr.

Enclosures

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**CITY OF JACKSON
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2012**

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Department of Administration



Post Office Box 17
Jackson, Mississippi 39205-0017

Harvey Johnson, Jr.
Mayor of the City of Jackson

May 3, 2013

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MAY 29 2013

**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, 2012 for the City of Jackson, MS is submitted herewith.

An unqualified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley & White Co. for the year ended September 30, 2012. 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 2012 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 2012 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, and a list of principal elected and appointed officials. The Financial Section consists of the Independent Accountants' Report, the Basic Financial Statements, Notes to the Financial Statements and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 3-11 be carefully examined by the reader to provide a more concise picture of the financial position of the City.

DESCRIPTION OF CITY OF JACKSON, MS

Historical Background

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

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

Jackson Today

Presently, Jackson has 173,514 citizens within its radius of 113 square miles. Since 1985, the City of Jackson, MS operates under the mayor-council form of government. Prior to 1985, the commission form of government, which included a mayor and two commissioners elected at-large, was in place. Currently, the municipal government is comprised of the mayor, who is elected at large, and seven council members, who are elected by ward. The mayor and council members, who have policy-making and legislative authority, serve four-year terms. The Mayor appoints, and the City Council approves, the Chief Administrative Officer, City Attorney, and



eight department heads. City leaders are committed to ensuring that the municipality has a healthy financial outlook while providing essential services.

A comprehensive range of municipal services including public safety, street maintenance, water, sewer, and sanitation services, social programs, recreation activities, cultural events and general administration are provided to Jackson's citizens. These services are provided in the context of the broad public policy initiatives as determined by the elected officials of Jackson, MS. Youth and Education, Crime Prevention, Public Safety, Neighborhood Enhancement, Economic Development, Changes in City Government, Quality of Life, and Infrastructure and Transportation were the policy initiatives for FY 2012.

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

ECONOMIC OUTLOOK

The City is the seat of government for the State of Mississippi and home to a diverse economy. In addition to governmental services, major industries located within the city limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, and machine parts and engines. However due to the national economic downturn, the city, state, and industries alike have been impacted by the national recession. Jackson continues to be the site of the largest financial institutions in the state. Numerous healthcare facilities and health service agencies, including the state's only medical school provide employment to more than 30,090 professionals and staff.

As the population, educational, cultural, medical, and governmental center of the state, the Jackson metropolitan surrounding area has a relatively stable unemployment rate of 7.5 percent with an employed labor force of 250,330. This unemployment rate compares favorably to the state's overall unemployment rate of 9.1 percent. Over the previous years, the unemployment rate has ranged from a high of 8.2 percent to a low of 6.0 percent for 2012.

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 \$171.35 per \$1000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax in Jackson.

FINANCIAL OUTLOOK

The City's financial stability is evidenced by the general fund reserve, fund balance reserve policy, bond ratings and other fiscal determinants. An Unrestricted General Fund Reserve policy that is within range of the level cited by GFOA recommended practice has been adopted by the City Council. The City's unreserved fund balance amounted to 23 percent of the adopted General Fund operating revenues for FY 12.

The unassigned General Fund balance available for future appropriation is \$26,310,107 million, which includes \$8,675,153 million attributable to the City's General Fund reserve policy. An additional \$4,568,019 million is reserved for inventories and state tort claims.

The City remains an excellent place for investors with ratings of Aa2 on G.O. bonds and Aa3 on Revenue bonds by Moody's and AA- on G.O. bonds and A+ on Revenue bonds by Standard & Poor's.

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2012 are useful gauges of the City's debt position.

POPULATION:	173,514
BONDED DEBT PER CAPITA:	\$ 703.05
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$ 1,046,591,521
NET BONDED DEBT (G.O):	\$ 131,691,624
RATIO OF DEBT TO ASSESSED VALUE:	12.36%

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

BONDS OUTSTANDING

Category	Amount Outstanding Sept. 30, 2012	Amount Outstanding Sept. 30, 2011
General Obligation	\$ 131,290	\$ 131,720
General Obligation Note	402	-
Tax Increment Limited Obligation	6,102	6,541
Bonded Debt	<u>\$ 137,794</u>	<u>\$ 138,261</u>
Revenue Bonds	154,430	148,325
Urban Renewal Bonds - Component Unit	9,865	10,953
Total	<u><u>\$ 302,089</u></u>	<u><u>\$ 297,539</u></u>

PROPRIETARY FUNDS – CHANGES IN NET ASSETS

Net Income (Loss)	2012	2011
Water/Sewage Disposal Fund	\$ (6,530)	\$ 7,562
Madison Sewage Disposal Fund	(36)	10
Transportation Fund	1,476	559
Sanitation and Recycling Fund	342	414
Total Net Income	<u><u>\$ (4,748)</u></u>	<u><u>\$ 8,545</u></u>



The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi employer, cost-sharing pension plan and an agent multi employer pension plan. Substantially, the City of Jackson full-time employees participate in the multi employer cost-sharing pension plan. Benefit and contribution provisions are established by state law and may be amended only by the State of Mississippi Legislature. The employer and employees' contributions represented 14.26% 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 \$8,137,831 and employee benefit costs were \$14,722,224 during fiscal year 2012. The City's General fund appropriated \$6,629,160 to the Employees' Group Benefit fund.

FINANCIAL POLICIES

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

SELECT RECOGNITIONS

Recognized as one of the 10 best places to live in America for under \$40,000/year by U.S. News and World Report.

Selected as one of the top 100 Metro Economies in America by U.S. Conference of Mayors.

Recognized as one of 100 Best Communities for young people by American Promise Alliance and ING.

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 2011 for its CAFR. A Certificate of Achievement is valid for one year only. The City's management believes that its 2012 CAFR confirms to the Certificate of Achievement program requirement and therefore will submit it for review.

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FUTURE INITIATIVES

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

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

The 21 acre property, centrally located off of I-55, known as the Old Mississippi School for The Blind has been acquired and is 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.

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

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

The Highway 80 initiative plans for a cooperative effort amongst many different groups. The City of Jackson 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 construction of the Iron Horse/Live Music Venue/Catering business will occupy an estimated 10,000 square feet, with the Mississippi Music Experience Museum in 4,000 square feet, and the Headquarters for the Mississippi Blues Trail in the remaining 1,000-2,000 square feet.

The development of JSU's proposed 50,000 seat Domed Stadium with the potential to redevelop the gateway from JSU to Downtown. This is a \$200 million dollar development.

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.

The Midtown development foundation has created new infill housing and retail development. The project has created a new sense of community focusing on the arts as a means to energize the area. By partnering with Millsap's college, the continued growth of this community is promising.



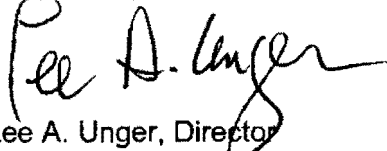
ACKNOWLEDGMENTS

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

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Lee A. Unger". The signature is written in black ink and is positioned above the printed name and title.

Lee A. Unger, Director
Department of Administration



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson
Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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



Christopher P. Moynell

President

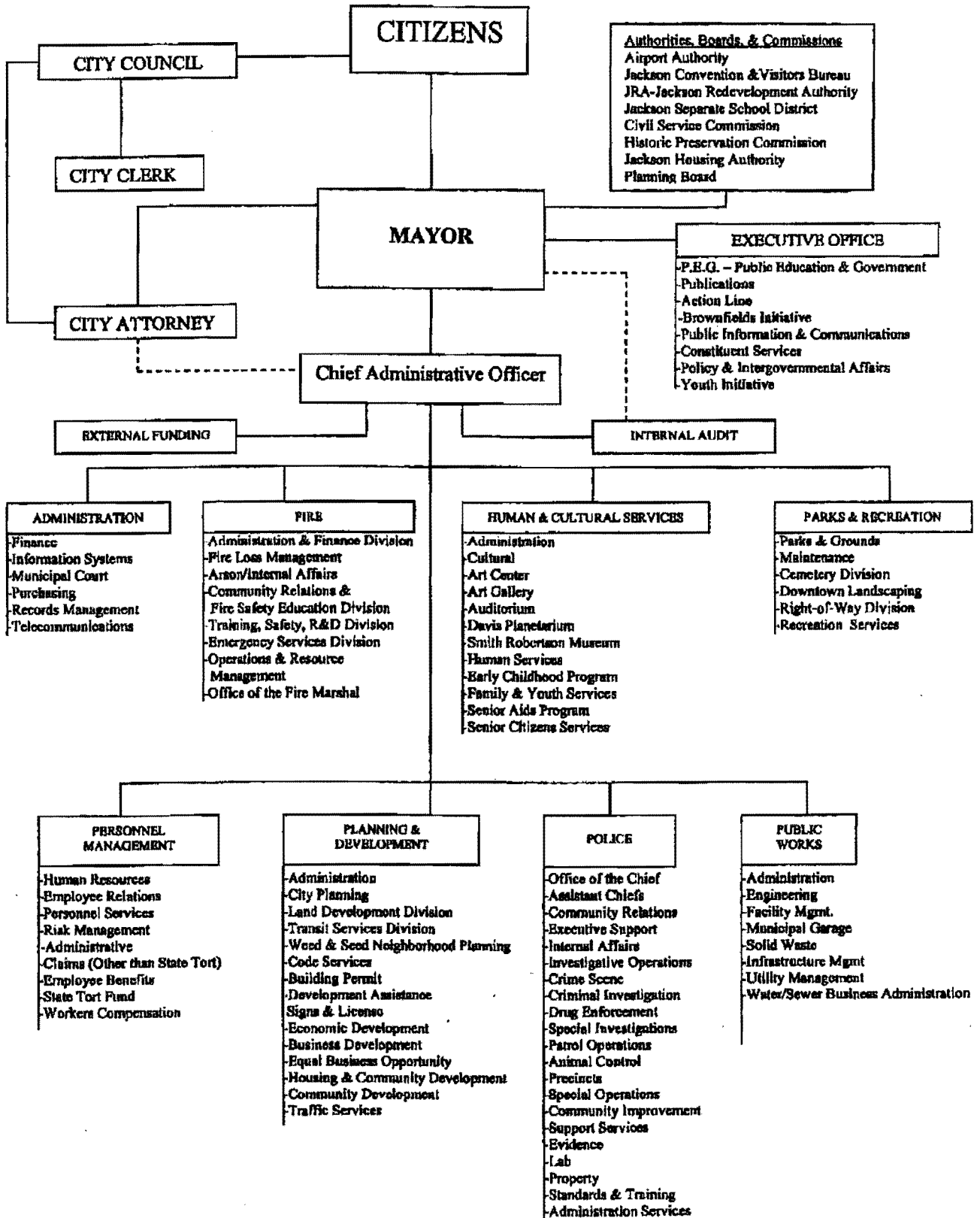
Jeffrey R. Emer

Executive Director

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CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2012**

EXECUTIVE

Harvey Johnson, Jr
MAYOR

LEGISLATIVE

CITY COUNCIL

Quentin Whitwell
Ward 1

Chokwe Lumumba
Ward 2

Larita Stokes
Ward 3

Frank Bluntson
Ward 4

Charles Tillman
Ward 5

Tony Yarber
Ward 6

Margaret C. Barrett-Simon
Ward 7

Vice-President of Council

President of Council

EXECUTIVE BRANCH

Sean Perkins
Chief of Staff

Brenda Pree
City Clerk

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

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

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

INDEPENDENT AUDITOR'S REPORT

RECEIVED
MAY 29 2013

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the City of Jackson, Mississippi, management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component units of the City of Jackson, Mississippi, as follows: Jackson Redevelopment Authority and Capital City Convention Center Commission which statements reflect assets and revenues of 22.04 percent and 12.88 percent, respectively, of the business-type activities funds. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the respective financial statements referred to above present fairly, in all material respect, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2012, and the respective changes in financial position, cash flows and, the respective budgetary comparison for the General Fund, the Federal Grant Special Revenue Fund, and the Capital Project Improvement fund, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2013, on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government*

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

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

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

Banks, Finley, White & Co.

BANKS, FINLEY, WHITE & CO.

Jackson, Mississippi
May 3, 2013

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

As financial management of the City of Jackson, we offer readers of the City of Jackson's financial statements this narrative overview and analysis of the financial activities of the City of Jackson for the fiscal year ended September 30, 2012. 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 \$419 million (*net assets*). Of this amount, there is \$32 million in unrestricted net assets, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by (\$5.2) million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$49.7 million, a decrease of (\$6.8) million in comparison with the prior year. Approximately fifty-three (53) percent of this total amount is \$26.3 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 \$26.3 million, or twenty-six (26) percent of total general fund expenditures.
- The City of Jackson's total debt increased by \$3.4 million (1.0 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 14-25 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 26-30 of this report.

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

The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

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

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

The notes to the financial statements can be found on pages 33-80 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 81 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 82-102 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$419 million at the close of September 30, 2012.

By far the largest portion of the City of Jackson's net assets (89 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Jackson uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Jackson's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Jackson's Net Assets (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 147,968	\$ 150,389	\$ 91,789	\$ 90,556	\$ 239,757	\$ 240,945
Capital assets	291,238	286,452	358,491	350,564	649,729	637,016
Total assets	439,206	436,841	450,280	441,120	889,486	877,961
Long-term liabilities outstanding	180,507	183,589	174,841	167,373	355,348	350,962
Other Liabilities	97,438	91,525	17,951	11,511	115,389	103,036
Total Liabilities	277,945	275,114	192,792	178,884	470,737	453,998
Net assets:						
Invested in capital assets, net of related debt	187,510	180,357	184,185	183,735	371,695	364,092
Restricted	15,041	17,469	-	-	15,041	17,469
Unrestricted	(41,290)	(36,100)	73,303	78,501	32,013	42,401
Total net assets	\$ 161,261	\$ 161,726	\$ 257,488	\$ 262,236	\$ 418,749	\$ 423,962

The City of Jackson's total net assets decreased by \$5.2 million during the current fiscal year.

Governmental activities. Governmental activities decreased the City of Jackson's net assets by \$.5 million.

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

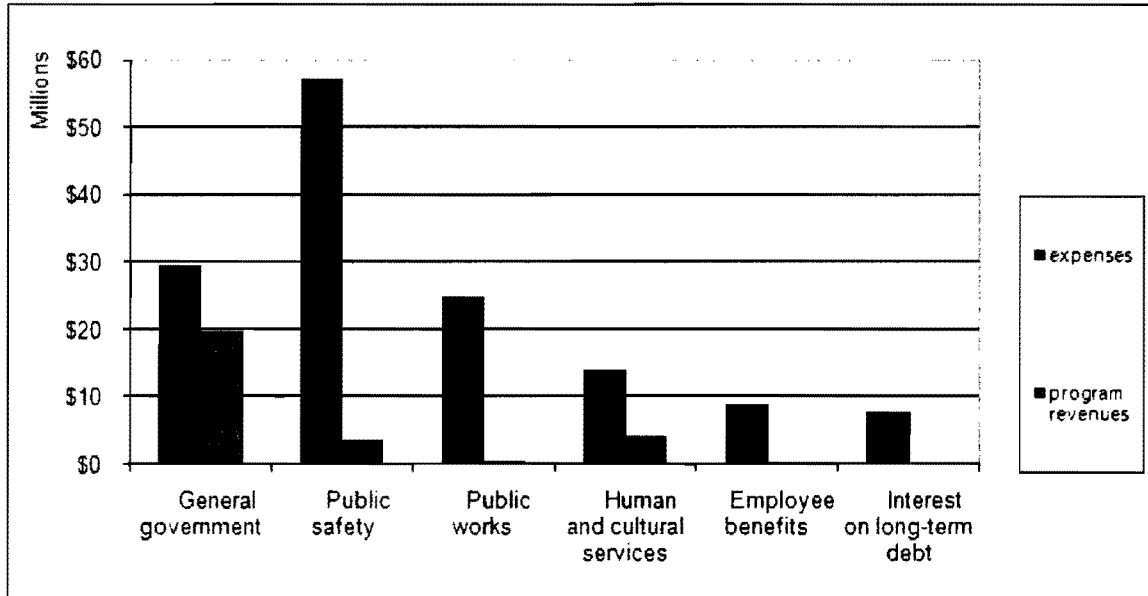
City of Jackson's Changes in Net Assets (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues						
Charges for services	\$ 16,954	\$ 14,076	\$ 60,561	\$ 59,580	\$ 77,515	\$ 73,656
Operating grants and contributions	10,114	11,570	631	706	10,745	12,276
Capital grants and contributions	1,970	5,025	2,844	2,568	4,814	7,593
General revenues:						
Property taxes	74,856	68,108	-	-	74,856	68,108
Sales taxes	32,701	31,656	-	-	32,701	31,656
Franchise taxes	8,218	7,878	-	-	8,218	7,878
Other	843	830	501	1,841	1,344	2,671
Total revenues	145,656	138,143	64,537	64,695	210,193	203,838
Expenses:						
General government	29,456	29,312	-	-	29,456	29,312
Public safety	57,055	59,166	-	-	57,055	59,166
Public works	24,721	21,774	-	-	24,721	21,774
Human and cultural services	13,756	16,011	-	-	13,756	16,011
Employee benefits	8,685	8,825	-	-	8,685	8,625
Interest on long-term debt	7,448	5,864	-	-	7,448	5,864
Water/Sewer	-	-	55,347	41,795	55,347	41,795
Nonmajor	-	-	7,044	8,764	7,044	8,764
Sanitation	-	-	11,894	11,156	11,894	11,156
Total expenses	141,121	140,752	74,285	81,715	215,406	202,487
Increase in net assets before transfers	4,535	(1,609)	(9,748)	2,980	(5,213)	1,371
Transfers	(5,000)	(10,232)	5,000	5,564	-	(4,668)
Increase in net assets	(465)	(11,841)	(4,748)	8,544	(5,213)	(3,297)
Net assets - October 1, 2011	181,726	172,875	262,236	253,692	423,962	426,567
Prior year adjustment	-	692	-	-	-	692
Net assets - September 30, 2012	\$ 161,261	\$ 161,726	\$ 257,488	\$ 262,236	\$ 418,749	\$ 423,962

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

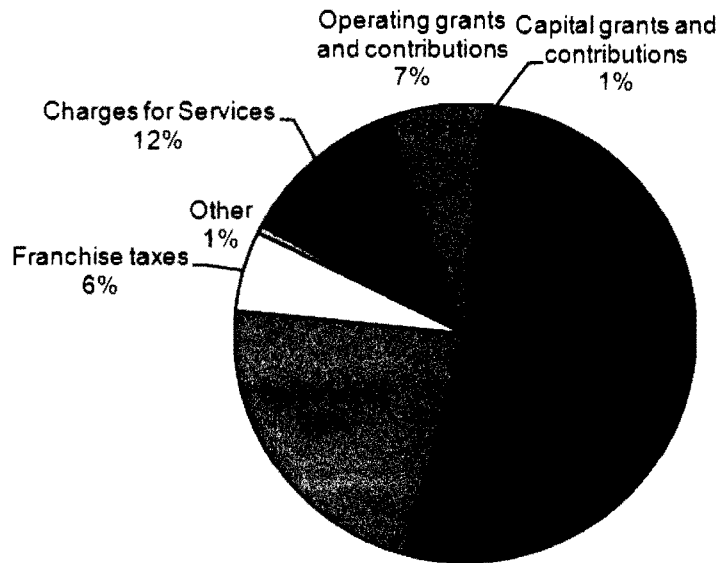
In prior years, the City had not presented the asset resulting from the 1997 contribution of bond proceeds to fund the actuarial accrued liability for the MRS plan. In 2007, pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, the City calculated its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

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

Expenses and Program Revenues – Governmental Activities



Revenues by source – Governmental Activities



CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

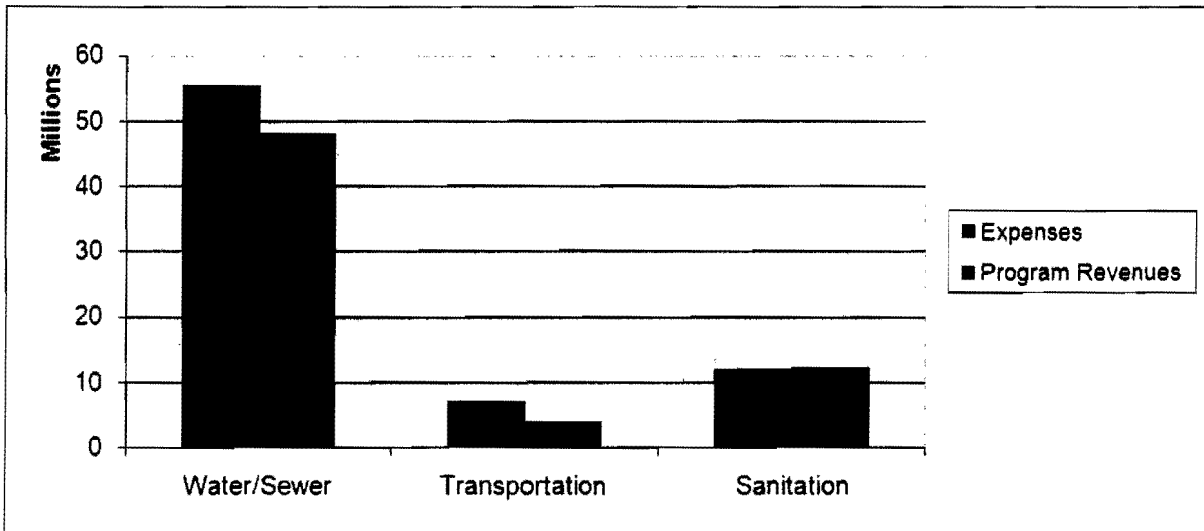
Financial Analysis of the Government's Funds

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

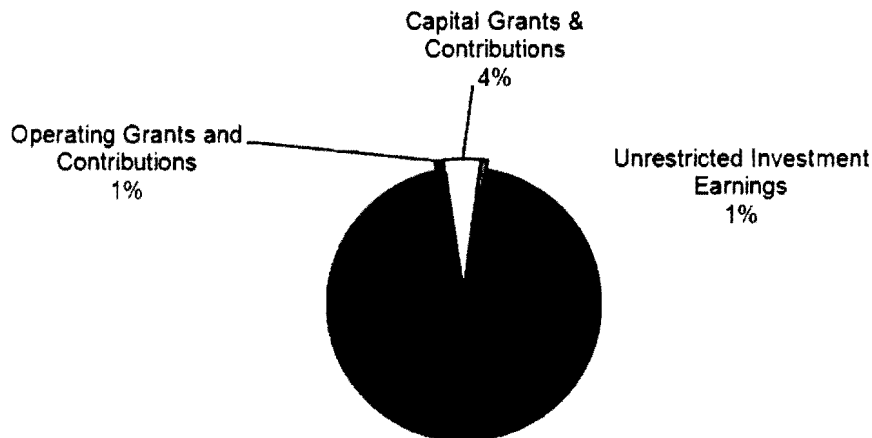
Governmental funds. The focus of the City of Jackson's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Jackson's financing requirements. In particular, unreserved fund balance may serve 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 decreased the City of Jackson's net assets by (\$4.7) million. This decrease 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**

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$49.7 million, a decrease of (\$6.8) million in comparison with the prior year. Fifty-three (53) percent of this total amount is \$26.3 million which is available for spending at the government's discretion (*unassigned*). The remainder of fund balance is as follows:

- Nonspendable - \$2,159,625 is designated for inventories.
- Restricted - \$658,112 is designated for public safety.
- Committed - \$4,789,276 is designated for state tort claims, capital outlay, and other restricted purposes.
- Assigned - \$48,733 is designated for cafeteria flexible spending.

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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 \$26.3 million, while total fund balance reached \$34 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures.

During the current fiscal year, the fund balance of the City of Jackson's general fund increased by \$839,246. The decrease in fund balance for the federal grant fund (\$47,241) is for a variety of restricted purposes. The debt service fund has a total fund balance increase of \$499,267 which is partially revenue from property taxes and the payment of debt. The decrease in fund balance for the improvement fund (\$5,444,475) is to liquidate contracts and purchase orders. The reduction in fund balance for the 1998 GO Bond (\$130,022) and the decrease in fund balance for the 2003 GO Bond (\$1,213,007) is the natural spend down of bond proceeds. The reduction in fund balance for the 2006 GO Bond (\$4,362) is for the construction of the Capital City Convention Center. The 2009 GO Bond had a fund balance decrease of (\$1,703,080) due to indebtedness incurred during the year.

The debt service fund has a total fund balance of \$2.3 million, all of which is reserved for the payment of debt service.

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

Unrestricted net assets of the Water/Sewage Disposal System Fund at the end of the year amounted to \$69 million. The decrease in net assets for the Water/Sewage Disposal System Fund was (\$6.5) million.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were \$6.5 million increase and can be briefly summarized as follows:

- \$2.9 million increase in capital outlay
- \$.5 million decrease in contract services and charges
- \$2.9 million increase in personnel services
- \$.2 million increase in supplies and materials

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

- Actual personnel services for all city departments was \$6.6 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 \$5.1 million less than the final budget.
- Actual supplies and materials for all city departments was \$1.7 million less than the final budget.

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

Capital Asset and Debt Administration

Capital assets. The City of Jackson's investment in capital assets for its governmental and business type activities as of September 30, 2012, amounts to \$650 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 2% (a 1% increase for governmental activities and a 1% increase in business activities).

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

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

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 14,500	\$ 14,527	\$ 1,838	\$ 1,838	\$ 16,338	\$ 16,365
Building & systems	55,880	57,371	40,375	43,043	96,255	100,414
Machinery and equipment	11,965	11,886	16,373	16,022	28,338	27,908
Infrastructure	114,907	118,589	141,365	148,558	256,272	265,147
Construction in progress	93,986	84,079	158,540	143,103	252,526	227,182
Total	\$ 291,238	\$ 286,452	\$ 358,491	\$ 350,564	\$ 649,729	\$ 637,016

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 53-55 of this report.

Long-term debt. At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$292 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).

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 131,290	\$ 131,720	\$ -	\$ -	\$ 131,290	\$ 131,720
Revenue bonds	-	-	154,430	148,325	154,430	148,325
Tax increment bonds	6,102	6,541	-	-	6,102	6,541
Special obligation bonds	-	-	-	-	-	-
Loans, notes and leases	27,883	28,838	15,647	16,557	43,530	45,395
Total	\$ 165,275	\$ 167,099	\$ 170,077	\$ 164,882	\$ 335,352	\$ 331,981

The City of Jackson's total debt increased by \$3.4 million during the current fiscal year.

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

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

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent and 20 percent of its total assessed valuation. The current debt limitation for the City of Jackson under the 15% rule is \$100 million in excess of the City of Jackson's outstanding general obligation debt.

Additional information on the City of Jackson's long-term debt can be found in Note 4 on pages 58-68 of this report.

Economic Factors and Next Year's Budgets and Rates

- Major revenues sources are expected to remain basically at existing levels.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City of Jackson's budget for the 2013 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased \$1.5 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 Assets
As of September 30, 2012**

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Jackson Redevelopment Authority</u>	<u>Capital City Convention Center Commission</u>
ASSETS					
Cash and cash equivalents	\$ 49,110,633	\$ 15,622,149	\$ 64,732,782	\$ 1,185,209	\$ 2,422,753
Accounts receivable, net	130,755	29,758,066	29,888,821	-	-
Other receivable	75,237,115	1,351,318	76,588,433	1,420,430	1,378,997
Intergovernmental receivable	2,358,546	663,877	3,022,423	-	-
Internal balances	2,928,944	(2,928,944)	-	-	-
Inventories	2,159,625	1,843,378	4,003,003	-	54,497
Prepaid Expenses	-	-	-	1,934	35,245
Net pension asset	15,785,086	-	15,785,086	-	-
Restricted assets:					
Cash and cash equivalents	-	41,226,329	41,226,329	319,237	1,525,891
Investments	-	2,000,000	2,000,000	-	500,000
Deferred charges	257,230	2,252,574	2,509,804	-	-
Capital assets:					
Land	14,500,351	1,837,999	16,338,350	4,538,425	5,792,683
Buildings	55,880,289	40,375,608	96,255,897	30,863,981	70,694,853
Automotive and equipment	11,964,628	16,373,296	28,337,924	149,462	4,502,351
Infrastructure	114,907,083	141,364,851	256,271,934	-	-
Construction in Progress	93,985,876	158,539,620	252,525,496	-	-
Property held for development	-	-	-	1,913,270	-
Total assets	439,206,161	450,280,121	889,486,282	40,391,948	86,907,270
LIABILITIES					
Liabilities:					
Accounts Payable	7,798,359	10,411,663	18,210,022	80,140	403,183
Accrued interest payable	731,059	558,095	1,289,154	145,577	-
Unearned revenue	67,832,934	-	67,832,934	-	242,739
Other liabilities	3,212,342	4,264,804	7,477,146	22,682	201,867
Noncurrent liabilities:					
Net other postemployment benefits	17,862,756	2,716,243	20,578,999	-	-
Due within one year	13,773,000	8,133,000	21,906,000	465,000	-
Due in more than one year	166,734,386	166,708,097	333,442,483	9,400,251	-
Total liabilities	277,944,836	192,791,902	470,736,738	10,113,650	847,789
NET ASSETS					
Invested in capital assets, net of related debt	187,510,540	184,185,153	371,695,693	27,781,380	80,989,887
Restricted for:					
Debt service	2,331,343	-	2,331,343	8,510	-
Capital projects	9,985,238	-	9,985,238	219,486	-
Other purposes	2,408,394	-	2,408,394	-	-
Capital City Convention Center	315,627	-	315,627	-	2,025,891
Unrestricted	(41,289,817)	73,303,066	32,013,249	2,268,922	3,043,703
Total net assets	\$ 161,261,325	\$ 257,488,219	\$ 418,749,544	\$ 30,278,298	\$ 86,059,481

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

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City of Jackson
Statement of Activities
For the year ended September 30, 2012

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets				
	Expenses	Operating		Capital	Primary Government			Component Unit	
		Charges for Services	Grants and Contributions	Grants and Contributions	Governmental Activities	Business-type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
Primary government:									
Governmental activities:									
General government	\$ 29,455,779	\$ 15,018,756	\$ 4,554,654	\$ -	\$ (9,882,369)	\$ -	\$ (9,882,369)	\$ -	\$ -
Public safety	57,055,459	798,061	2,552,776	956,878	(52,747,744)	-	(52,747,744)	-	-
Public works	24,720,678	252,714	40,146	1,013,246	(23,414,572)	-	(23,414,572)	-	-
Human and cultural services	13,755,780	884,620	2,966,078	-	(9,905,082)	-	(9,905,082)	-	-
Employee benefits	8,684,681	-	-	-	(8,684,681)	-	(8,684,681)	-	-
Interest on long-term debt	7,448,173	-	-	-	(7,448,173)	-	(7,448,173)	-	-
Total governmental activities	<u>141,120,550</u>	<u>16,954,151</u>	<u>10,113,654</u>	<u>1,970,124</u>	<u>(112,082,621)</u>	<u>-</u>	<u>(112,082,621)</u>	<u>-</u>	<u>-</u>
Business-type activities:									
Water/Sewer	55,347,342	47,966,053	51,029	-	-	(7,330,260)	(7,330,260)	-	-
Transportation	6,970,599	588,629	480,000	2,731,398	-	(3,170,572)	(3,170,572)	-	-
Madison Sewage	73,937	-	370	-	-	(73,567)	(73,567)	-	-
Sanitation	11,893,882	12,006,853	99,267	112,320	-	324,558	324,558	-	-
Total business-type activities	<u>74,285,760</u>	<u>60,561,535</u>	<u>630,666</u>	<u>2,843,718</u>	<u>-</u>	<u>(10,249,841)</u>	<u>(10,249,841)</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 215,406,310</u>	<u>\$ 77,515,686</u>	<u>\$ 10,744,320</u>	<u>\$ 4,813,842</u>	<u>\$ (112,082,621)</u>	<u>\$ (10,249,841)</u>	<u>\$ (122,332,462)</u>	<u>\$ -</u>	<u>\$ -</u>
Component units:									
Jackson Redevelopment Authority	\$ 2,598,754	\$ 1,087,878	\$ 706,926	\$ 674,898	\$ -	\$ -	\$ -	\$ (129,052)	\$ -
Capital City Convention Center Commission	9,938,774	2,382,869	150,000	-	-	-	-	-	(7,405,905)
Total component units	<u>\$ 12,537,528</u>	<u>\$ 3,470,747</u>	<u>\$ 856,926</u>	<u>\$ 674,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (129,052)</u>	<u>\$ (7,405,905)</u>
General revenues:									
Property taxes					74,855,502	-	74,855,502	-	-
Sales taxes					32,701,489	-	32,701,489	-	4,363,854
Franchise taxes					8,218,059	-	8,218,059	-	-
Unrestricted investment earnings					395,489	471,979	867,468	43,375	40,585
Gain (loss) on sale of capital assets					165,818	29,570	195,388	-	-
Miscellaneous					281,593	-	281,593	-	-
Transfers					(5,000,466)	5,000,466	-	-	-
Total general revenues and transfers					<u>111,617,484</u>	<u>5,502,015</u>	<u>117,119,499</u>	<u>43,375</u>	<u>4,404,439</u>
Change in net assets					<u>(465,137)</u>	<u>(4,747,826)</u>	<u>(5,212,963)</u>	<u>(85,677)</u>	<u>(3,001,466)</u>
Net assets - beginning					<u>161,726,462</u>	<u>262,236,045</u>	<u>423,962,507</u>	<u>30,363,975</u>	<u>89,060,947</u>
Net assets - ending					<u>\$ 161,261,325</u>	<u>\$ 257,488,219</u>	<u>\$ 418,749,544</u>	<u>\$ 30,278,298</u>	<u>\$ 86,059,481</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, 2012**

	<u>General Fund</u>	<u>Federal Grant</u>	<u>Debt Service</u>	<u>Improvement Fund</u>	<u>1998 GO Bond</u>	<u>2003 GO Bond</u>	<u>2006 GO Bond</u>	<u>2009 GO Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS										
Cash and cash equivalents	\$29,547,092	\$ 1,571,943	\$ 2,497,375	\$ 2,268,334	\$ 365,223	\$ 4,456,119	\$ 315,627	\$ 4,559,584	\$ 3,169,356	\$ 48,750,653
Accounts receivable, net	-	-	-	-	-	55,403	-	-	-	55,403
Other receivable	61,496,803	13,501	3,552,024	-	-	-	-	-	8,101,125	73,163,453
Intergovernmental receivable	333,139	1,471,772	-	26,417	-	527,218	-	-	-	2,358,546
Deferred charges	-	-	-	549	-	-	-	-	-	549
Special assessment receivable	-	-	99,977	-	-	-	-	-	-	99,977
Due from other funds	3,142,444	-	-	-	-	-	-	-	-	3,142,444
Inventories	2,159,625	-	-	-	-	-	-	-	-	2,159,625
Total assets	<u>\$96,679,103</u>	<u>\$ 3,057,216</u>	<u>\$ 6,149,376</u>	<u>\$ 2,295,300</u>	<u>\$ 365,223</u>	<u>\$ 5,038,740</u>	<u>\$ 315,627</u>	<u>\$ 4,559,584</u>	<u>\$ 11,270,481</u>	<u>\$ 129,730,650</u>
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 2,153,188	\$ 221,129	\$ 166,032	\$ 266,050	\$ -	\$ -	\$ -	\$ 184,512	\$ 643,702	\$ 3,634,613
Contracts and Retainage Payable	227,240	703,814	-	256,447	-	1,845,485	-	134,301	41,037	3,208,324
Due to other funds	-	213,500	-	-	-	-	-	-	-	213,500
Deferred revenue	57,686,510	381,558	3,652,001	-	-	-	-	-	8,038,332	69,758,401
Other liabilities	2,646,312	1,270	-	380,984	-	-	-	-	183,776	3,212,342
Total liabilities	<u>62,713,250</u>	<u>1,521,271</u>	<u>3,818,033</u>	<u>903,481</u>	<u>-</u>	<u>1,845,485</u>	<u>-</u>	<u>318,813</u>	<u>8,906,847</u>	<u>80,027,180</u>
Fund Balances										
Nonspendable	2,159,625	-	-	-	-	-	-	-	-	2,159,625
Restricted	658,112	1,535,945	2,331,343	-	-	-	-	-	177,645	4,703,045
Committed	4,789,276	-	-	1,391,819	365,223	3,193,255	315,627	4,240,771	2,185,989	16,481,960
Assigned	48,733	-	-	-	-	-	-	-	-	48,733
Unassigned	26,310,107	-	-	-	-	-	-	-	-	26,310,107
Total fund balances	<u>33,965,853</u>	<u>1,535,945</u>	<u>2,331,343</u>	<u>1,391,819</u>	<u>365,223</u>	<u>3,193,255</u>	<u>315,627</u>	<u>4,240,771</u>	<u>2,363,634</u>	<u>49,703,470</u>
Total liabilities and fund balances	<u>\$96,679,103</u>	<u>\$ 3,057,216</u>	<u>\$ 6,149,376</u>	<u>\$ 2,295,300</u>	<u>\$ 365,223</u>	<u>\$ 5,038,740</u>	<u>\$ 315,627</u>	<u>\$ 4,559,584</u>	<u>\$ 11,270,481</u>	<u>\$ 129,730,650</u>

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

City of Jackson
Reconciliation of Balance Sheet - Governmental Funds
To the Statement of Net Assets
September 30, 2012

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

Total fund balances - governmental funds	\$ 49,703,470
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	291,238,227
Net pension assets recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	15,785,086
Internal service fund is used to account for the group benefit plan. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets	(620,714)
Receivable recognized on the full accrual basis for the government-wide statements but not on the fund statements	2,073,662
Revenues that were earned but unavailable to the city and recorded as unearned in the fund statements	1,925,467
Net other postemployment benefit recorded in governmental activities that are not a financial resource and therefore are not reported in the governmental funds	(17,862,756)
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	(152,228,427)
Deferred bond issuance costs	257,230
Accrued interest on long-term debt	(731,059)
Capital leases	(17,057,853)
Compensated absences	(4,676,113)
Claims payable	(2,068,822)
Workers' Compensation Benefits	(4,476,073)
	<hr/>
Net assets of governmental activities	\$ <u>161,261,325</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, 2012

	General Fund	Federal Grant	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	2006 GO Bond	2009 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES										
General property taxes	\$ 55,855,472	\$ -	\$ 3,927,626	\$ 1,032,534	\$ -	\$ -	\$ -	\$ -	\$ 9,071,576	\$ 69,887,208
Licenses and permits	2,676,422	-	-	-	-	-	-	-	-	2,676,422
Intergovernmental	36,865,806	11,157,449	107,236	52,718	-	945,897	-	-	592,020	49,721,126
Fines and forfeitures	4,165,519	-	-	-	-	-	-	-	-	4,165,519
Special assessments	-	-	5,736	-	-	-	-	-	-	5,736
Admissions, fees, rentals and concessions	3,385,794	-	-	-	-	-	-	-	306,723	3,692,517
Interest	211,363	7,642	27,600	29,597	3,565	36,006	2,638	45,199	31,879	395,489
Other	12,334,824	300,750	3,825,936	18,450	-	-	-	-	80,379	16,560,339
Total revenues	115,495,200	11,465,841	7,894,134	1,133,299	3,565	981,903	2,638	45,199	10,082,577	147,104,356
EXPENDITURES										
Current:										
General government	26,978,493	2,290,850	-	-	-	-	-	-	-	29,269,343
Public safety	56,629,258	343,801	-	-	-	-	-	-	61,869	57,034,928
Public works	12,293,412	1,670,921	-	6,495,227	133,587	2,194,910	7,000	1,748,279	154,747	24,698,083
Planning and Development	-	3,753,093	-	80,048	-	-	-	-	-	3,833,141
Human and Cultural services	4,130,221	3,820,054	-	-	-	-	-	-	398,537	8,348,812
Employee benefits	1,752,802	-	-	-	-	-	-	-	6,931,879	8,684,681
Debt Service:										
Principal	-	-	872,868	-	-	-	-	-	-	872,868
Interest and service charges	-	46,550	6,528,755	-	-	-	-	-	-	6,575,305
Capital outlay:										
Public works	-	4,289	-	-	-	-	-	127,534	59,375	191,198
Public safety	-	438,745	-	2,499	-	-	-	-	91,270	532,514
Human and Cultural services	-	77,005	-	-	-	-	-	-	5,827,120	5,904,125
Total expenditures	101,784,186	12,445,308	7,401,623	6,577,774	133,587	2,194,910	7,000	1,875,813	13,524,797	145,944,998
Excess (deficiency) of revenues over (under) expenditures	13,711,014	(979,467)	492,511	(5,444,475)	(130,022)	(1,213,007)	(4,362)	(1,830,614)	(3,442,220)	1,159,358
OTHER FINANCING SOURCES (USES)										
Transfers in	879	932,222	6,756	-	-	-	-	127,534	3,745,689	4,813,080
Transfers out	(16,073,593)	-	-	-	-	-	-	-	(368,933)	(16,442,526)
Proceeds from capitalized leases	3,035,128	-	-	-	-	-	-	-	63,448	3,098,576
Proceeds of long term debt	-	-	-	-	-	-	-	-	401,624	401,624
Sale of capital assets	165,818	-	-	-	-	-	-	-	-	165,818
Total other financing sources (uses)	(12,871,768)	932,222	6,756	-	-	-	-	127,534	3,841,828	(7,963,428)
Net change in fund balances	839,246	(47,245)	499,267	(5,444,475)	(130,022)	(1,213,007)	(4,362)	(1,703,080)	399,608	(6,804,070)
Fund balances at beginning of year	33,126,607	1,583,190	1,832,076	6,836,294	495,245	4,406,262	319,989	5,943,851	1,964,026	56,507,540
Fund balances at end of year	\$ 33,965,853	\$ 1,535,945	\$ 2,331,343	\$ 1,391,819	\$ 365,223	\$ 3,193,255	\$ 315,627	\$ 4,240,771	\$ 2,363,634	\$ 49,703,470

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, 2012

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

Net change in fund balances – total governmental funds	\$ (6,804,070)
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	4,786,502
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	1,752,713
Activities from debt related transactions	
New capital lease proceeds reported in the fund statements	(3,098,576)
Retirement of prior leases	4,114,393
Note proceeds recorded in the fund statements	(401,624)
Amortization of deferred bond issuance cost	(17,142)
Decrease in net pension asset reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	1,584,286
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	(4,333,960)
Expenses reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds	676,864
Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements	1,875,963
Internal service fund net activity not reported on the governmental fund statement	<u>(600,486)</u>
Change in the net assets of governmental activities	<u>\$ (465,137)</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, 2012

	<u>Budget Amount</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u> <u>positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes				
Current realty taxes	\$ 33,882,391	\$ 33,882,391	\$ 32,540,953	\$ (1,341,438)
Current personal taxes	13,499,089	13,499,089	13,919,000	419,911
Ad valorem taxes on automobiles	6,220,575	6,220,575	6,613,362	392,787
Delinquent taxes	450,000	450,000	1,659,810	1,209,810
Delinquent personal taxes	50,000	50,000	94,372	44,372
Interest on current taxes	-	-	39	39
Interest on delinquent taxes	540,000	540,000	913,021	373,021
Community improvement	177,000	177,000	114,915	(62,085)
Total general property taxes	<u>54,819,055</u>	<u>54,819,055</u>	<u>55,855,472</u>	<u>1,036,417</u>
Licenses and permits				
Privilege licenses	400,000	400,000	445,745	45,745
Building permits	777,967	777,967	742,271	(35,696)
Air conditioning and duct permits	60,000	60,000	48,163	(11,837)
Plumbing permits	50,000	50,000	51,659	1,659
Electric permits	150,000	150,000	163,606	13,606
Gas Permits	70,000	70,000	47,980	(22,020)
Historic preservation application	1,000	1,000	968	(32)
Dance hall and other recreational fees	7,500	7,500	5,854	(1,646)
Landfill charges	1,006,819	1,006,819	1,030,503	23,684
Taxicab license fees	2,000	2,000	1,245	(755)
Sign permits	40,400	40,400	44,658	4,258
Zoning permits	25,000	25,000	25,735	735
Combustible and flammable liquid permits	5,425	5,425	7,950	2,525
Fireworks Display Permit	200	200	300	100
Aircraft registration	5,000	5,000	2,391	(2,609)
Transit Merchants-Peddlers License	5,000	5,000	4,500	(500)
Boarding, Lodging-Licenses	-	-	780	780
Adult entertainment-and License	30,000	30,000	20,018	(9,982)
Special event fee	4,000	4,000	14,314	10,314
Maintenance fees	6,000	6,000	7,320	1,320
Fire inspection permit	6,000	6,000	7,150	1,150
Annual vehicle inspecton	4,500	4,500	3,312	(1,188)
Total licenses and permits	<u>2,656,811</u>	<u>2,656,811</u>	<u>2,676,422</u>	<u>19,611</u>

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City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<u>Budget Amount</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u> <u>positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Continued):				
Intergovernmental Revenues:				
State Grants and Shared Revenues:				
Alcohol permits	\$ 262,000	\$ 262,000	\$ 267,650	\$ 5,650
Gasoline Tax	31,146	31,146	30,062	(1,084)
MDEQ - Solid Waste	-	-	2,131,716	2,131,716
Municipal revolving fund	95,633	95,633	86,870	(8,763)
State reimb training academy	-	-	230,401	230,401
State fire protection	859,721	859,721	904,238	44,517
Sales tax	30,631,728	31,183,932	29,154,689	(2,029,243)
Bus & truck privilege tax	497,694	497,694	543,775	46,081
Wireless radio communication program	173,037	173,037	194,138	21,101
Homestead exemption	1,163,951	1,163,951	1,530,791	366,840
Total state grants shared revenues	<u>33,714,910</u>	<u>34,267,114</u>	<u>35,074,330</u>	<u>807,216</u>
Federal and State Grants and Shared Revenues:				
HITDA Grant	20,000	20,000	11,036	(8,964)
COPS- Universal Hire	-	3,059,050	748,209	(2,310,841)
JCVB grant	-	-	10,000	10,000
MDOT Summer Youth reimbursement	35,000	35,000	25,976	(9,024)
MDOT Litter Pick Up	12,168	12,168	14,631	2,463
FEMA/MEMA Disaster	-	31,500	83,200	51,700
Other police grants	116,135	116,135	60,891	(55,244)
Total federal and state shared revenues	<u>183,303</u>	<u>3,273,853</u>	<u>953,943</u>	<u>(2,319,910)</u>
County Revenues:				
Pro rata road tax	460,000	460,000	586,809	126,809
Hinds County 911 Funds	-	250,724	250,724	-
Total county revenue	<u>460,000</u>	<u>710,724</u>	<u>837,533</u>	<u>126,809</u>
Total intergovernmental revenues	<u>34,358,213</u>	<u>38,251,691</u>	<u>36,865,806</u>	<u>(1,385,885)</u>
Fines and Forfeitures:				
Court & misdemeanor fines	1,100,000	1,100,000	901,746	(198,254)
Vehicle parking fines	150,000	150,000	137,439	(12,561)
Moving traffic violations	1,400,000	1,400,000	1,483,712	83,712
City court costs	25,000	25,000	18,040	(6,960)
Bad check fee and Warrant fee	177,400	177,400	182,115	4,715
Animal control citations	2,200	2,200	1,569	(631)
Municipal court computer	22,000	22,000	23,116	1,116
Municipal court drivers impr fee	40,000	40,000	45,635	5,635
Expungement fee	6,000	6,000	6,255	255
Jackson collection fee	100,000	100,000	125,933	25,933
Miscellaneous Court Docket fee	145,000	145,000	160,100	15,100
Dropped charge fee	6,000	6,000	4,550	(1,450)
Cash bond - clearing account	55,000	55,000	23,580	(31,420)
Rearraignment fee	20,000	20,000	25,025	5,025
Daily storage fee-vehicle	25,000	25,000	31,138	6,138
Administrative fee - del cases	375,000	375,000	408,470	33,470
Contempt fee	132,000	132,000	137,786	5,786
Computerized Crime prevention	25,000	25,000	27,346	2,346
Municipal Court Enhancement fee	-	168,237	225,279	57,042
Jackson Enhancement fee	-	-	112,500	112,500
Wrecker fees	75,000	75,000	84,185	9,185
Total fines and forfeitures	<u>3,880,600</u>	<u>4,048,837</u>	<u>4,165,519</u>	<u>116,682</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<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	\$ 160,000	\$ 160,000	\$ 192,641	\$ 32,641
Municipal Auditorium:				
Rentals	102,000	102,000	39,858	(62,142)
Concessions	2,200	2,200	1,123	(1,077)
Local record fee	5,000	5,000	5,032	32
Pistol Range rent	1,000	1,000	3,003	2,003
Outdoor adversting	12,000	12,000	10,972	(1,028)
Fire Water flow test fee	2,500	2,500	1,200	(1,300)
Fire Reports	9,500	9,500	10,339	839
Accident report fee	100,000	100,000	87,175	(12,825)
Background check fee	12,500	12,275	16,112	3,837
Bail bondsman applicant photo	200	200	210	10
Bail bondsman mug shot fee	300	300	15	(285)
Bail bondsman ID card	700	700	520	(180)
Fingerprinting	16,000	16,000	18,460	2,460
Verification of records	30,000	30,000	26,707	(3,293)
Fire sprinkler plans review	4,075	4,075	5,895	1,820
Rents & Royalties	11,000	11,000	11,090	90
Art Gallery Donations	-	-	1,660	1,660
Telecommunication Franchise Agreement	267,000	267,000	452,459	185,459
Tower Rentals	2,395,906	2,422,378	2,447,082	24,704
Arts Center:				
Admissions, rents and royalties	5,100	5,100	1,835	(3,265)
Community room rent	10,000	10,000	4,115	(5,885)
Concessions	250	250	555	305
Planetarium:				
Admissions,Discovery Shop, etc.	47,000	47,000	39,443	(7,557)
Senior Centers Rescrvation Fee	3,600	3,600	4,654	1,054
Special Program - CMPDD rent	-	-	2,674	2,674
Smith Robertson Museum:				
Gift shop	750	750	-	(750)
Donations	4,400	4,400	603	(3,797)
Admissions, rental	5,500	5,500	362	(5,138)
Total admissions and rentals	<u>3,208,481</u>	<u>3,234,728</u>	<u>3,385,794</u>	<u>151,066</u>
Interest:				
Earned on investments	174,880	174,880	211,363	36,483
Earned on accounts	1,207	1,207	-	(1,207)
Total interest earned	<u>176,087</u>	<u>176,087</u>	<u>211,363</u>	<u>35,276</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Revenues (Continued):				
Other Revenues:				
Public utility	\$ 4,610,814	\$ 4,140,768	\$ 4,140,768	\$ -
Franchise cable television	1,623,000	1,623,000	1,651,709	28,709
Water Sewer Franchise Fee	830,597	830,597	830,597	-
Nuclear power plant	1,617,573	1,617,573	1,594,985	(22,588)
Sale of cemetery lots	-	-	400	400
Small animal control	3,000	3,000	5,739	2,739
Police-sale of weapons	3,000	3,000	12	(2,988)
Parking fee-City employees	7,000	7,000	11,960	4,960
Police	111,251	490,748	479,537	(11,211)
Public Safety Communications	30,000	30,000	8,320	(21,680)
Indirect cost	2,608,590	2,608,590	2,525,645	(82,945)
Street index books	1,000	1,000	-	(1,000)
Downtown Jackson Partners	155,874	155,874	158,601	2,727
Plumbing exam	-	-	75	75
Electrical exam	100	100	100	-
Penalty on demo/grass/weeds	6,500	16,968	56,780	39,812
Cemeteries-openings/closings	25,000	25,000	10,225	(14,775)
Performance contract rebate	-	-	129	129
Site plan review planning	15,000	15,000	13,980	(1,020)
Construction plan review	3,500	3,500	200	(3,300)
Building & Permit misc	100,000	100,000	105,215	5,215
Cafeteria plan-flexible spending	150,000	150,000	149,953	(47)
Administrative fee-payroll deductions	12,000	12,000	13,809	1,809
Sale of maps, plans, and specifications	3,500	3,500	4,266	766
Traffic	14,873	15,351	479	(14,872)
Legal/City Clerk/Finance and Management	11,000	11,000	8,775	(2,225)
Fire Museum donations	1,000	1,508	598	(910)
Fire-Arson/Internal Affairs donations	-	808	2,809	2,001
Fire Department	202,700	3,200	1,801	(1,399)
Grants & Donations	75,000	248,585	231,774	(16,811)
I.D. Badge fee-city employee	500	500	795	295
Abstract fees	4,000	4,000	7,095	3,095
Settlement of insurance claim	75,000	75,000	80,607	5,607
Proceeds from assets and forfeitures	82,903	82,903	48,427	(34,476)
P E G Revenue	188,394	188,394	166,734	(21,660)
Other	-	13,028	21,925	8,897
Total other revenues	<u>12,572,669</u>	<u>12,481,495</u>	<u>12,334,824</u>	<u>(146,671)</u>
Total revenues	<u>111,671,916</u>	<u>115,668,704</u>	<u>115,495,200</u>	<u>(173,504)</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	Budget Amount		Actual Amounts	Variance with Final Budget- positive(negative)
	Original	Final		
Expenditures:				
Current Operations:				
General Government				
Administration and Intra-governmental				
Personnel services	\$ 12,160,215	\$ 10,898,900	\$ 9,982,867	\$ 916,033
Supplies	1,493,606	2,128,559	905,179	1,223,380
Other services and charges	9,192,974	9,319,685	5,844,005	3,475,680
Capital outlay	2,050,702	4,351,386	3,494,203	857,183
Total Department of Administration	24,897,497	26,698,530	20,226,254	6,472,276
Personnel				
Personnel services	808,365	811,757	639,165	172,592
Supplies	12,561	14,756	7,694	7,062
Other services and charges	99,431	108,356	88,920	19,436
Capital Outlay	734	3,639	2,205	1,434
Total Department of Personnel	921,091	938,508	737,984	200,524
Planning				
Personnel services	2,382,800	2,447,312	2,208,219	239,093
Supplies	103,572	115,993	92,826	23,167
Other services and charges	4,347,764	4,254,017	3,710,208	543,809
Capital Outlay	3,870	4,227	3,002	1,225
Total Department of Planning	6,838,006	6,821,549	6,014,255	807,294
Total General Government	32,656,594	34,458,587	26,978,493	7,480,094
Department of Human and Cultural Services				
Health and Welfare				
Personnel supplies	1,201,911	1,191,594	1,128,371	63,223
Supplies	25,100	34,411	28,217	6,194
Other services and charges	634,786	683,482	634,868	48,614
Capital outlay	264,615	271,877	271,872	5
Total Health and Welfare	2,126,412	2,181,364	2,063,328	118,036
Culture and Recreation				
Personnel services	614,562	551,757	523,583	28,174
Supplies	82,426	144,715	114,603	30,112
Other services and charges	1,448,406	1,497,823	1,421,006	76,817
Capital outlay	2,155	10,291	7,701	2,590
Total Culture and Recreation	2,147,549	2,204,586	2,066,893	137,693
Total Department of Human and Cultural Services	4,273,961	4,385,950	4,130,221	255,729
Department of Public Safety				
Personnel services	46,191,824	50,074,810	45,215,600	4,859,210
Supplies	3,137,969	3,485,961	3,337,804	148,157
Other services and charges	3,698,707	3,754,682	3,337,030	417,652
Capital outlay	4,487,390	4,941,297	4,738,824	202,473
Total Department of Public Safety	57,515,890	62,256,750	56,629,258	5,627,492

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City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<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>		
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 7,089,972	\$ 7,382,676	\$ 7,044,555	\$ 338,121
Supplies	1,756,188	1,896,890	1,656,629	240,261
Other services and charges	3,578,379	2,853,602	2,305,056	548,546
Capital outlay	1,279,733	1,430,812	1,287,172	143,640
Total Department of Public Works	<u>13,704,272</u>	<u>13,563,980</u>	<u>12,293,412</u>	<u>1,270,568</u>
Current Operations				
Employee Benefits				
Supplies	65,000	65,000	65,000	-
Other services and charges	1,887,729	1,859,422	1,687,802	171,620
Total Employee Benefits	<u>1,952,729</u>	<u>1,924,422</u>	<u>1,752,802</u>	<u>171,620</u>
Total expenditures	<u>110,103,446</u>	<u>116,589,689</u>	<u>101,784,186</u>	<u>14,805,503</u>
Excess(deficiency) of revenues over expenditures	1,568,470	(920,985)	13,711,014	14,631,999
Other Financing Sources(Uses)				
Transfers in	-	699	879	(180)
Transfers out	(15,999,557)	(15,999,557)	(16,073,593)	74,036
Proceeds from long term debt	2,813,289	2,957,179	3,035,128	(77,949)
Sale of capital assets	192,050	198,120	165,818	32,302
Total other financing sources(uses)	<u>(12,994,218)</u>	<u>(12,843,559)</u>	<u>(12,871,768)</u>	<u>28,209</u>
Net change in fund balance	(11,425,748)	(13,764,544)	839,246	14,660,208
Fund balances at beginning of year	33,126,607	33,126,607	33,126,607	-
Fund balances at end of year	<u>\$ 21,700,859</u>	<u>\$ 19,362,063</u>	<u>\$ 33,965,853</u>	<u>\$ 14,603,790</u>

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

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2012

	<u>Budget Amount</u>		<u>Actuals Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$22,088,893	\$ 24,273,007	\$ 11,157,449	\$ (13,115,558)
Interest	-	-	7,642	7,642
Other	-	-	300,750	300,750
Total revenues	<u>22,088,893</u>	<u>24,273,007</u>	<u>11,465,841</u>	<u>(12,807,166)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,712,437	4,500,447	3,833,042	667,405
Supplies	823,078	864,189	725,463	138,726
Other Services and Charges	16,931,272	18,270,919	7,318,015	10,952,904
Capital Outlay	613,985	2,191,890	522,238	1,669,652
Debt Service:				
Interest and service charges	-	-	46,550	(46,550)
Total expenditures	<u>23,080,772</u>	<u>25,827,445</u>	<u>12,445,308</u>	<u>13,382,137</u>
Excess (deficiency) of revenues over expenditures	<u>(991,879)</u>	<u>(1,554,438)</u>	<u>(979,467)</u>	<u>(574,971)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	929,529	957,754	932,222	(25,532)
Total other financing sources (uses)	<u>929,529</u>	<u>957,754</u>	<u>932,222</u>	<u>(25,532)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(62,350)	(596,684)	(47,245)	549,439
Fund balances at beginning of year	<u>1,583,190</u>	<u>1,583,190</u>	<u>1,583,190</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,520,840</u>	<u>\$ 986,506</u>	<u>\$ 1,535,945</u>	<u>\$ 549,439</u>

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

City of Jackson
Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive (negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 950,000	\$ 1,032,535	\$ 1,032,534	\$ (1)
Intergovernmental Revenue	1,667,270	2,244,770	52,718	(2,192,052)
Interest	-	-	29,597	29,597
Other revenues	-	18,450	18,450	-
Total revenues	<u>2,617,270</u>	<u>3,295,755</u>	<u>1,133,299</u>	<u>(2,162,456)</u>
EXPENDITURES				
Current Operations				
Other Services and Charges	8,550,824	10,924,212	6,575,275	4,348,937
Capital Outlay	-	16,725	2,499	14,226
Total expenditures	<u>8,550,824</u>	<u>10,940,937</u>	<u>6,577,774</u>	<u>4,363,163</u>
Deficiency of revenues over (under) expenditures	(5,933,554)	(7,645,182)	(5,444,475)	(2,200,707)
OTHER FINANCING SOURCES(USES)				
Proceeds from long term debt	<u>3,398,518</u>	<u>3,398,518</u>	-	<u>3,398,518</u>
Total other financing sources and uses	<u>3,398,518</u>	<u>3,398,518</u>	-	<u>3,398,518</u>
Net change in fund balances	(2,535,036)	(4,246,664)	(5,444,475)	1,197,811
Fund balances at beginning of year	<u>6,836,294</u>	<u>6,836,294</u>	<u>6,836,294</u>	-
Fund balances at end of year	<u>\$ 4,301,258</u>	<u>\$ 2,589,630</u>	<u>\$ 1,391,819</u>	<u>\$ 1,197,811</u>

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

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2012

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Internal Service Fund</u>
Assets					
Current Assets:					
Cash and cash equivalents	\$ 13,339,743	\$ 2,215,889	\$ 66,517	\$ 15,622,149	\$ 359,980
Accounts receivable, less allowances	23,859,370	5,898,696	-	29,758,066	75,352
Intergovernmental receivables	-	-	663,877	663,877	-
Other receivables	1,351,318	-	-	1,351,318	-
Restricted Assets					
Cash and cash equivalents	14,559,571	-	-	14,559,571	-
Inventories	1,843,378	-	-	1,843,378	-
Total Current Assets	<u>54,953,380</u>	<u>8,114,585</u>	<u>730,394</u>	<u>63,798,359</u>	<u>435,332</u>
Noncurrent Assets:					
Restricted Assets					
Cash and cash equivalents	26,666,758	-	-	26,666,758	-
Investments	2,000,000	-	-	2,000,000	-
Deferred charges - bond costs, net of amortization	2,252,574	-	-	2,252,574	-
Total Noncurrent Assets	<u>30,919,332</u>	<u>-</u>	<u>-</u>	<u>30,919,332</u>	<u>-</u>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	117,830,080	57,301	187,903	118,075,284	-
Water plant, distribution system and equipment	258,742,877	-	943,632	259,686,509	-
Automotive and other equipment	14,100,832	2,477,899	10,559,245	27,137,976	-
	392,061,788	2,535,200	12,140,780	406,737,768	-
Less: accumulated depreciation	<u>(199,424,729)</u>	<u>(1,653,640)</u>	<u>(5,707,645)</u>	<u>(206,786,014)</u>	<u>-</u>
	192,637,059	881,560	6,433,135	199,951,754	-
Construction in Progress	156,234,777	-	2,304,843	158,539,620	-
Net property, plant and equipment	<u>348,871,836</u>	<u>881,560</u>	<u>8,737,978</u>	<u>358,491,374</u>	<u>-</u>
Total Assets	<u>\$ 434,744,548</u>	<u>\$ 8,996,145</u>	<u>\$ 9,468,372</u>	<u>\$ 453,209,065</u>	<u>\$ 435,332</u>

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

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2012

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Totals	Internal Service Fund
Liabilities and Fund Equity					
Current Liabilities Payable from Unrestricted Assets:					
Accounts/claims payable	\$ 5,321,805	\$ 850,521	\$ 276,187	\$ 6,448,513	\$ 408,512
Due to other funds	-	-	2,928,944	2,928,944	-
Compensated absences	334,757	52,164	8,723	395,644	-
Retainage payable	3,814,406	-	45,446	3,859,852	-
Customer deposits	4,264,804	-	-	4,264,804	-
Other	103,298	-	-	103,298	-
Current portion of Long-Term Debt:					
Lease obligations	460,643	323,514	212,094	996,251	-
State Department of Environmental Quality	1,586,105	-	-	1,586,105	-
Total Current Liabilities Payable from Unrestricted Assets	15,885,818	1,226,199	3,471,394	20,583,411	408,512
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	5,155,000	-	-	5,155,000	-
Accrued interest payable	558,095	-	-	558,095	-
Total Current Liabilites Payable from Restricted Assets	5,713,095	-	-	5,713,095	-
Total Current Liabilities	21,598,913	1,226,199	3,471,394	26,296,506	408,512
Post Employment Benefits accrual	2,375,562	294,643	46,038	2,716,243	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Compensated absences	120,715	18,518	-	139,233	-
Revenue bonds (net of unamortized discount/premium)	153,506,486	-	-	153,506,486	-
Lease obligations	1,137,436	420,396	513,499	2,071,331	-
State Department of Environmental Quality	10,991,047	-	-	10,991,047	-
Total Long-Term Debt	165,755,684	438,914	513,499	166,708,097	-
Total Liabilities	189,730,159	1,959,756	4,030,931	195,720,846	408,512
Net Assets					
Invested in capital assets, net of related debt	176,035,118	137,650	8,012,385	184,185,153	-
Unrestricted	68,979,271	6,898,739	(2,574,944)	73,303,066	26,820
Total Net Assets	245,014,389	7,036,389	5,437,441	257,488,219	26,820
Total liabilities and net assets	\$ 434,744,548	\$ 8,996,145	\$ 9,468,372	\$ 453,209,065	\$ 435,332

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

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended September 30, 2012

	<u>Water/Sewage Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Operating Revenues:					
Sales to customers	\$ 47,966,053	\$ 12,006,853	\$ 588,629	\$ 60,561,535	\$ -
Contributions	-	-	-	-	4,808,132
Contributions - City Match	-	-	-	-	2,966,485
Other revenues	51,029	99,267	480,370	630,666	363,214
Total Operating Revenues	<u>48,017,082</u>	<u>12,106,120</u>	<u>1,068,999</u>	<u>61,192,201</u>	<u>8,137,831</u>
Operating Expenses:					
Personnel services	10,645,418	1,371,422	276,334	12,293,174	-
Supplies	5,159,810	349,911	821,857	6,331,578	-
Other services and charges	17,560,729	9,890,833	5,172,127	32,623,689	14,722,224
Depreciation	8,782,498	281,716	774,218	9,838,432	-
Total operating expenses	<u>42,148,455</u>	<u>11,893,882</u>	<u>7,044,536</u>	<u>61,086,873</u>	<u>14,722,224</u>
Operating income (loss)	<u>5,868,627</u>	<u>212,238</u>	<u>(5,975,537)</u>	<u>105,328</u>	<u>(6,584,393)</u>
Nonoperating revenues (expenses):					
Interest revenue	461,524	10,408	47	471,979	2,281
Interest and service charges on long-term debt and capitalized lease obligations	(11,937,083)	-	-	(11,937,083)	-
Gain (loss) on sale of capital assets	15,090	7,000	7,480	29,570	-
Amortization of bond issuance cost	(1,261,804)	-	-	(1,261,804)	-
Total nonoperating revenues (expenses)	<u>(12,722,273)</u>	<u>17,408</u>	<u>7,527</u>	<u>(12,697,338)</u>	<u>2,281</u>
Income (loss) before contributions and transfers	<u>(6,853,646)</u>	<u>229,646</u>	<u>(5,968,010)</u>	<u>(12,592,010)</u>	<u>(6,582,112)</u>
Capital contributions from grants	-	112,320	2,731,398	2,843,718	-
Transfers In:					
General Fund	-	-	4,638,988	4,638,988	6,629,160
Enterprise Fund	-	-	37,870	37,870	-
Capital Projects Fund	361,478	-	-	361,478	-
Transfers Out:					
Enterprise Fund	(37,870)	-	-	(37,870)	-
Total Transfers In (Out)	<u>323,608</u>	<u>-</u>	<u>4,676,858</u>	<u>5,000,466</u>	<u>6,629,160</u>
Change in Net Assets	(6,530,038)	341,966	1,440,246	(4,747,826)	47,048
Total net assets - beginning	251,544,427	6,694,423	3,997,195	262,236,045	(20,228)
Total net assets - ending	<u>\$ 245,014,389</u>	<u>\$ 7,036,389</u>	<u>\$ 5,437,441</u>	<u>\$ 257,488,219</u>	<u>\$ 26,820</u>

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

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City of Jackson
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2012

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 43,344,101	\$ 11,077,512	\$ 588,629	\$ 55,010,242	\$ 7,774,617
Receipts from other revenue	51,029	99,267	820,221	970,517	342,699
Payments to suppliers	(16,949,631)	(9,597,847)	(6,625,729)	(33,173,207)	(14,610,032)
Payments to employees	(10,217,615)	(1,082,105)	(228,125)	(11,527,845)	-
Net Cash provided by (used for)					
Operating Activities	<u>16,227,884</u>	<u>496,827</u>	<u>(5,445,004)</u>	<u>11,279,707</u>	<u>(6,492,716)</u>
Cash Flows from Noncapital Financing Activities					
Transfers In	361,478	-	4,676,858	5,038,336	6,629,160
Transfers Out	(37,870)	-	-	(37,870)	-
Net cash provided by noncapital financing activities	<u>323,608</u>	<u>-</u>	<u>4,676,858</u>	<u>5,000,466</u>	<u>6,629,160</u>
Cash Flows from Capital and Related					
Financing Activities					
Acquisition and construction of capital assets	(15,962,687)	(4,453)	(1,799,004)	(17,766,144)	-
Proceeds from sale of capital assets	15,090	7,000	7,480	29,570	-
Proceeds from capital debt	84,095,166	620,000	74,660	84,789,826	-
Principal paid on capital debt	(79,091,504)	(284,733)	(218,489)	(79,594,726)	-
Proceeds from capital contributions	-	112,320	2,731,398	2,843,718	-
Proceeds from capital debt - premium and discount	(6,762,193)	-	-	(6,762,193)	-
Interest paid on capital debt	(3,727,342)	-	-	(3,727,342)	-
Net cash provided by (used for) capital and related financing activities	<u>(21,433,470)</u>	<u>450,134</u>	<u>796,045</u>	<u>(20,187,291)</u>	<u>-</u>
Cash Flow Provided by (Used for) Investing Activities:					
Interest on investments	461,524	10,408	47	471,979	2,281
Net Cash provided by investing activities	<u>461,524</u>	<u>10,408</u>	<u>47</u>	<u>471,979</u>	<u>2,281</u>
Net increase (decrease) in cash and cash equivalents	(4,420,454)	957,369	27,946	(3,435,139)	138,725
Cash and cash equivalents at beginning of year	58,986,526	1,258,520	38,571	60,283,617	221,255
Cash and cash equivalents at end of year	<u>\$ 54,566,072</u>	<u>\$ 2,215,889</u>	<u>\$ 66,517</u>	<u>\$ 56,848,478</u>	<u>\$ 359,980</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, 2012

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ 5,868,627	\$ 212,238	\$ (5,975,537)	\$ 105,328	\$ (6,584,393)
Depreciation Expense	8,782,498	281,716	774,218	9,838,432	-
(Increase) decrease in accounts receivable, net	(3,562,791)	(929,341)	-	(4,492,132)	(20,516)
(Increase) decrease in inventories	563,952	-	-	563,952	-
(Increase) decrease in other receivable	(1,059,161)	-	339,851	(719,310)	-
(Increase) decrease in deferred charges	(19,656)	-	-	(19,656)	-
Increase (decrease) in accounts payable and retainage	5,588,351	937,540	(585,707)	5,940,184	112,193
Increase (decrease) in accrued interest payable	(52,340)	-	-	(52,340)	-
Increase (decrease) in compensated absences	(6,556)	(5,326)	2,171	(9,711)	-
Increase (decrease) in customer deposits	193,149	-	-	193,149	-
Increase (decrease) in other liabilities	(68,189)	-	-	(68,189)	-
Total adjustments	<u>10,359,257</u>	<u>284,589</u>	<u>530,533</u>	<u>11,174,379</u>	<u>91,677</u>
Net cash provided by (used for) operating activities	<u>\$ 16,227,884</u>	<u>\$ 496,827</u>	<u>\$ (5,445,004)</u>	<u>\$ 11,279,707</u>	<u>\$ (6,492,716)</u>
Noncash Investing, Capital, and Financing					
Activities:					
Borrowing under capital lease	\$ 1,398,946	\$ 620,000	\$ 74,660		
Recap of cash and cash equivalents:					
Cash and cash equivalents	\$ 13,339,743	\$ 2,215,889	\$ 66,517	\$ 15,622,149	\$ 359,980
Restricted cash and cash equivalents	<u>41,226,329</u>	<u>-</u>	<u>-</u>	<u>41,226,329</u>	<u>-</u>
	<u>\$ 54,566,072</u>	<u>\$ 2,215,889</u>	<u>\$ 66,517</u>	<u>\$ 56,848,478</u>	<u>\$ 359,980</u>

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

**CITY OF JACKSON
STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
SEPTEMBER 30, 2012**

	<u>Trust Funds</u>	<u>Agency Funds</u>	
Assets			
Cash and cash equivalents	\$ 396,987	\$ 21,379	
Investment at fair value:			
Certificate of deposit	<u>32,270</u>	<u>-</u>	
Total assets	<u>\$ 429,257</u>	<u>\$ 21,379</u>	
 Liabilities and Net Assets			
Liabilities:			
Payables to others	\$ <u>-</u>	\$ <u>21,379</u>	
Total liabilities	<u>-</u>	<u>\$ 21,379</u>	
 Net Assets:			
Held in trust	<u>429,257</u>		
Total net assets	<u>429,257</u>		
Total liabilities and net assets	<u>\$ 429,257</u>		

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

**CITY OF JACKSON
STATEMENT OF CHANGES IN NET ASSETS
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Trust Funds</u>
Additions:	
Interest	\$ 3,002
Other additions	<u>209,274</u>
Total additions	\$ <u>212,276</u>
Deductions:	
General government Trust funds	\$ <u>127,976</u>
Total deductions	<u>127,976</u>
Change in Net Assets	84,300
Net assets at beginning of year	<u>344,957</u>
Net assets at end of year	\$ <u><u>429,257</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, 2012

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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, 2012

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

A. REPORTING ENTITY (Continued):

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

Related Organizations

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

Airport Authority
100 International Drive
Jackson, MS 39208

Jackson Housing Authority
2747 Livingston Road
Jackson, MS 39213

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

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

Joint Ventures

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

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

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

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

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

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

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

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

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

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

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

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

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

The City reports the following major government funds:

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

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

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

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

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

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

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

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

The City reports the following major proprietary funds:

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

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

Additionally, the City reports the following fund types:

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

Fiduciary Funds:

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

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

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

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

D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

1. Cash and Cash Equivalents

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

2. Receivables

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

3. Investments

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

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

4. Restricted Assets

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

5. Inventories

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

6. Capital Assets

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

6. Capital Assets (Continued):

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

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

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

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

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

7. Compensated Absences

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

8. Bond Discounts, Bond Premiums and Issuance Costs

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

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

9. Interfund Activity

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

10. Revenues

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

11. Expenditures

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

12. Reserves and Designations

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

13. Net Assets

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

14. Fund Balance

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

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

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

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

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

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

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

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CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

15. Fund Balance/Net Asset Policy

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

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

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

Enterprise Fund – The City maintains a Sanitation Fund, Water and Sewer Fund, and Transportation Fund. Under the Water Sewer Bond Ordinance, the following Fund Balance/Reserves are required: 1/12 of O&M budget for Operation & Maintenance; 1/12 of actual debt service; 2/12 of O&M budget for Contingent Fund; and, Maximum of \$100,000 for Depreciation Fund.

The total Required Fund Balance/Reserve for 2012 is \$11,884,931 and this amount is on deposit at September 30, 2012.

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

16. Pension Expenses

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

17. Use of Estimates

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

18. New Accounting Pronouncements

During the fiscal year 2012 the City implemented the following GASB pronouncements:

In June 2011, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement updates and improves existing standards regarding financial reporting of certain financial instruments and external investment pools. The Statement is effective for financial statements prepared by state and local governments for periods beginning after June 15, 2011. In conjunction with the 2012 fiscal year audit, a review was made relating to the requirements of this statement. As a result of this review, this Statement had no significant impact on the City's financial statements.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53*. This Statement enhances comparability and improves financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The requirements of this statement are effective for periods beginning after June 15, 2011. In conjunction with the 2012 fiscal year audit, a review was made relating to the requirements of this Statement. As a result of this review, this statement had no significant impact on the City's financial statements.

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

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

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

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

18. New Accounting Pronouncements (Continued):

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

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. This Statement will not have a significant impact on the City.

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*.

This Statement also amends Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes would eliminate any uncertainty regarding the application of Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively. The requirements of this Statement are effective for periods beginning after December 15, 2012. This Statement will not have a significant impact on the City.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net assets – governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$180,982 difference are as follows (in thousands):

Bonds payable	\$ 148,217
Less: Deferred charge on refunding (to be amortized as interest expense)	1,066
Less: Issuance premium	3,437
Less: Issuance discount (to be amortized as interest expense)	(491)
Deferred bond issuance cost	(257)
Accrued interest payable	731
Capital leases payable	17,058
Claims and judgments	2,069
Compensated absences	4,676
Workers' Compensation Benefits	<u>4,476</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 180,982</u>

Another element of that reconciliation explains that "Internal service funds are used to account for the group benefit plan. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets." The details of this (\$ 26) difference are as follows (in thousands):

Net assets of the internal service funds	<u>(\$ 26)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>(\$ 26)</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

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CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

reconciliation between *net changes in fund balances – total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this \$4,786 difference are as follows (in thousands):

Capital outlay	\$ 10,539
Depreciation expense	<u>(5,753)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 4,786</u>

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this \$1,211 difference are as follows (in thousands):

Principal repayments:	
General obligation debt	430
Limited obligation debt	439
Other debt	<u>342</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>\$ 1,211</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 (\$1,015) difference are as follows (in thousands):

Debt issued or incurred:	
Capital lease financing	\$ 3,099
Principal repayments:	
Payment on capital lease	<u>(4,114)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$ 1,015)</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

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

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of this (\$125) difference are as follows (in thousands):

Compensated absences	(\$ 258)
Workers' compensation benefits	(457)
Claims and judgments	1
Accrued interest	31
Amortization of bond premium	415
Amortization of bond discounts	(28)
Amortization of issuance costs	155
Amortization of deferred costs	<u>17</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$ 125)</u>

Another element of that reconciliation states that "Revenues recognized on the full accrual basis for the government-wide statements but are not recognized on the fund statements." The details of this (\$1,870) difference are as follows (in thousands):

Property taxes receivable	(\$1,876)
Special assessments receivable	<u>6</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$1,870)</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 (\$ 601) difference are as follows (in thousands):

Change in net assets of the internal service funds	<u>(\$ 601)</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net assets of governmental activities</i>	<u>(\$ 601)</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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, 2012

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 2012 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 125,076	\$ 133,308	\$ 8,232
Special Revenue Funds	46,297	53,482	7,185
Debt Service Fund	14,597	14,973	376
Capital Projects Funds	19,349	29,036	9,687
Enterprise Funds	263,760	325,478	61,718
Internal Service Fund	13,063	14,768	1,705
	\$ 482,142	\$ 571,045	\$88,903

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, 2012.

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CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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 \$105,959,111 and the bank balances totaled \$95,574,760. Of the bank balances, \$250,000 was insured by federal deposit insurance and \$95,324,760 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

3. Investments – Primary Government

As of September 30, 2012, the City had investments consisting of U.S. Agencies at a total fair value of \$2,000,000 with a total Portfolio Weighted Average maturity of less than one year.

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

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

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

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

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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, 2012 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, 2012, investments of the component unit consisted of the following (n thousands):

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

B. RECEIVABLES

Receivables at September 30, 2012, 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 GO Bond	Nonmajor and Other Funds	Total
Receivables:									
Accounts receivable	\$ -	\$ -	\$ 23,859	\$ 5,899	\$ -	\$ -	\$ 55	\$ -	\$ 29,813
Intergovernmental	333	-	-	-	26	1,472	527	664	3,022
Other	<u>61,497</u>	<u>3,652</u>	<u>1,351</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>-</u>	<u>8,101</u>	<u>74,615</u>
Gross receivables	<u>\$61,830</u>	<u>\$ 3,652</u>	<u>\$ 25,210</u>	<u>\$ 5,899</u>	<u>\$ 26</u>	<u>\$ 1,486</u>	<u>\$ 582</u>	<u>\$ 8,765</u>	<u>\$ 107,450</u>

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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 2011 were collected in the current fiscal year and statutory maximum millage rates were as follows:

<u>Fund</u>	<u>Levy (in mills)</u>	<u>Purpose</u>	<u>Maximum</u>
General Fund	45.68	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	3.20	Debt retirement	None
Disability and Relief Fund	<u>5.75</u>	Retirement	None
Total City of Jackson	<u>56.63</u>		
Jackson/Hinds Library System	<u>1.40</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	62.66	Public schools	None
Special Debt Retirement Levy	2.20	public schools	None
Special Debt Retirement Bond	3.57	Public schools	None
Special Debt Retirement	<u>6.56</u>	Public schools	None
	<u>74.99</u>		
Total mills	<u>133.02</u>		

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

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

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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 \$29,154,689 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)	\$ 1,754,182
Delinquent property taxes receivable (debt service fund)	913,021
Special assessments not yet due (debt service fund)	99,977
Current year tax assessments (all funds)	66,609,663
Grant drawdowns prior to meeting all eligibility requirements	<u>381,558</u>
Total unearned revenue for governmental funds	<u>\$ 69,758,401</u>

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C. CHANGES IN CAPITAL ASSETS

1. Primary government capital asset activity for the year ended September 30, 2012, was as follows (thousands):

	Balance September 30, 2011	Additions	Deletions	Balance September 30, 2012
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,526	\$ -	\$ 26	\$ 14,500
Construction in progress	84,079	9,907	-	93,986
Total capital assets not being depreciated	<u>98,605</u>	<u>9,907</u>	<u>26</u>	<u>108,486</u>
Capital assets being depreciated:				
Buildings	81,480	-	-	81,480
Infrastructure	214,246	-	-	214,246
Automotive and equipment	69,981	2,824	2,166	70,639
Total capital assets being depreciated	<u>365,707</u>	<u>2,824</u>	<u>2,166</u>	<u>366,365</u>
Less accumulated depreciation for:				
Buildings	(24,109)	(1,491)	-	(25,600)
Infrastructure	(95,656)	(3,682)	-	(99,338)
Automotive and equipment	(58,095)	(2,746)	2,166	(58,675)
Total accumulated depreciation	<u>(177,860)</u>	<u>(7,919)</u>	<u>2,166</u>	<u>(183,613)</u>
Total capital assets being depreciated, net	<u>187,847</u>	<u>(5,095)</u>	<u>-</u>	<u>182,752</u>
Total governmental activities capital assets, net	<u>\$ 286,452</u>	<u>\$ 4,812</u>	<u>\$ 26</u>	<u>\$ 291,238</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

C. CHANGES IN CAPITAL ASSETS (Continued):

Business-Type Activities:	Balance September 30, 2011	Additions	Deletions	Balance September 30, 2012
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	143,102	15,437	-	158,539
Total capital assets not being depreciated	<u>144,940</u>	<u>15,437</u>	<u>-</u>	<u>160,377</u>
Capital assets being depreciated:				
Buildings	118,028	47	-	118,075
Infrastructure	259,686	-	-	259,686
Automotive and equipment	25,937	2,282	1,081	27,138
Total capital assets being depreciated	<u>403,651</u>	<u>2,329</u>	<u>1,081</u>	<u>404,899</u>
Less accumulated depreciation for:				
Buildings	(74,984)	(2,715)	-	(77,699)
Infrastructure	(113,128)	(5,193)	-	(118,321)
Automotive and equipment	(9,916)	(1,930)	1,081	(10,765)
Total accumulated depreciation	<u>(198,028)</u>	<u>(9,838)</u>	<u>1,081</u>	<u>(206,785)</u>
Total capital assets being depreciated, net	<u>205,623</u>	<u>(7,509)</u>	<u>-</u>	<u>198,114</u>
Total business-type activities capital assets, net	<u>\$ 350,563</u>	<u>\$ 7,928</u>	<u>\$ -</u>	<u>\$ 358,491</u>

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

Governmental Activities:	
General government	\$ 1,585
Public Works	2,534
Human & Cultural	1,425
Public Safety	<u>2,375</u>
Total depreciation expense – governmental activities	<u>\$ 7,919</u>
Business-Type Activities:	
Water/Sewer	\$ 8,782
Sanitation	282
Madison Sewage	12
Transportation	<u>762</u>
Total depreciation expense – business-type activities	<u>\$ 9,838</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

C. CHANGES IN CAPITAL ASSETS (Continued):

3. Construction work in progress at September 30, 2012 for the governmental activities of the primary government is composed of the following:

Project	Spent-to-date	Remaining Commitment
Improvement Fund	\$ 13,578,710	\$ 52,060
Community Development Block Grant	1,984,828	72,647
1982 Industrial Park Bond	49,993	-
1998 G O Public Improvement Construction Bond	18,957,891	100,736
2003 G O Public Improvement Construction Bond	24,371,062	10,581,399
2007 Tax Increment Limited Obligation Bond	2,077,735	-
2008 G O Street Construction Bond	20,094,100	1,044,818
2009 American Recovery Reinvestment Act	3,329,525	1,455,996
2012 G O Capital Project	40,826	9,500
Thalia Mara Hall	309,842	41,038
Economic Development Initiative –		
Economic Development	3,629,356	259,637
Traffic – Repair and Replacement	2,098,058	280,420
Drainage – Repair and Replacement	903,224	41,860
Resurfacing – Repair and Replacement	2,219,064	104,814
Parks – Repair and Replacement	341,662	12,335
Total	<u>\$ 93,985,876</u>	<u>\$ 14,057,260</u>

4. Construction work in progress at September 30, 2012 for primary government enterprise funds is composed of the following:

Project	Spent-to-date	Remaining Commitment
Water/Sewer Construction Fund	<u>\$158,539,620</u>	<u>\$24,850,622</u>
Total	<u>\$158,539,620</u>	<u>\$24,850,622</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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, 2012, was as follows:

Business-Type Activities:	Balance September 30, 2011	Additions	Deletions	Balance September 30, 2012
Capital assets not being depreciated:				
Land	\$ 4,538	\$ -	\$ -	\$ 4,538
Construction in progress	136	-	136	-
Property held for development	1,846	67	-	1,913
Total capital assets not being depreciated	6,520	67	136	6,451
Other capital assets:				
Land improvements	29	-	-	29
Buildings	49,979	1,444	-	51,423
Equipment and furniture	1,292	150	-	1,442
Total other capital assets	51,300	1,594	-	52,894
Less accumulated depreciation for:				
Land improvements	(29)	-	-	(29)
Buildings	(19,321)	(1,238)	-	(20,559)
Equipment and furniture	(1,288)	(4)	-	(1,292)
Total capital assets being depreciated	(20,638)	(1,242)	-	(21,880)
Total other capital assets, net	30,662	352	-	31,014
Total capital assets, net	\$ 37,182	\$ 419	\$ 136	\$ 37,465

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

Urban renewal projects	\$ 794
Rehabilitation loan services	1
Parking facilities	447
Total	\$ 1,242

Activity for the Capital City Convention Center Commission for the year ended September 30, 2012, was as follows (in thousands):

Business-Type Activities:	Balance September 30, 2011	Additions	Deletions	Transfers	Balance September 30, 2012
Capital assets not being depreciated:					
Land	\$ 5,792	\$ -	\$ -	\$ -	\$ 5,792
Building and improvements	79,959	3	-	-	79,962
Equipment	4,476	27	-	-	4,503
	90,227	30	-	-	90,257
Less accumulated depreciation	(6,784)	(2,483)	-	-	(9,267)
Total capital assets, net	\$ 83,443	\$ (2,453)	\$ -	\$ -	\$ 80,990

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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, 2012 follows (in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 3,142	\$ -
Federal Grant	-	214
Nonmajor Proprietary Funds	-	2,828
Total	\$ 3,142	\$ 3,142

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

	Transfer In	Transfer Out
General Fund	\$ 1	\$ 16,074
Debt Service Fund	7	-
Proprietary Fund	361	38
Federal Grant Fund	932	-
2006 G O Bond	128	-
Nonmajor Governmental Funds	3,746	369
Internal Service Fund	6,629	-
Nonmajor Proprietary Funds	4,677	-
Total	\$ 16,481	\$ 16,481

Interfund transfers at September 30, 2012 consist of the following (in thousands):

\$	7	From Capital Project Nonmajor Fund (2009 Tax Increment Financing Revenue Bond) to the Debt Service Fund for debt service payment.
	38	From Proprietary Funds (Water Sewer) to Nonmajor Proprietary (Madison) to subsidize operations.
	361	From the Nonmajor Governmental Fund (2012 G O Note) to the Proprietary Fund (Water Sewer) to subsidize operations.
	128	From the Major Governmental Fund (2006 G O Bond) to the Debt Service Fund for debt service payment.
	932	From the General Fund to the Nonmajor Governmental Fund (Federal Grant Fund) to subsidize operations.
	3,746	From the General Fund to the Nonmajor Governmental Funds (Parks and Recreation) to subsidize operations.
	6,629	From the General Fund to the Internal Service Fund to subsidize operations.
	4,639	From the General Fund to the Nonmajor Proprietary Funds (Transportation) to subsidize operations.
	<u>1</u>	From the Proprietary Funds (Sanitation) to the General Fund to subsidize operations.
\$	<u>16,481</u>	

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CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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, 2012, there were assets under capital lease totaling \$20,786,427 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, 2012, amounted to \$510,313. 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, 2012, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 188
2014	188
2015	188
2016	123
2017 and thereafter	<u>2,675</u>
Total	<u>\$ 3,362</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2012 totaled to \$1,287,207. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

G. LONG-TERM DEBT:

1. General Obligation Bonds

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

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

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

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

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

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

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

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.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

G. LONG-TERM DEBT (CONTINUED):

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

At September 30, 2012, the City had \$7,550,000 of general obligation bonds considered to be defeased and outstanding.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 with principal maturing annually and interest due at various semi-annual dates. General obligation bonds currently outstanding at September 30, 2012, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>General Obligation Bonds:</u>					
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	\$ 12,395
General Obligation Bonds, Refunding 2005	08/04/05	3.00-5.00%	10/01/17	20,960	9,615
General Obligation Bonds, Series 2006	11/08/06	3.60-5.00%	03/01/36	65,000	64,570
General Obligation Bonds, Series 2009	01/01/09	4.00-5.80%	01/01/24	26,210	21,045
General Obligation Refunding Series 2010A	09/01/10	3.00-5.00%	09/01/24	16,655	16,655
General Obligation Refunding Series 2010B	09/01/10	4.370	09/01/24	7,010	<u>7,010</u>
Total General Obligation Bonds					<u>\$ 131,290</u>

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>General Obligation Notes:</u>					
General Obligation Notes Payable Series 2012	04/01/12	1.71	09/01/24	402	\$ 402
Total General Obligation Notes					<u>\$ 402</u>

2. Revenue Bonds

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

G. LONG-TERM DEBT (Continued):

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

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

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

On September 1, 2011, the City issued \$46,720,000 and \$2,565,000 in Water/Sewer System Revenue Refunding Bonds to advance refund \$42,355,000 of outstanding Water/Sewer System Revenue Bonds, Series 2002, \$1,140,000 of outstanding Water/Sewer Revenue Refunding, Series 2004, and \$2,790,000 of outstanding Water/Sewer Revenue Refunding, Series 2005. The purpose for issuing the Tax-Exempt Bonds is (a) to fund the 2011A Purchase Account, in order to provide funds for the purchase of the Tax-Exempt City Bond (which amounts are to provide financing for the refunding, defeasance and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Tax-Exempt Bonds, and (c) to fund the 2011A Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Tax-Exempt Bonds and the Tax-Exempt City Bond. The purpose for issuing the Taxable Bonds is (a) to fund the 2011B Purchase Account, in order to provide funds for the purchase of the Taxable City Bond (which amounts are to provide financing for the refunding and/or restructuring of a portion of the Prior Bonds pursuant to the Act), (b) to pay the premium for the Bond Insurance Policy and the Surety Bond for the Taxable Bonds, and (c) to fund the 2011B Bond Issuance Expense Account to pay the Costs of Issuance in connection with the Taxable Bonds and the Taxable City Bond. 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, 2012

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

G. LONG-TERM DEBT (Continued):

Revenue bonds outstanding, at September 30, 2012, were as follows (in thousands):

<u>Revenue Bonds:</u>	<u>Date of</u> <u>Obligation</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Enterprise Funds:</u>					
Water/Sewer Revenue Refunding 2005	07/01/05	3.00-5.00%	09/01/24	27,180	\$ 22,920
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50-5.00%	09/01/34	46,720	46,720
Water/Sewer Revenue Refunding 2011B	09/01/11	4.070-5.40%	09/01/34	2,565	2,565
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	<u>19,180</u>
					<u>\$ 154,430</u>

At September 30, 2012, the City had \$115,670,000 of revenue bonds considered to be defeased and outstanding.

3. Tax Increment Limited Obligation Bonds

The City issued \$2.270 million of tax increment limited obligation bonds in December 2007 to provide funds for the costs of constructing certain infrastructure improvements, site development and or site preparation in connection with the development and construction of a redevelopment project located within the City. The City entered into an Interlocal Cooperation Agreement with Hinds County, Mississippi, to provide the pledge of certain ad valorem tax revenues for the payment of the principal and interest on the bonds. As a result, the bonds are not a general obligation of the City. Limited obligation bonds outstanding at September 30, 2012, are as follows (in thousands):

<u>Limited Obligation Bonds:</u>	<u>Date of</u> <u>Obligation</u>	<u>Interest</u> <u>Rate</u>	<u>Final</u> <u>Maturity</u> <u>Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>General Long-Term Debt:</u>					
Tax Increment Financing Bonds, 2007	12/28/2007	4.47%	3/1/2020	2,270	\$ 1,690
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407	352
Tax Increment Financing Bonds, 2009	6/16/2009	3.83%	7/1/2015	375	198
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600	1,323
Tax Increment Financing Bonds, 2010	12/30/2010	- %	7/1/2022	2,800	<u>2,539</u>
Total Limited Obligation Bonds					<u>\$ 6,102</u>

4. Section 108 Loan

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

G. LONG-TERM DEBT (Continued):

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

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

5. Jackson Redevelopment Authority

Urban Renewal Bonds and Notes

Urban renewal bonds and notes are issued to provide funds for various rehabilitation projects at September 30, 2012, 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 Central Business District, 1998-A	09/01/98	4.50-6.375%	09/01/23	2,825	\$ 115
Urban Renewal Bond, Series, 2011-A	06/01/11	3.25%	06/01/31	7,165	7,015
Urban Renewal Bond, Series, 2011-B	06/01/11	5.15%	06/01/23	2,745	<u>2,735</u>
Total Urban Renewal Bonds and Notes					<u>\$ 9,865</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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, 2012, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds and loans payable:					
General obligation bonds	\$ 131,720	\$ -	\$ 430	\$ 131,290	\$ 2,890
Limited obligation bonds	6,541	-	439	6,102	467
General Obligation Note	-	402	-	402	-
State revolving loan MDA	430	-	47	383	41
Miss. Development Bank Loan	3,335	-	295	3,040	294
Section 108 Loan	7,000	-	-	7,000	-
Less deferred amounts:					
For issuance discount	(519)	-	(28)	(491)	-
On refunding	1,221	-	155	1,066	-
For issuance premium	3,852	-	415	3,437	-
Total bonds payable	<u>153,580</u>	<u>402</u>	<u>1,753</u>	<u>152,229</u>	<u>3,692</u>
Capital leases	18,073	3,099	4,114	17,058	4,936
Claims and judgments	2,068	561	560	2,069	560
Workers' Compensation Benefits	4,933	1,230	1,687	4,476	1,940
Compensated absences	4,935	2,037	2,296	4,676	2,645
	<u>30,009</u>	<u>6,927</u>	<u>8,657</u>	<u>28,279</u>	<u>10,081</u>
Total Governmental Activity	<u>\$ 183,589</u>	<u>\$ 7,329</u>	<u>\$ 10,410</u>	<u>\$ 180,508</u>	<u>\$ 13,773</u>
Business-type activities:					
Bonds and loans payable:					
Revenue bonds	\$ 148,325	\$ 82,225	\$ 76,120	\$ 154,430	\$ 5,155
Less deferred amounts:					
For issuance discount	(2,522)	131	(1,819)	(572)	-
For issuance premiums	3,477	4,135	1,757	5,855	-
On refunding	991	1,281	3,326	(1,054)	-
Total bonds payable	<u>150,271</u>	<u>87,772</u>	<u>79,384</u>	<u>158,659</u>	<u>5,155</u>
Capital leases	2,758	2,094	1,783	3,069	996
State Revolving Loan (DEQ)	13,799	471	1,692	12,578	1,586
Compensated absences	545	321	331	535	396
	<u>17,102</u>	<u>2,886</u>	<u>3,806</u>	<u>16,182</u>	<u>2,978</u>
Total Business-type activities	<u>\$ 167,373</u>	<u>\$ 90,658</u>	<u>\$ 83,190</u>	<u>\$ 174,841</u>	<u>\$ 8,133</u>
Component Unit – Jackson Redevelopment Authority					
Urban Renewal bonds	\$ 11,120	\$ -	\$ 1,105	\$ 10,015	\$ 465
Less deferred amounts:					
On refunding	(167)	-	17	(150)	-
Total Component Unit	<u>\$ 10,953</u>	<u>\$ -</u>	<u>\$ 1,088</u>	<u>\$ 9,865</u>	<u>\$ 465</u>
Total Long-Term Debt	<u>\$ 361,915</u>	<u>\$ 97,987</u>	<u>\$ 94,688</u>	<u>\$ 365,214</u>	<u>\$ 22,371</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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 \$101,746,803 at September 30, 2012.

8. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$449,374 for the component unit as of September 30, 2012, 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	
2013	\$ 6,232	\$ 2,890	\$ 9,122
2014	6,142	5,610	11,752
2015	5,923	5,955	11,878
2016	5,630	6,330	11,960
2017	5,318	4,025	9,343
2018 – 2022	21,276	38,665	59,941
2023 – 2027	11,706	28,585	40,291
2028 – 2032	7,489	18,585	26,074
2033 – 2037	2,157	20,645	22,802
Total	<u>\$ 71,873</u>	<u>\$ 131,290</u>	<u>\$ 203,163</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

G. LONG-TERM DEBT (Continued):

Fiscal Year	Limited Obligation Bonds		Total
	Interest	Principal	
2013	\$ 256	\$ 467	\$ 9,845
2014	255	488	12,495
2015	243	518	12,639
2016	229	476	12,665
2017	273	502	10,118
2018 – 2022	412	2,300	62,653
2023 – 2027	203	797	41,291
2028 – 2032	-	554	26,628
2033 – 2037	-	-	22,802
2038 – 2042	-	-	-
Total	\$ 1,871	\$ 6,102	\$ 211,136

General Fund (General Fund Revenues)

Fiscal Year	Obligation Under Capital Leases		Total
	Interest	Principal	
2013	\$ 475	\$ 4,936	\$ 5,411
2014	361	3,841	4,202
2015	277	2,566	2,843
2016	216	1,154	1,370
2017	179	791	970
2018 – 2022	634	2,134	2,768
2023 – 2027	166	1,636	1,802
2028 – 2032	-	-	-
Total	\$ 2,308	\$ 17,058	\$ 19,366

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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>
2013	\$ 6,270	\$ 5,155
2014	6,133	5,605
2015	5,985	5,750
2016	5,810	5,930
2017	5,614	6,125
2018 – 2022	24,744	33,935
2023 – 2027	16,917	34,975
2028 – 2032	8,339	39,040
2033 – 2037	<u>964</u>	<u>17,915</u>
Total	\$ 80,776	\$ 154,430

Obligations Under
Capital Lease

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2013	\$ 47	\$ 1,198
2014	29	860
2015	15	869
2016	4	142
2017	-	-
2018 – 2022	<u>-</u>	<u>-</u>
Total	\$ 95	\$ 3,069

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State Revolving Loan

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2013	\$ 374	\$ 1,757	\$ 14,801
2014	307	1,825	14,759
2015	245	1,316	14,180
2016	202	1,083	13,171
2017	165	1,081	12,985
2018 – 2022	378	4,462	63,519
2023 – 2027	63	1,036	52,991
2028 – 2032	1	18	47,398
2033 – 2037	<u>-</u>	<u>-</u>	<u>18,879</u>
Total	\$ 1,735	\$ 12,578	\$ 252,683

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

G. LONG-TERM DEBT (Continued):

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

<u>Fiscal Year</u>	<u>Jackson Redevelopment Authority Notes Payable, Urban Renewal Notes and Bonds</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2013	\$ 434	\$ 465	\$ 899
2014	416	485	901
2015	399	440	839
2016	382	460	842
2017	365	470	835
2018 – 2022	1,435	3,245	4,680
2023 – 2027	775	2,375	3,150
2028 – 2032	239	2,075	2,314
	<u>4,445</u>	<u>10,015</u>	<u>14,460</u>
Unamortized refunding cost and discounts	<u>-</u>	<u>(150)</u>	<u>(150)</u>
Total	<u>\$ 4,445</u>	<u>\$ 9,865</u>	<u>\$ 14,310</u>

The City has unconditionally and irrevocably agreed to grant and contribute to the Jackson Redevelopment Authority from the General Fund of the City sums sufficient to pay the principal of and interest on the bonds issued by the Jackson Redevelopment Authority for urban renewal purposes, as the same shall mature and become due. Principal and interest maturities for 2012 were paid by contributions from the General Fund of \$706,926.

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, 2012, including interest of \$449,374 for the component unit are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2013	\$ 30,057	\$ 899
2014	31,456	901
2015	29,662	839
2016	27,208	842
2017	24,073	835
2018 and thereafter	<u>340,731</u>	<u>10,144</u>
Total	<u>\$ 483,187</u>	<u>\$ 14,460</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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

G. LONG-TERM DEBT (Continued):

10. Interest Rate Swap

On March 31, 2004, the City and the Mississippi Development Bank (collectively "the City") executed a confirmation with RFPC, LLC (a subsidiary of Rice Financial Products Company) (the "2004 Swap Counterparty"), in connection with the execution of an Interest Rate Swap Agreement (the "2004 Swap Agreement") in order to reduce the debt service costs associated with certain outstanding obligations of the City. The swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project) issued to fund certain water and sewer improvements for the City. The notional amount of the swap is \$49,105,000. The City received a savings pre-payment of \$287,315 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, 2012, the mark to market value of the transaction was \$2,600,201 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, 2012

Note 5 – GASB 54 Fund Balance Presentation – Classification Total

The City adopted GASB Statement 54 during the year ended September 30, 2012 as such, fund balance of the governmental funds are classified by specific purpose as follows:

	<u>General Fund</u>	<u>Federal Grant</u>	<u>Debt Service</u>	<u>Improvement Fund</u>	<u>1996 GO Bond</u>	<u>2003 GO Bond</u>	<u>2006 GO Bond</u>	<u>2009 GO Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
FUND BALANCES:										
NONSPENDABLE:										
General government	\$ 2,159,625	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,159,625
RESTRICTED FOR:										
General government	-	81,033	-	-	-	-	-	-	169,780	250,813
Public safety	658,112	43,889	-	-	-	-	-	-	7,451	709,452
Public works	-	581,585	-	-	-	-	-	-	-	581,585
Human and Cultural services	-	829,438	-	-	-	-	-	-	414	829,852
Debt service reserve	-	-	2,331,343	-	-	-	-	-	-	2,331,343
COMMITTED TO:										
General government	3,617,003	-	-	15,332	-	-	-	-	-	3,632,335
Public safety	1,172,273	-	-	-	-	-	-	-	-	1,172,273
Public works	-	-	-	1,376,487	365,223	3,193,255	315,627	4,240,771	-	9,491,363
Human and Cultural services	-	-	-	-	-	-	-	-	2,134,692	2,134,692
Employee benefits	-	-	-	-	-	-	-	-	51,297	51,297
ASSIGNED TO:										
General government	48,733	-	-	-	-	-	-	-	-	48,733
UNASSIGNED:										
General government	26,275,852	-	-	-	-	-	-	-	-	26,275,852
Public safety	34,255	-	-	-	-	-	-	-	-	34,255
Total fund balances	\$33,965,853	\$ 1,535,945	\$ 2,331,343	\$ 1,391,819	\$ 365,223	\$3,193,255	\$ 315,627	\$ 4,240,771	\$ 2,363,634	\$ 49,703,470

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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 2012 were \$1,687,802.

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, 2012, the required amounts were funded. Claims totaled \$127,976 during fiscal year 2012. 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 \$8,137,831 and employee benefit costs were \$14,722,224 during fiscal year 2012. Claims incurred but not reported at September 30, 2012, 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, 2012

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 2012 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, 2012 and 2011:

	<u>Employee Benefit Fund</u>	<u>Tort Claims</u>	<u>Unemployment Benefits Fund</u>	<u>Workers' Compensation Benefits</u>
2012:				
Beginning Balance				
	\$ 284,190	\$ 2,067,197	\$ -	\$ 4,933,746
Current Year Claims/Changes in Estimates	14,722,224	561,529	127,976	1,230,129
Claims Payments	14,595,180	559,904	127,976	1,687,802
Ending Balance	<u>\$ 411,234</u>	<u>\$ 2,068,822</u>	<u>\$ -</u>	<u>\$ 4,476,073</u>
2011:				
Beginning Balance				
	\$ 360,791	\$ 2,788,833	\$ -	\$ 5,108,260
Current Year Claims/Changes in Estimates	13,515,614	882,328	135,755	1,643,914
Claims Payments	13,592,215	1,603,964	135,755	1,818,428
Ending Balance	<u>\$ 284,190</u>	<u>\$ 2,067,197</u>	<u>\$ -</u>	<u>\$ 4,933,746</u>

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, 2012, was \$12,577,152.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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Note 6 – Other Information (Continued):

C. SUBSEQUENT EVENT

On February 28, 2013, the City of Jackson issued General Obligation Refunding Bonds, Series 2013 (Capital City Convention Center Project) of sixty-four nine hundred forty million dollars (\$64,940,000) for the purpose of refunding the General Obligation Bonds, Series 2006..

On March 25, 2013, the City of Jackson governing body adopted a resolution declaring its intention to either issue and sell general obligation bonds of the City or enter into a loan in an amount not to exceed Twelve Million Dollars (\$12,000,000), all for the purpose of providing financing for the City infrastructure projects which will result in a substantial public benefit to the citizens of the City.

On March 29, 2013, the City of Jackson refinanced existing energy performance leases for interest rate savings.

On April 16, 2013, the City of Jackson governing body adopted a resolution declaring its intention to issue Water and Sewer Revenue bonds of the City in an amount not to exceed ninety million dollars (\$90,000,000), all for the purpose of providing financing for the City combined water and sewer system which will result in a substantial public benefit to the citizens of the City.

Subsequent events have been evaluated through May 3, 2013, which represents the date the comprehensive annual financial report were available to be issued. Subsequent events after that date have not been evaluated.

D. CONTINGENT LIABILITIES:

Litigation

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$947,000 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, 2012, 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.

E. JOINT VENTURES

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2012 (in thousands):

<u>Jackson/Hinds Library System</u>	
Total assets	<u>\$ 1,432</u>
Total liabilities	<u>\$ 222</u>
Total fund equity	<u>\$ 1,210</u>
Total revenues	<u>\$ 4,301</u> (1)
Total expenditures	<u>\$ 4,252</u>
Net increase (decrease) in fund balance	<u>\$ 49</u>
 Total debt	 <u>\$ -</u>

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM:

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

Public Employees' Retirement System

1. Plan Description and Provisions

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

2. Description of Funding Policy

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

Annual Pension Cost. For 2012, the City's annual pension cost of \$7,079,036 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2012, actuarial valuation using the entry age actuarial cost method. PERS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2012 was 22 years.

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

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>
9/30/10	7,977	100%
9/30/11	9,628	100%
9/30/12	7,079	100%

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (Continued):

Disability and Relief- Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Jackson contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At September 30, 2012, the date of the most recent actuarial verification, there were 2 participating municipal employees and 654 retired participants and beneficiaries currently receiving benefits. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

2. Basis of Accounting

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

3. Funding Status and Progress

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

As of September 30, 2012, the most recent actuarial valuation date, the plan was 48.8% funded. The actuarial accrued liability for benefits was \$124 million and the actuarial value of assets was \$60.5 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$63.5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$42,000, and the ratio of the UAAL to the covered payroll was 151,186%.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

4. Annual Pension Cost and Net Pension Asset

The net pension obligation or asset represents the cumulative difference since the effective date of the statement between City's annual pension cost calculated pursuant to GASB 27 and the employer's contribution to the plan, including the pension liability or asset at transition. For purposes of transition, funding deficiencies which occurred prior to October 1, 1987 are not required to be considered but to do so is acceptable. However, information on fiscal years prior to October 1, 1987 is not available although considerable funding deficiencies occurred to that point. As a result of the transition rules under GASB Statement No. 27, the net pension obligation is considerably less than if the calculation were made considering all applicable years of the plan. Consequently, although the City has an unfunded actuarial accrued liability of \$63,498 as of September 30, 2012, the City has recorded a net pension asset of \$15,785 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	\$ (6,126)
Interest on net pension asset	1,136
Adjustments to annual required contribution	<u>(1,392)</u>
Annual pension cost	(6,382)
Contributions made	<u>7,966</u>
Decrease in net pension asset	1,584
Net pension asset beginning of year	<u>14,201</u>
Net pension asset end of year	<u><u>\$ 15,785</u></u>

As the result of the issuance of \$49,790 of general obligation bonds in 1997, the City's contribution to the plan has been limited since that date to matching contributions on employee withholdings. Since 2001, the City's unfunded actuarial accrued liability related to MRS has grown considerably and the annual required contribution for fiscal 2012 is projected to be approximately \$6,126. The City's plans are to continue the present contribution level to the plan through fiscal 2012. At that point the 1997 general obligation bonds will have been retired and tax millage presently used for bond payments amounting to approximately \$6.0 million will be diverted toward making annual contributions to the plan. Projections of cash flow for the plan indicate contributions of approximately \$ 6.9 million in 2012 and growing to approximately \$9.8 million through 2021 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.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

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

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of September 30, 2012. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.5% to 6.0% per year compounded annually, attributable to inflation and seniority/merit. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The unfunded liability is being amortized over a closed 30 year period with 22 years remaining as of September 30, 2012. At September 30, 2012, the unfunded actuarial accrued liability was determined as follows:

Actuarial Accrued Liability	(In Thousands)
Retirees and beneficiaries currently receiving benefits	\$123,689
Active members	321
Vested terminated members not yet receiving benefits	-
Total actuarial accrued liability	124,010
Actuarial Value of Assets	<u>60,512</u>
Unfunded actuarial accrued liability	<u>\$ 63,498</u>

During the year ended September 30, 2012 the plan experienced an estimated net change of \$(3,452) in the Actuarial Accrued Liability.

5. Funding Policy

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

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

6. Annual Pension Cost

During the year ended September 30, 2012, contributions totaling approximately \$7,973,753 (\$7,967,824 employer and \$9,756 employee) were made in accordance with contribution requirements determined by the actuarial valuation of the system as of September 30, 2011. The employer contributions consisted of approximately \$11,840 for normal cost and administrative expenses and \$7,955,984 for amortization of the unfunded actuarial accrued liability. In addition to the above contributions, the City has levied a special tax for the retirement of bonds issued to provide funding for City's pension obligation for the year ended September 30, 2012.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

Note 6 – Other Information (Continued):

F. EMPLOYEES' RETIREMENT SYSTEM (continued):

7. Contributions Required and Contributions Made:

Three-Year Trend Information for MRS
(In Thousands)

Fiscal Year <u>Funding</u>	Annual Pension <u>Cost (APC)</u>	Percentage Of APC <u>Contributed</u>	Net Pension Asset <u>(NPO)</u>
9/30/10	(5,865)	97.8%	13,662
9/30/11	(6,081)	108.8%	14,201
9/30/12	(6,382)	124.8%	15,785

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, 2012, 156 retirees are eligible to receive benefits under the plan. The plan was established under authority of the City Council and may be amended or abolished by council action.

Annual OPEB cost and Net OPEB Obligation

The City's annual OPEB cost (expense) was calculated based on the *annual required contribution* of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over the actuarial amortization period. The ARC was calculated as part of the actuarial valuation performed by an outside actuary consultant. The following table shows the components of the government's annual OPEB cost for the year and the amount actually contributed to the plan during the year:

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

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Note 6 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS (Continued):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total OPEB Plan</u>
Annual Required Contribution	\$6,681,933	\$1,016,067	\$7,698,000
Interest on net OPEB obligation	506,049	76,951	583,000
Adjustment to ARC	<u>(1,161,396)</u>	<u>(176,604)</u>	<u>(1,338,000)</u>
Annual OPEB cost (expense)	6,026,586	916,414	6,943,000
Less: Contributions made	<u>(1,591,928)</u>	<u>(242,072)</u>	<u>(1,834,000)</u>
Increase in net OPEB obligation	4,434,658	674,342	5,109,000
Net OPEB obligation beginning	<u>13,428,098</u>	<u>2,041,902</u>	<u>15,470,000</u>
Net OPEB obligation end of year	<u>\$17,862,756</u>	<u>\$2,716,244</u>	<u>\$20,579,000</u>

Trend Information for OPEB Plan:

<u>Fiscal Year Ending</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
9/30/10	\$5,214,000	27%	10,924,000
9/30/11	\$5,253,000	13%	15,470,000
9/30/12	\$6,979,000	27%	20,579,000

Funding status and funding progress:

The City funds the plan on a pay-as-you-go basis. As of September 30, 2012, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$45,498,000 with no valued assets, resulting in an unfunded actuarial accrued liability (UAAL) of the same amount. The covered payroll was not available and the ratio of the UAAL to the covered payroll was N/A. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision and actual results are compared with past expectations and new estimates are made about the future.

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2012

Note 6 – Other Information (Continued):

G. OTHER POSTEMPLOYMENT BENEFITS (Continued):

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, 2012 actuarial valuation, the projected unit credit method was used. It is amortized as a level percent of payroll over a 15 year open period and a level-dollar payment. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 10 percent initially, reduced by decrements to an ultimate trend rate of 6 percent after ten years. Both rates include a 2.75 percent inflation assumption. Currently there are no assets set aside that are legally held exclusively for OPEB.

CITY OF JACKSON
 Required Supplementary Information
 Employees' Retirement Systems
 Schedule of Funding Progress
 September 30, 2012

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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]
9/30/2010	70,753	131,163	60,410	53.9	93	64,957.0
9/30/2011	65,786	127,461	61,675	51.6	99	62,298.0
9/30/2012	60,512	124,010	63,498	48.8	42	151,185.7

**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]
10/1/2009	-	36,875	36,875	0.00%	66,782	55.2
10/1/2010	-	36,875	36,875	0.00%	66,782	55.2
5/1/2012	-	45,498	45,498	0.00%	Not available	N/A

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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.

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**City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2012**

Special Revenue

	<u>Parks and Recreation</u>	<u>State Grant</u>	<u>Disability and Relief</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,331,156	\$ 131,564	\$ 669,959	\$ 3,132,679
Other Receivable	2,336,396	51,112	5,713,617	8,101,125
Total Current Asset	\$ 4,667,552	\$ 182,676	\$ 6,383,576	\$ 11,233,804
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 24,369	\$ -	\$ 618,662	\$ 643,031
Contracts Payable	-	41,037	-	41,037
Unearned Revenue	2,324,715	-	5,713,617	8,038,332
Other Liabilities	183,776	-	-	183,776
Total liabilities	2,532,860	41,037	6,332,279	8,906,176
FUND BALANCES				
Restricted	-	141,639	-	141,639
Committed	2,134,692	-	51,297	2,185,989
Total Fund Balance	2,134,692	141,639	51,297	2,327,628
Total Liabilities and Fund balances	\$ 4,667,552	\$ 182,676	\$ 6,383,576	\$ 11,233,804

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

Capital Projects

1982 Industrial Park Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2012 GO Note	Total	Total Nonmajor Governmental Funds
\$ 36,163	\$ 231	\$ 160	\$ 123	\$ -	\$ 36,677	\$ 3,169,356
-	-	-	-	-	-	8,101,125
<u>\$ 36,163</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>36,677</u>	<u>\$ 11,270,481</u>
\$ -	\$ -	\$ -	\$ -	\$ 671	671	\$ 643,702
-	-	-	-	-	-	41,037
-	-	-	-	-	-	8,038,332
-	-	-	-	-	-	183,776
-	-	-	-	671	671	8,906,847
36,163	231	160	123	(671)	36,006	177,645
-	-	-	-	-	-	2,185,989
<u>36,163</u>	<u>231</u>	<u>160</u>	<u>123</u>	<u>(671)</u>	<u>36,006</u>	<u>2,363,634</u>
<u>\$ 36,163</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 123</u>	<u>\$ -</u>	<u>\$ 36,677</u>	<u>\$ 11,270,481</u>

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2012

	Special Revenue			Total
	Parks and Recreation	State Grant	Disability and Relief	
REVENUES				
General property taxes	\$ 2,337,765	\$ -	\$ 6,733,811	\$ 9,071,576
Intergovernmental	123,058	276,272	192,690	592,020
Admissions, fees, rentals and concessions	306,723	-	-	306,723
Interest	21,028	361	10,183	31,572
Other	75,000	-	5,379	80,379
Total revenues	<u>2,863,574</u>	<u>276,633</u>	<u>6,942,063</u>	<u>10,082,270</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,025,378	-	-	4,025,378
Supplies	764,724	-	-	764,724
Other Services and Charges	1,096,392	185,514	6,931,879	8,213,785
Capital Outlay	389,513	91,270	-	480,783
Total expenditures	<u>6,276,007</u>	<u>276,784</u>	<u>6,931,879</u>	<u>13,484,670</u>
Excess (deficiency) of revenues over expenditures	<u>(3,412,433)</u>	<u>(151)</u>	<u>10,184</u>	<u>(3,402,400)</u>
OTHER FINANCING SOURCES				
Transfers in:				
General Fund	3,745,689	-	-	3,745,689
Proceeds of long term debt	63,448	-	-	63,448
Transfers out:				
Debt Service Fund	-	-	-	-
Total other financing sources	<u>3,809,137</u>	<u>-</u>	<u>-</u>	<u>3,809,137</u>
Net change in fund balances	396,704	(151)	10,184	406,737
Fund balances at beginning of year	<u>1,737,988</u>	<u>141,790</u>	<u>41,113</u>	<u>1,920,891</u>
Fund balances at end of year	<u>\$ 2,134,692</u>	<u>\$ 141,639</u>	<u>\$ 51,297</u>	<u>\$ 2,327,628</u>

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

Capital Projects

1982 Industrial Park Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2009 Tax Increment Bond	2012 GO Note	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,071,576
-	-	-	-	-	-	592,020
-	-	-	-	-	-	306,723
298	-	-	-	9	307	31,879
-	-	-	-	-	-	80,379
<u>298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>307</u>	<u>10,082,577</u>
-	-	-	-	-	-	4,025,378
-	-	-	-	-	-	764,724
-	-	-	-	40,127	40,127	8,253,912
-	-	-	-	-	-	480,783
-	-	-	-	<u>40,127</u>	<u>40,127</u>	<u>13,524,797</u>
298	-	-	-	(40,118)	(39,820)	(3,442,220)
-	-	-	-	-	-	3,745,689
-	-	-	-	40,146	40,146	103,594
-	-	-	(6,756)	-	(6,756)	(6,756)
-	-	-	<u>(6,756)</u>	<u>39,447</u>	<u>32,691</u>	<u>3,841,828</u>
298	-	-	(6,756)	(671)	(7,129)	399,608
<u>35,865</u>	<u>231</u>	<u>160</u>	<u>6,879</u>	<u>-</u>	<u>43,135</u>	<u>1,964,026</u>
<u>\$ 36,163</u>	<u>\$ 231</u>	<u>\$ 160</u>	<u>\$ 123</u>	<u>\$ (671)</u>	<u>\$ 36,006</u>	<u>\$ 2,363,634</u>

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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, 2012

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 2,318,979	\$ 2,318,979	\$ 2,337,660	\$ 18,681
Intergovernmental	-	-	123,058	123,058
Admissions, fees, rentals and concessions	529,800	529,800	306,828	(222,972)
Interest	-	-	21,028	21,028
Other	-	185,000	75,000	(110,000)
Total revenues	<u>2,848,779</u>	<u>3,033,779</u>	<u>2,863,574</u>	<u>(170,205)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,594,898	4,694,613	4,025,378	669,235
Supplies	1,014,305	1,089,272	764,724	324,548
Other Services and Charges	1,395,936	1,494,942	1,096,392	398,550
Capital Outlay	394,934	495,250	389,513	105,737
Total expenditures	<u>7,400,073</u>	<u>7,774,077</u>	<u>6,276,007</u>	<u>1,498,070</u>
Excess (deficiency) of revenues over expenditures	<u>(4,551,294)</u>	<u>(4,740,298)</u>	<u>(3,412,433)</u>	<u>1,327,865</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
General Fund	3,772,194	3,745,689	3,745,689	-
Process from long term debt	128,000	128,000	63,448	(64,552)
Total other financing sources (uses)	<u>3,900,194</u>	<u>3,873,689</u>	<u>3,809,137</u>	<u>(64,552)</u>
Net change in fund balances	(651,100)	(866,609)	396,704	1,263,313
Fund balances at beginning of year	<u>1,737,988</u>	<u>1,737,988</u>	<u>1,737,988</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,086,888</u>	<u>\$ 871,379</u>	<u>\$ 2,134,692</u>	<u>\$ 1,263,313</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, 2012

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 403,893	\$ 638,008	\$ 276,272	(361,736)
Interest	-	-	361	361
Total revenues	<u>403,893</u>	<u>638,008</u>	<u>276,633</u>	<u>(361,375)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	102	14,600	-	14,600
Supplies	250	-	-	-
Other Services and Charges	387,606	455,692	185,514	270,178
Capital Outlay	15,935	169,756	91,270	78,486
Total expenditures	<u>403,893</u>	<u>640,048</u>	<u>276,784</u>	<u>363,264</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(2,040)</u>	<u>(151)</u>	<u>1,889</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(2,040)	(151)	1,889
Fund balances at beginning of year	<u>141,790</u>	<u>141,790</u>	<u>141,790</u>	<u>-</u>
Fund balances at end of year	<u>\$ 141,790</u>	<u>\$ 139,750</u>	<u>\$ 141,639</u>	<u>\$ 1,889</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, 2012

	<u>Budget Amount</u>		<u>Actual Amount</u>	<u>Variance with Final Budget - positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes	\$ 6,652,578	\$ 6,652,578	\$ 6,733,510	\$ 80,932
Intergovernmental	190,392	190,392	192,690	2,298
Admissions, fees, rentals and concessions	-	-	301	301
Interest	-	-	10,183	10,183
Other	18,072	18,072	5,379	(12,693)
Total revenues	<u>6,861,042</u>	<u>6,861,042</u>	<u>6,942,063</u>	<u>81,021</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	<u>6,861,042</u>	<u>8,299,275</u>	<u>6,931,879</u>	<u>1,367,396</u>
Total expenditures	<u>6,861,042</u>	<u>8,299,275</u>	<u>6,931,879</u>	<u>1,367,396</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(1,438,233)</u>	<u>10,184</u>	<u>(1,448,417)</u>
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(1,438,233)	10,184	(1,448,417)
Fund balances at beginning of year	<u>41,113</u>	<u>41,113</u>	<u>41,113</u>	<u>-</u>
Fund balances at end of year	<u>\$ 41,113</u>	<u>\$ (1,397,120)</u>	<u>\$ 51,297</u>	<u>\$ (1,448,417)</u>

City of Jackson
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
General property taxes				
Current realty taxes	\$ 2,378,922	\$ 2,386,802	\$ 2,403,001	\$ 16,199
Current personal taxes	901,435	918,075	992,699	74,624
Delinquent taxes	75,000	75,000	134,197	59,197
Automobile ad valorem taxes	360,785	360,785	397,729	36,944
Homestead exemption	180,901	180,901	107,236	(73,665)
Interest	1,000	7,965	27,600	19,635
Special assessments	-	-	5,736	5,736
Other revenues	3,488,710	3,822,020	3,825,936	3,916
Total revenues	<u>7,386,753</u>	<u>7,751,548</u>	<u>7,894,134</u>	<u>142,586</u>
EXPENDITURES				
General obligation bonds				
Principal	500,325	872,869	872,868	1
Interest	6,871,387	6,537,347	6,513,948	23,399
Bank service charge	14,041	16,675	14,807	1,868
Total expenditures	<u>7,385,753</u>	<u>7,426,891</u>	<u>7,401,623</u>	<u>25,268</u>
Deficiency of revenues over (under) expenditures	<u>1,000</u>	<u>324,657</u>	<u>492,511</u>	<u>(167,854)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	6,757	6,756	(1)
Total other financing sources (uses)	<u>-</u>	<u>6,757</u>	<u>6,756</u>	<u>(1)</u>
Net change in fund balances	1,000	331,414	499,267	(167,853)
Fund balances at beginning of year	1,832,076	1,832,076	1,832,076	-
Fund balances at end of year	<u>\$ 1,833,076</u>	<u>\$ 2,163,490</u>	<u>\$ 2,331,343</u>	<u>\$ (167,853)</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, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 298	\$ 298
Total revenues	-	-	298	298
EXPENDITURES				
Current Operations:				
Other Services and Charges	35,720	35,720	-	35,720
Total expenditures	35,720	35,720	-	35,720
Deficiency of revenues over (under) expenditures	(35,720)	(35,720)	298	36,018
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(35,720)	(35,720)	298	36,018
Fund balances at beginning of year	35,865	35,865	35,865	-
Fund balances at end of year	\$ 145	\$ 145	\$ 36,163	\$ 36,018

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, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	-	-	3,565	3,565
Total revenues	-	-	3,565	3,565
EXPENDITURES				
Current Operations				
Supplies	15,468	9,119	3,890	5,229
Other services and charges	545,509	542,451	129,697	412,754
Total expenditures	560,977	551,570	133,587	417,983
Deficiency of revenues over (under) expenditure	(560,977)	(551,570)	(130,022)	421,548
Net change in fund balances	(560,977)	(551,570)	(130,022)	421,548
Fund balances at beginning of year	495,245	495,245	495,245	-
Fund balances at end of year	<u>\$ (65,732)</u>	<u>\$ (56,325)</u>	<u>\$ 365,223</u>	<u>\$ 421,548</u>

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

City of Jackson
2003 GO Public Improvement Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental Revenue	\$ 6,917,943	\$16,906,900	\$ 945,897	\$ (15,961,003)
Interest	8,653	8,653	36,006	27,353
Total revenues	<u>6,926,596</u>	<u>16,915,553</u>	<u>981,903</u>	<u>(15,933,650)</u>
EXPENDITURES				
Current Operations				
Personnel services	37,263	17,179	-	17,179
Supplies	40,000	32,818	990	31,828
Other services and charges	11,195,719	21,232,318	2,193,920	19,038,398
Capital outlay	39,500	39,500	-	39,500
Total expenditures	<u>11,312,482</u>	<u>21,321,815</u>	<u>2,194,910</u>	<u>19,126,905</u>
Deficiency of revenues over (under) expenditures	<u>(4,385,886)</u>	<u>(4,406,262)</u>	<u>(1,213,007)</u>	<u>3,193,255</u>
Net change in fund balances	(4,385,886)	(4,406,262)	(1,213,007)	3,193,255
Fund balances at beginning of year	4,406,262	4,406,262	4,406,262	-
Fund balances at end of year	<u>\$ 20,376</u>	<u>\$ -</u>	<u>\$ 3,193,255</u>	<u>\$ 3,193,255</u>

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

City of Jackson
2006 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 2,638	\$ 2,638
Total revenues	<u>-</u>	<u>-</u>	<u>2,638</u>	<u>2,638</u>
EXPENDITURES				
Current Operations				
Other services and charges	-	7,000	7,000	-
Total expenditures	<u>-</u>	<u>7,000</u>	<u>7,000</u>	<u>-</u>
Deficiency of revenues over (under) expenditures	<u>-</u>	<u>(7,000)</u>	<u>(4,362)</u>	<u>2,638</u>
OTHER FINANCING SOURCES(USES)				
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(7,000)	(4,362)	2,638
Fund balances at beginning of year	319,989	319,989	319,989	-
Fund balances at end of year	<u>\$ 319,989</u>	<u>\$ 312,989</u>	<u>\$ 315,627</u>	<u>\$ 2,638</u>

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

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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, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	-	-	45,199	45,199
Total revenues	-	-	45,199	45,199
EXPENDITURES				
Current Operations				
Personnel services	16,254	-	-	-
Supplies	652,020	437,717	411,180	26,537
Other services and charges	3,595,369	5,299,817	1,337,099	3,962,718
Capital outlay	-	402,534	127,534	275,000
Total expenditures	4,263,643	6,140,068	1,875,813	4,264,255
Deficiency of revenues over (under) expenditures	(4,263,643)	(6,140,068)	(1,830,614)	4,309,454
OTHER FINANCING SOURCES(USES)				
Transfers in	-	127,534	127,534	-
Total other financing sources and uses	-	127,534	127,534	-
Net change in fund balances	(4,263,643)	(6,012,534)	(1,703,080)	4,309,454
Fund balances at beginning of year	5,943,851	5,943,851	5,943,851	-
Fund balances at end of year	<u>\$ 1,680,208</u>	<u>\$ (68,683)</u>	<u>\$ 4,240,771</u>	<u>\$ 4,309,454</u>

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

City of Jackson
2009 Tax Increment Financing Bond Capital Project Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current Operations:				
Other services and charges	-	-	6,756	(6,756)
Total expenditures	-	-	6,756	(6,756)
Deficiency of revenues over (under) expenditures	-	-	(6,756)	(6,756)
OTHER FINANCING SOURCES(USES)				
Total other financing sources and uses	-	-	-	-
Net change in fund balances	-	-	(6,756)	(6,756)
Fund balances at beginning of year	-	-	6,879	(6,879)
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123</u>	<u>\$ 123</u>

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

City of Jackson
2009 Tax Increment Financing Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	-	-	-
Total expenditures	-	-	-	-
Deficiency of revenues over (under) expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Proceeds from Tax Increment Bonds	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances at beginning of year	-	-	231	-
Fund balances at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 231</u>	<u>\$ -</u>

City of Jackson
 2009 Tax Increment Financing Bond Capital Project Funds
 Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
 For the year ended September 30, 2012

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

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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, 2012

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 9	\$ 9
Other	-	928,529	-	(928,529)
Total revenues	-	928,529	9	(928,520)
EXPENDITURES				
Current Operations:				
Other Services and Charges	-	936,529	40,127	896,402
Total expenditures	-	936,529	40,127	896,402
Deficiency of revenues over (under) expenditures	-	(8,000)	(40,118)	(32,118)
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	-	-	(699)	(699)
Proceeds from long term debt	-	8,000	40,146	32,146
Total other financing sources (uses)	-	8,000	39,447	31,447
Net change in fund balances	-	-	(671)	(671)
Fund balances at beginning of year	-	-	-	-
Fund balances at end of year	\$ -	\$ -	\$ (671)	\$ (671)

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.

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City of Jackson
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Funds
As of September 30, 2012

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
ASSETS			
Current Assets:			
Cash and Cash Equivalent	\$ 34,344	\$ 32,173	\$ 66,517
Intergovernmental Receivable	-	663,877	663,877
Total Current Asset	<u>34,344</u>	<u>696,050</u>	<u>730,394</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	-	10,559,245	10,559,245
	<u>532,942</u>	<u>11,607,838</u>	<u>12,140,780</u>
Less: accumulated depreciation	<u>(214,130)</u>	<u>(5,493,515)</u>	<u>(5,707,645)</u>
	318,812	6,114,323	6,433,135
Construction in progress	<u>13,800</u>	<u>2,291,043</u>	<u>2,304,843</u>
Net property, plant and equipment	<u>332,612</u>	<u>8,405,366</u>	<u>8,737,978</u>
Total Assets	<u>\$ 366,956</u>	<u>\$ 9,101,416</u>	<u>\$ 9,468,372</u>

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

City of Jackson
Combining Statement of Net Assets
Proprietary Funds - Nonmajor Funds
As of September 30, 2012

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable	\$ 1,182	\$ 275,005	\$ 276,187
Due to other funds	-	2,928,944	2,928,944
Contracts payable	40,102	5,344	45,446
Compensated absences	-	8,723	8,723
Current portion of long term debt:			
Lease Obligations	-	212,094	212,094
 Total current liabilities	 <u>41,284</u>	 <u>3,430,110</u>	 <u>3,471,394</u>
Post Employment Benefits accrual	-	46,038	46,038
Long Term Debt (less amounts classified as current liabilities):			
Lease obligations	-	513,499	513,499
Total long-term debt	-	513,499	513,499
Total liabilities	<u>41,284</u>	<u>3,989,647</u>	<u>4,030,931</u>
 NET ASSETS			
Invested in Capital Assets, net of related debt	332,612	7,679,773	8,012,385
Unrestricted	(6,940)	(2,568,004)	(2,574,944)
Total Net Assets	<u>325,672</u>	<u>5,111,769</u>	<u>5,437,441</u>
Total liabilities and net assets	<u>\$ 366,956</u>	<u>\$ 9,101,416</u>	<u>\$ 9,468,372</u>

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

City of Jackson
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2012

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Operating Revenues:			
Sales to Customers	\$ -	\$ 588,629	\$ 588,629
Other Revenue	370	480,000	480,370
	<u>370</u>	<u>1,068,629</u>	<u>1,068,999</u>
Operating Expenses:			
Personnel Services	-	276,334	276,334
Supplies	-	821,857	821,857
Other services and charges	61,844	5,110,283	5,172,127
Depreciation	12,093	762,125	774,218
Total operating expenses	<u>73,937</u>	<u>6,970,599</u>	<u>7,044,536</u>
Operating Income (loss)	<u>(73,567)</u>	<u>(5,901,970)</u>	<u>(5,975,537)</u>
Nonoperating Revenues (Expenses):			
Interest revenue	-	47	47
Gain (loss) on sale of capital assets	-	7,480	7,480
	<u>-</u>	<u>7,527</u>	<u>7,527</u>
Total nonoperating revenues (expenses)	<u>-</u>	<u>7,527</u>	<u>7,527</u>
Loss before contributions and transfers	<u>(73,567)</u>	<u>(5,894,443)</u>	<u>(5,968,010)</u>
Capital contributions from grants	-	2,731,398	2,731,398
Operating Transfers In:			
General Fund	-	4,638,988	4,638,988
Enterprise Funds	37,870	-	37,870
	<u>37,870</u>	<u>4,638,988</u>	<u>4,676,858</u>
Total transfers in (out)	<u>37,870</u>	<u>4,638,988</u>	<u>4,676,858</u>
Change in Net Assets	(35,697)	1,475,943	1,440,246
Total net assets - beginning	<u>361,369</u>	<u>3,635,826</u>	<u>3,997,195</u>
Total net assets - ending	<u>\$ 325,672</u>	<u>\$ 5,111,769</u>	<u>\$ 5,437,441</u>

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

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City of Jackson
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2012

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Totals</u>
Cash Flows from Operating Activities			
Receipts from customers and users	\$ -	\$ 588,629	\$ 588,629
Receipts from other revenue	370	819,851	820,221
Payments to suppliers	(42,467)	(6,583,262)	(6,625,729)
Payments to employees	-	(228,125)	(228,125)
Net cash used for			
Operating activities	(42,097)	(5,402,907)	(5,445,004)
Cash Flows from Noncapital Financing Activities			
Transfers In	37,870	4,638,988	4,676,858
Net cash provided by noncapital and related financing activities	37,870	4,638,988	4,676,858
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	-	(1,799,004)	(1,799,004)
Proceeds from sales of capital assets	-	7,480	7,480
Proceeds from capital debt	-	74,660	74,660
Principal paid on capital debt	-	(218,489)	(218,489)
Proceeds from capital contributions	-	2,731,398	2,731,398
Net cash provided by capital and related financing activities	-	796,045	796,045
Cash Flow Provided by Investing Activities:			
Interest on investments	-	47	47
Net cash provided by investing activities	-	47	47
Net increase (decrease) in cash and cash equivalents	(4,227)	32,173	27,946
Cash and cash equivalents at beginning of year	38,571	-	38,571
Cash and cash equivalents at end of year	\$ 34,344	\$ 32,173	\$ 66,517
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating loss	\$ (73,567)	\$ (5,901,970)	\$ (5,975,537)
Depreciation expense	12,093	762,125	774,218
(Increase) decrease in other receivable	-	339,851	339,851
Increase (decrease) in accounts payable	19,377	(605,084)	(585,707)
Increase (decrease) in compensated absences	-	2,171	2,171
Total adjustments	31,470	499,063	530,533
Net cash provided by operating activities	\$ (42,097)	\$ (5,402,907)	\$ (5,445,004)
Noncash Investing, Capital, and Financing Activities:			
Borrowing under capital lease	\$ -	\$ 74,660	

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

Fiduciary Funds

Unemployment Compensation Revolving Fund

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

Charitable Trust Fire and Police Fund

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

Mausoleum Trust Fund

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

Tax Collections

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

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**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Unemployment Compensation Revolving Fund</u>	<u>Charitable Trust Fire and Police Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 387,897	\$ 9,090	\$ -	\$ 396,987
Investment at fair value: Certificate of deposit	-	-	32,270	32,270
Total assets	<u>\$ 387,897</u>	<u>\$ 9,090</u>	<u>\$ 32,270</u>	<u>\$ 429,257</u>
Liabilities and Net Assets				
Liabilities:				
Payables to others	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Assets:				
Held in trust	<u>387,897</u>	<u>9,090</u>	<u>32,270</u>	<u>429,257</u>
Total net assets	<u>387,897</u>	<u>9,090</u>	<u>32,270</u>	<u>429,257</u>
Total liabilities and net assets	<u>\$ 387,897</u>	<u>\$ 9,090</u>	<u>\$ 32,270</u>	<u>\$ 429,257</u>

**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>Compensation Revolving Fund</u>	<u>Trust Fire and Police Fund</u>	<u>Mausoleum Trust Fund</u>	<u>Total</u>
Additions:				
Interest	\$ 2,919	\$ 83	\$ -	\$ 3,002
Other additions	<u>209,274</u>	<u>-</u>	<u>-</u>	<u>209,274</u>
Total additions	<u>212,193</u>	<u>83</u>	<u>-</u>	<u>212,276</u>
Deductions:				
General government Trust funds	<u>127,976</u>	<u>-</u>	<u>-</u>	<u>127,976</u>
Total deductions	<u>127,976</u>	<u>-</u>	<u>-</u>	<u>127,976</u>
Change in Net Assets	84,217	83	-	84,300
Net assets at beginning of year	<u>303,680</u>	<u>9,007</u>	<u>32,270</u>	<u>344,957</u>
Net assets at end of year	<u>\$ 387,897</u>	<u>\$ 9,090</u>	<u>\$ 32,270</u>	<u>\$ 429,257</u>

**CITY OF JACKSON
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2012**

	<u>ASSETS</u>		<u>LIABILITIES</u>	
	Cash and Cash Equivalents	Total Assets	Other Liabilities	Total Liabilities
Capital City Community Convention Center				
Balance at October 1, 2011	\$ 531,743	\$ 531,743	\$ 531,743	\$ 531,743
Additions	4,211,170	4,211,170	4,211,170	4,211,170
Deductions	<u>4,721,534</u>	<u>4,721,534</u>	<u>4,721,534</u>	<u>4,721,534</u>
Balance at September 30, 2012	<u>\$ 21,379</u>	<u>\$ 21,379</u>	<u>\$ 21,379</u>	<u>\$ 21,379</u>
Jackson Convention & Visitors Bureau				
Balance at October 1, 2011	\$ 180	\$ 180	\$ 180	\$ 180
Additions	3,145,931	3,145,931	3,145,931	3,145,931
Deductions	<u>3,146,111</u>	<u>3,146,111</u>	<u>3,146,111</u>	<u>3,146,111</u>
Balance at September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Jackson/Hinds Library System				
Balance at October 1, 2011	\$ -	\$ -	\$ -	\$ -
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, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Jackson Municipal Separate School District				
Balance at October 1, 2011	\$ -	\$ -	\$ -	\$ -
Additions	8,987,857	8,987,857	8,987,857	8,987,857
Deductions	<u>8,987,857</u>	<u>8,987,857</u>	<u>8,987,857</u>	<u>8,987,857</u>
Balance at September 30, 2012	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total - All Agency Funds:				
Balance at October 1, 2011	\$ 531,923	\$ 531,923	\$ 531,923	\$ 531,923
Additions	17,976,786	17,976,786	17,976,786	17,976,786
Deductions	<u>18,487,330</u>	<u>18,487,330</u>	<u>18,487,330</u>	<u>18,487,330</u>
Balance at September 30, 2012	<u>\$ 21,379</u>	<u>\$ 21,379</u>	<u>\$ 21,379</u>	<u>\$ 21,379</u>

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)
SEPTEMBER 30, 2012 AND 2011

	2012	2011
Governmental funds capital assets:		
Land	\$ 14,500,351	\$ 14,526,623
Buildings	81,480,260	81,480,260
Automotive and equipment:	70,639,460	69,980,950
Infrastructure	214,244,644	214,244,644
Construction in progress	93,985,876	84,079,080
Total governmental funds capital assets	\$ 474,850,591	\$ 464,311,557
 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	77,050,416	76,313,930
Special Revenue Fund revenues	95,008,222	95,112,469
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	242,408,749	232,501,954
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	39,377,918	39,377,918
State grants	52,261	52,261
County grants	430,949	430,949
Total governmental funds capital assets	\$ 474,850,591	\$ 464,311,557

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

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CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
SEPTEMBER 30, 2012

	<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	458,339	43,001	39,349	387,080	2,781,392	3,709,161
Code Services	-	-	-	742,972	-	742,972
Telecommunication	-	4,554,834	8,943	167,054	-	4,730,831
Data Processing / Information System	-	42,257	-	5,528,364	-	5,570,621
Vehicle Pool Fund	-	-	-	1,414,849	-	1,414,849
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	146,335	-	146,335
Purchasing	-	-	-	50,452	-	50,452
Finance and Management	-	2,299,392	133,238	286,531	-	2,719,161
Personnel	-	-	-	225,894	-	225,894
Municipal Court Services	-	-	-	1,451,978	712,767	2,164,745
Vehicle Maintenance	-	5,816	-	732,575	-	738,391
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	<u>558,339</u>	<u>6,945,300</u>	<u>181,530</u>	<u>11,266,361</u>	<u>3,494,159</u>	<u>22,445,689</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	-	455,372	-	706,716
Day Care Services	-	281,849	16,109	266,728	-	564,686
Senior Centers/Community Centers	-	1,271,615	-	19,813	-	1,291,428
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	15,645	1,876	9,586	-	27,107
Total health and welfare	<u>46,245</u>	<u>1,820,453</u>	<u>17,985</u>	<u>766,328</u>	<u>-</u>	<u>2,651,011</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, 2012

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Automotive and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Public Safety:						
Fire Department	\$ 75,000	\$ 5,300,973	\$ 3,550,734	\$ 13,836,338	\$ 616,039	\$ 23,379,084
Police Department	123,992	6,037,047	856,190	26,613,480	12,156,000	45,786,709
Small Animal Control	-	1,366,367	-	17,746	-	1,384,113
Juvenile Justice	-	431,482	4,502,506	86,199	-	5,020,187
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
Total public safety	198,992	14,428,748	8,909,430	40,901,640	12,772,039	77,210,849
Public Works:						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	-	5,165,919	-	6,772,058
Traffic Engineering	-	17,215	18,476	2,309,031	1,348,718	3,693,440
Traffic Signals	-	-	442,038	425,624	10,513,282	11,380,944
Care and Maintenance of Public Buildings	-	7,817,689	429,704	131,752	10,240,359	18,619,504
Custodial Services	-	-	-	131,612	-	131,612
Public Works Deputy Dir/Adm	-	-	-	41,124	3,128	44,252
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	126,133,471	579,416	40,824,468	167,891,633
Storm Drainage	-	-	69,621,366	546,711	6,554,092	76,722,169
Bridges	-	-	23,032	-	2,847,769	2,870,801
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	939,551	8,984,200	196,780,246	9,475,868	72,331,816	288,511,681
Culture and Recreation:						
Planetarium	-	827,314	-	508,103	34,963	1,370,380
Jackson Zoological Park	-	3,000,000	-	465,122	163,181	3,628,303
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks and Recreation	225,820	16,678,250	7,386,535	2,950,041	324,163	27,564,809
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	143,717	1,625,860
City Auditorium and Art Center	-	3,849,374	511,131	64,922	2,284,337	6,709,764
Total culture and recreation	225,820	31,310,439	8,112,453	4,213,082	5,387,862	49,249,656

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2012

	<u>Land</u>	<u>Buildings</u>	<u>Infrastructure</u>	<u>Automotive and Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
Miscellaneous:						
City Council/Mayor	\$ -	\$ 402,665	\$ -	\$ 397,248	\$ -	\$ 799,913
City Clerk	-	-	-	165,842	-	165,842
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	270,669	-	287,956
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
Total miscellaneous	<u>1,485,483</u>	<u>2,946,324</u>	<u>-</u>	<u>890,313</u>	<u>-</u>	<u>5,322,120</u>
Total governmental funds capital assets	<u>\$ 14,500,351</u>	<u>\$ 81,480,260</u>	<u>\$ 214,244,644</u>	<u>\$ 70,639,460</u>	<u>\$ 93,985,876</u>	<u>\$ 474,850,591</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, 2012

	Governmental Funds Capital Assets October 1, 2011	Additions	Deductions	Governmental Funds Capital Assets September 30, 2012
General Government:				
Planning	\$ 2,265,357	\$ 76,856	\$ 26,272	\$ 2,315,941
Code Services	633,095	-	-	633,095
Information Systems	1,293,370	234,823	-	1,528,193
Transportation	10,192,613	-	-	10,192,613
Data Processing	724,267	-	-	724,267
Vehicle Pool	844,598	-	-	844,598
Telecommunications	10,344,167	25,656	-	10,369,823
Office Services	1,669	-	-	1,669
Purchasing	50,839	-	-	50,839
Finance and Management	7,680,446	25,898	-	7,706,344
Personnel	136,244	-	-	136,244
Municipal Court Services	1,947,895	-	-	1,947,895
Vehicle Maintenance	1,638,917	-	-	1,638,917
Total general government	<u>37,753,477</u>	<u>363,233</u>	<u>26,272</u>	<u>38,090,438</u>
Urban Development and Housing:				
Redevelopment Projects	272,751	-	-	272,751
Union Station	13,448,496	-	-	13,448,496
Total urban development and housing	<u>13,721,247</u>	<u>-</u>	<u>-</u>	<u>13,721,247</u>
Health and Welfare:				
Senior Services	810,241	-	-	810,241
Day Care Services	1,206,580	12,700	-	1,219,280
Senior Centers/Community Centers	616,255	-	-	616,255
Human and Cultural Services	1,332,992	-	-	1,332,992
Total health and welfare	<u>3,966,068</u>	<u>12,700</u>	<u>-</u>	<u>3,978,768</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.

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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, 2012

	Governmental Funds Capital Assets October 1, 2011	Additions	Deductions	Governmental Funds Capital Assets September 30, 2012
Public Safety:				
Fire Department	\$ 27,818,333	\$ 393,922	\$ 305,924	\$ 27,906,331
Police Department	43,390,897	1,222,570	1,617,651	42,995,816
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>88,968,150</u>	<u>1,616,492</u>	<u>1,923,575</u>	<u>88,661,067</u>
Total public safety				
Public Works:				
Cemeteries	356,014	-	-	356,014
Engineering	4,520,030	-	17,178	4,502,852
Traffic Engineering	14,313,402	66,465	-	14,379,867
Public Works Administration	(12,270)	26,678	-	14,408
Care and Maintenance of Public Buildings	14,671,550	6,807,647	89,481	21,389,716
Custodial Services	131,867	-	-	131,867
Pest Control	10,452	-	-	10,452
Central Sup[ply	709,337	-	-	709,337
Streets	161,672,523	2,657,810	-	164,330,333
Storm Drainage	62,627,054	622,785	-	63,249,839
Soil Conservation	482,909	-	-	482,909
	<u>259,482,868</u>	<u>10,181,385</u>	<u>106,659</u>	<u>269,557,594</u>
Total public works				
Culture and Recreation:				
Planetarium	4,789,583	-	-	4,789,583
Jackson Zoological Park	3,515,393	163,181	-	3,678,574
Municipal Art Building	75,838	-	-	75,838
Parks and Recreation	18,156,656	254,050	121,936	18,288,770
Library	10,611,997	-	-	10,611,997
Smith Robertson Cultural Center	2,716,324	140,204	-	2,856,528
City Auditorium and Art Center	13,892,048	-	-	13,892,048
	<u>53,757,839</u>	<u>557,435</u>	<u>121,936</u>	<u>54,193,338</u>
Total culture and recreation				

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Governmental Funds Capital Assets October 1, 2011	Additions	Deductions	Governmental Funds Capital Assets September 30, 2012
Miscellaneous:				
City Council/Mayor	\$ 6,383,538	\$ -	\$ -	\$ 6,383,538
City Clerk	58,829	-	13,769	45,060
Legal	187,849	-	-	187,849
Mayor's Action Line	7,674	-	-	7,674
Internal Audit	24,018	-	-	24,018
Total miscellaneous	<u>6,661,908</u>	<u>-</u>	<u>13,769</u>	<u>6,648,139</u>
Total City of Jackson	<u>464,311,557</u>	<u>12,731,245</u>	<u>2,192,211</u>	<u>474,850,591</u>
Total governmental funds capital assets	<u>\$ 464,311,557</u>	<u>\$ 12,731,245</u>	<u>\$ 2,192,211</u>	<u>\$ 474,850,591</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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Financial Trends	114
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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	119
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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	123
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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	130
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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	132
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These schedules contain service and infrastructure data to help the reader understand how the information in the City of Jackson's financial report relates to the services the city provides and the activities it performs.

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

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

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities										
Invested in capital assets, net of related debt	\$ 187,511	\$ 180,357	\$ 188,172	\$ 180,607	\$ 197,359	\$ 207,047	\$ 168,144	\$ 131,159	\$ 113,083	\$ 95,360
Restricted	15,040	17,469	23,585	32,587	28,617	64,061	4,169	4,296	5,787	(476)
Unrestricted	(41,290)	(36,100)	(38,882)	(32,604)	(37,367)	(44,725)	33,779	40,415	53,370	17,445
Total governmental activities net assets	<u>\$ 161,261</u>	<u>\$ 161,726</u>	<u>\$ 172,875</u>	<u>\$ 180,590</u>	<u>\$ 188,609</u>	<u>\$ 226,383</u>	<u>\$ 206,092</u>	<u>\$ 175,870</u>	<u>\$ 172,240</u>	<u>\$ 112,329</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 184,185	\$ 183,735	\$ 176,170	\$ 163,408	\$ 156,309	\$ 147,013	\$ 135,512	\$ 80,995	\$ 128,208	\$ 122,710
Restricted	-	-	-	3,861	3,820	3,765	3,661	3,643	3,581	(125,132)
Unrestricted	73,303	78,501	77,521	82,482	91,591	94,972	94,115	136,958	85,831	217,427
Total business-type activities net assets	<u>\$ 257,488</u>	<u>\$ 262,236</u>	<u>\$ 253,691</u>	<u>\$ 249,751</u>	<u>\$ 251,720</u>	<u>\$ 245,750</u>	<u>\$ 233,288</u>	<u>\$ 221,596</u>	<u>\$ 217,620</u>	<u>\$ 215,005</u>
Primary government										
Invested in capital assets, net of related debt	\$ 371,696	\$ 364,092	\$ 364,342	\$ 344,015	\$ 353,668	\$ 354,060	\$ 303,656	\$ 212,154	\$ 241,291	\$ 218,070
Restricted	15,041	17,469	23,585	36,448	32,437	67,826	7,830	7,939	9,368	(125,608)
Unrestricted	32,013	42,401	38,639	49,878	54,224	50,247	127,894	177,373	139,201	234,872
Total primary government net assets	<u>\$ 418,749</u>	<u>\$ 423,962</u>	<u>\$ 426,566</u>	<u>\$ 430,341</u>	<u>\$ 440,329</u>	<u>\$ 472,133</u>	<u>\$ 439,380</u>	<u>\$ 397,466</u>	<u>\$ 389,860</u>	<u>\$ 327,334</u>

Source: Statement of Net Assets.

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

Expenses	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Governmental activities:										
General government	29,456	29,312	32,358	44,790	69,721	49,147	\$ 29,179	\$ 33,311	\$ 30,021	\$ 30,228
Public safety	57,055	59,166	56,922	55,996	53,664	62,576	29,109	53,193	59,495	51,657
Public works	24,721	21,774	27,451	31,518	25,301	15,993	35,819	23,972	19,657	16,815
Human and cultural services	13,756	16,011	9,645	14,170	14,890	13,067	17,004	14,069	10,829	11,994
Employee benefits	8,685	8,625	8,764	2,149	1,765	2,180	1,836	3,257	2,329	3,359
Interest on long-term debt	7,448	5,864	8,830	5,389	5,917	5,647	4,731	9,307	5,965	6,254
Total governmental activities expenses	141,121	140,752	143,970	154,012	171,258	148,610	117,678	137,109	128,296	120,307
Business-type activities:										
Water/Sewer	55,347	41,795	41,064	42,275	45,279	39,904	41,184	39,663	39,299	44,396
Transportation	6,970	8,713	7,956	7,990	7,685	6,852	6,589	6,167	6,117	5,740
Madison Sewage	74	51	-	-	-	-	-	-	-	112,083
Sanitation	11,894	11,156	10,244	10,296	10,299	10,931	9,893	8,979	9,205	9,075
Total business-type activities expenses	74,285	61,715	59,264	60,561	63,263	57,687	57,666	54,809	54,621	171,294
Total primary government expenses	215,406	202,467	203,234	214,573	234,521	206,297	\$ 175,344	\$ 191,918	\$ 182,917	\$ 291,601
Program Revenues										
Governmental activities:										
Charges for services										
General government	15,019	13,075	4,951	6,334	4,525	7,422	3,139	5,562	3,101	6,805
Public Safety	798	367	3,241	2,824	3,135	2,806	3,003	7,993	5,662	3,582
Public Works	253	15	1,206	1,469	1,393	1,147	1,698	7,038	2,682	766
Human and cultural services	885	619	2,025	1,575	2,813	1,667	1,481	2,524	2,036	742
Employee benefits	-	-	-	-	-	-	-	-	901	223
Operating grants and contributions	10,114	11,570	17,441	16,681	18,436	12,968	22,969	12,720	4,611	12,574
Capital grants and contributions	1,970	5,025	2,226	6,188	7,912	1,771	5,955	2,034	12,774	10,873
Total governmental activities program revenues	29,039	30,671	31,090	35,071	38,214	27,781	38,245	37,871	31,767	35,565
Business-type activities:										
Charges for services										
Water/Sewer	47,966	47,578	41,974	41,440	47,468	43,847	42,262	39,023	40,809	43,628
Transportation	589	529	431	360	397	426	448	423	475	525
Sanitation	12,007	11,473	11,258	10,850	11,981	10,476	9,113	8,016	9,031	7,669
Operating grants and contributions	631	706	664	694	832	1,378	4,391	4,137	1,947	1,626
Capital grants and contributions	2,844	2,568	4,584	1,741	1,534	5,133	-	-	-	-
Total business-type activities program revenue	64,037	62,854	58,911	55,085	62,212	61,260	56,214	51,599	52,262	53,448
Total primary government program revenues	93,076	93,525	90,001	90,156	100,426	89,041	\$ 94,459	\$ 89,470	\$ 84,029	\$ 89,013

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Net (expense)/revenue										
Governmental activities	(112,083)	(110,081)	(112,880)	(118,941)	(133,044)	(120,829)	(79,433)	(99,238)	(96,529)	(84,742)
Business-type activities	(10,248)	1,139	(353)	(5,476)	(1,051)	3,573	(1,452)	(3,210)	(2,359)	(117,846)
Total primary government net expenses	<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>	<u>\$ (98,888)</u>	<u>\$ (202,588)</u>
General Revenues and Other Charges in										
Net Assets										
Governmental activities:										
Taxes										
Property taxes	\$ 74,856	\$ 68,108	\$ 68,523	\$ 71,298	\$ 65,845	\$ 65,037	\$ 61,945	\$ 59,529	\$ 60,675	\$ 63,955
Sales taxes	32,701	31,656	31,268	33,598	37,298	40,453	40,849	36,197	36,593	35,097
Franchise taxes	8,218	7,878	8,552	9,234	9,062	8,936	10,144	8,818	8,460	10,692
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	292
Investment earnings	395	341	187	616	3,021	5,251	1,864	1,042	964	-
Gain on sale of capital assets	166	172	40	-	478	198	301	3,189	27	94
Miscellaneous	282	317	204	203	106	20	25	494	3,034	-
Transfers	(5,000)	(10,232)	(4,027)	(4,027)	(4,613)	(4,369)	(5,473)	(4,288)	(3,513)	(4,512)
Total governmental activities	<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>	<u>106,240</u>	<u>105,618</u>
Business-type activities:										
Investment earnings	472	490	244	812	2,352	4,470	4,615	2,823	1,353	1,424
Gain on sale of capital assets	30	76	21	(1,332)	56	50	55	77	42	(21,867)
Gain on retirement bonds	-	1,275	-	-	-	-	-	-	-	-
Transfers	5,000	5,565	4,027	4,027	4,613	4,369	5,473	4,288	3,513	4,512
Total business-type activities	<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>	<u>4,908</u>	<u>(15,931)</u>
Total primary government	<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>	<u>\$ 111,148</u>	<u>\$ 89,687</u>
Changes in Net Assets										
Governmental activities	\$ (465)	\$ (11,841)	\$ (8,133)	\$ (8,019)	\$ (21,847)	\$ (5,303)	\$ 30,222	\$ 5,743	\$ 9,711	\$ 20,876
Business-type activities	(4,748)	8,545	3,939	(1,969)	5,970	12,462	8,691	3,978	2,549	(133,777)
Total primary government	<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>	<u>\$ 12,260</u>	<u>\$ (112,901)</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)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
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
2004	41,660	35,882	1,152	31	261	78,986
2003	41,660	35,097	1,376	31	249	78,413

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General fund										
Nondisposable	2,160	1,814	1,470	1,327	1,301	1,138	981	924	859	843
Restricted	658	437	-	-	-	-	-	-	-	-
Committed	4,789	6,086	2,659	2,807	2,747	2,731	2,641	2,511	2,235	2,720
Assigned	49	33	-	-	-	-	-	-	-	-
Unassigned	26,310	24,757	26,695	24,897	20,760	11,835	12,041	9,535	14,678	14,962
Total general fund	<u>\$ 33,966</u>	<u>\$ 33,127</u>	<u>\$ 30,824</u>	<u>\$ 29,031</u>	<u>\$ 24,808</u>	<u>\$ 15,704</u>	<u>\$ 15,663</u>	<u>\$ 12,970</u>	<u>\$ 17,772</u>	<u>\$ 18,525</u>
All other governmental funds										
Nondisposable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	4,045	3,600	4,876	7,205	4,215	3,855	2,270	6,266	3,160	3,848
Committed	11,692	19,780	21,075	27,311	27,271	63,120	16,116	22,926	38,444	46,244
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 15,737</u>	<u>\$ 23,380</u>	<u>\$ 25,951</u>	<u>\$ 34,516</u>	<u>\$ 31,486</u>	<u>\$ 66,975</u>	<u>\$ 18,386</u>	<u>\$ 29,192</u>	<u>\$ 41,604</u>	<u>\$ 50,092</u>

Source: Governmental Funds - Balance Sheet

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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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues										
Taxes	\$ 69,887	\$ 68,253	\$ 67,772	\$ 69,315	\$ 62,702	\$ 63,606	\$ 60,221	\$ 59,078	\$ 59,979	\$ 60,412
Licenses and permits	2,676	2,873	2,541	3,453	4,198	3,167	2,968	2,199	2,673	2,353
Intergovernmental	49,721	46,069	48,425	55,498	62,448	56,783	63,338	59,769	55,620	62,596
Charges for services	3,693	3,499	3,314	3,324	3,456	3,032	3,150	3,446	3,155	2,857
Fines	4,166	4,537	4,092	4,245	3,602	3,106	3,202	3,123	3,123	3,007
Investment earnings	395	342	186	616	3,020	5,252	1,865	1,042	964	904
Special assessments	6	8	1	19	-	14	14	17	26	38
Miscellaneous	16,560	15,923	14,707	13,526	13,331	13,374	15,950	17,307	13,621	15,085
Total revenues	147,104	141,504	141,038	149,996	152,757	148,334	150,708	145,981	139,161	147,252
Expenditures										
General government	29,269	30,977	30,506	38,847	63,330	45,471	28,359	30,352	30,396	23,412
Public safety	57,035	52,606	51,571	53,215	53,572	58,926	58,984	56,471	59,173	53,767
Planning and Development	3,833	-	-	-	-	-	-	-	-	-
Culture and recreation	8,349	13,370	8,078	12,299	12,835	13,177	16,550	13,686	9,496	11,770
Public Works	24,698	19,126	24,430	36,742	26,302	17,243	30,012	20,855	25,557	27,004
Employee Benefits	8,685	8,625	8,071	2,149	1,765	2,180	1,836	3,327	2,846	3,547
Capital Outlay	10,539	5,749	9,982	15,311	1,379	9,040	2,049	15,617	1,053	1,080
Debt service										
Principal	873	624	3,806	10,731	14,330	13,830	13,190	12,912	11,500	13,300
Interest	6,575	6,424	7,128	5,789	6,419	6,314	4,584	4,150	5,977	6,262
Other charges	-	-	-	-	-	-	-	334	-	-
Miscellaneous	-	-	-	504	556	705	760	504	962	9,017
Total expenditures	149,856	137,501	143,572	175,587	180,488	166,886	156,324	158,208	146,960	149,159
Excess of revenues over (under) expenditures	(2,752)	4,003	(2,534)	(25,591)	(27,731)	(18,552)	(5,616)	(12,227)	(7,799)	(1,907)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Other financing sources (uses)										
Transfer in	4,813	7,927	7,201	7,581	6,584	6,565	4,116	4,296	7,174	17,328
Transfer out	(16,442)	(18,159)	(15,006)	(15,474)	(15,012)	(14,354)	(13,443)	(12,212)	(13,453)	(23,381)
Proceeds from capital leases	3,098	172	-	-	-	1,119	47	1,846	4,839	5,204
Proceeds from long-term debt	402	9,041	3,488	12,070	2,208	186	6,783	750	-	-
Proceeds from refunding bonds	-	-	-	-	-	-	-	22,248	-	-
Proceeds from GO Bonds	-	-	-	-	5,155	66,117	-	-	-	20,000
Sale of capital assets	166	-	40	-	-	-	-	-	-	-
Issuance of refunding Bonds	-	-	23,665	26,210	267	-	-	(21,914)	-	-
Payments to refunded bond escrow agent	-	(33)	-	(359)	(124)	-	-	-	-	-
Payments to escrow agent	-	-	(25,089)	-	-	-	-	-	-	-
Premium on GO bond issue	-	-	1,463	430	-	-	-	-	-	-
Proceeds from Tax Increment Bonds	-	-	-	2,382	2,270	-	-	-	-	-
Total other financing sources (uses)	(7,963)	(1,052)	(4,238)	32,840	1,348	59,633	(2,497)	(4,986)	(1,440)	19,151
Net change in fund balances	\$ (10,715)	\$ 2,951	\$ (6,772)	\$ 7,249	\$ (26,383)	\$ 41,081	\$ (8,113)	\$ (17,213)	\$ (9,239)	\$ 17,244
Debt service as a percentage of noncapital expenditures	5.6%	5.7%	8.9%	11.5%	12.6%	14.6%	13.0%	13.9%	13.6%	15.2%

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Motor Fuel Tax	Alcoholic Beverage Tax	Total
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
2004	59,979	35,882	1,152	31	261	97,305
2003	60,411	35,097	1,376	31	249	97,164

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		
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%
2003	645,275,896	5,058,517,697	450,036,558	2,047,883,870	1,095,312,454	7,106,401,567	54.75	10%,15%,and 30%

(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 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>
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
2004	51,710	50,606	97.9	301	50,907	98.4
2003	55,845	53,807	96.4	445	54,252	97.1

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
Principal Property Taxpayers
September 30, 2012
(amounts expressed in thousands)**

<u>Taxpayer</u>	<u>2012</u>			<u>2003</u>		
	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
Bell South	\$ 50,108	2	4.79%	\$ 76,029	1	7.92%
Entergy	79,472	1	7.59%	45,673	2	4.76%
Atmos Energy	12,268	5	1.17%	-	-	-
Midcontinent Express Pipeline LLC	29,093	3	2.78%	-	-	-
AT&T	9,804	7	0.94%	11,064	4	1.15%
Trustmark National Bank	-	-	-	5,393	7	0.56%
Parkway Properties	10,233	6	0.98%	6,088	6	0.63%
Central MS Health Systems	-	-	-	13,729	3	1.43%
Entergy Services Inc	8,836	8	0.84%	-	-	-
Wal-Mart/Sam's Wholesale Club	8,280	9	0.79%	5,180	8	0.54%
McCarty Holman, Inc.	-	-	-	-	-	-
Deposit Guaranty National Bank	-	-	-	-	-	-
Metrocenter	-	-	-	3,919	9	0.41%
St. Dominics Hospital	-	-	-	3,823	10	0.40%
Home Depot	-	-	-	-	-	-
Gulf South Pipeline Company LP	26,849	4	2.57%	-	-	-
Delphi Auto Systems LLC	-	-	-	-	-	-
Illinois Central Railroad	7,026	10	0.67%	-	-	-
Eaton Aerospace LLC	-	-	-	-	-	-
Mississippi Valley Gas Company	-	-	-	8,596	5	0.90%
Totals	\$ 241,969		23.12%	\$ 179,494		18.69%

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>
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
2004	51,710	50,606	97.9	301	50,907	98.4
2003	55,845	53,807	96.4	445	54,252	97.1

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.

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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	General Obligation Bonds	Capital Leases	State Revolving Loan (DEQ)			
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	13,428	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
2004	73,195	1,205	664	-	-	-	14,105	115,995	-	2,550	20,550	228,264	4.30%	1,239
2003	80,180	1,565	692	-	-	-	12,179	121,400	630	3,442	21,693	241,781	4.78%	1,312

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

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

<u>Fiscal Year</u>	<u>Assessed Value</u>	<u>General Obligation Note</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
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
2004	903,200	-	73,195	1,293	71,902	7.96%	390.23
2003	960,332	-	80,180	451	79,729	8.30%	432.71

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, 2012
(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	\$ 40,370	76.57%	\$ 30,911
Jackson Public Schools	136,935	100.00%	136,935
Subtotal, overlapping debt			<u>167,846</u>
City of Jackson direct debt	131,691	100.00%	131,692
Total direct and overlapping debt			<u>\$ 299,538</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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Debt limit	\$174,971	\$ 173,629	\$173,116	\$175,386	\$160,093	\$160,138	\$158,399	\$159,636	\$159,437	\$158,886
Total net debt applicable to limit	<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>	<u>74,400</u>	<u>81,745</u>
Legal debt margin	<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>	<u>\$ 85,037</u>	<u>\$ 77,141</u>

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

Legal Debt margin Calculation for Fiscal Year 2012

Assessed value	\$ 1,226,113
Less Homestead Exemption	<u>\$ (59,643)</u>
Total assessed value	\$ 1,166,470
Debt limit (15% of total assessed value)	174,971
Debt application to limit:	
Bond indebtedness	227,654
Less: Amount set aside for repayment of revenue bond debt	<u>(154,430)</u>
Total net debt applicable to limit	<u>\$ 73,224</u>
Legal debt margin	<u>\$ 101,747</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	
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
2004	40,012	23,394	16,618	5,550	8,939	1.15
2003	44,387	21,903	22,484	7,095	5,924	1.73

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.

**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>
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%
2004	184,256	5,308,231	28,809	34.3	12.3	31,580	4.5%
2003	184,256	5,053,774	27,428	34.2	12.3	31,508	5.0%

Data Sources

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

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

Employer	2012			2003		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Mississippi	31,556	1	17.13%			
University of Mississippi	8,000	2	4.34%			
U.S. Government	5,500	3	2.98%			
Jackson Public School District	4,814	4	2.61%			
Baptist Health Systems	2,875	5	1.56%			
St. Dominic Health Services	2,600	6	1.41%			
City of Jackson, Mississippi	2,323	7	1.26%			
Jackson State University	1,667	8	0.90%			
AT&T	1,300	9	0.71%			
Central MS Medical Center	1,200	10	0.65%			
	<u>61,835</u>		<u>33.56%</u>			

Source: MetroJackson Chamber of Commerce 2012

Note: Data for 2001 is currently not available.

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

Function	Full-time Equivalent Employees by Function									
	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General government	215	234	229	219	255	250	300	304.5	299.5	311
Public safety										
Police										
Officers	499	479	465	-	500	425	468	490	490	458
Civilians	272	261	270	-	299	291	174	284	284	296
Fire										
Firefighters and officers	337	357	342	354	362	351	356	353	631	376
Civilians	11	11	10	11	11	7	8	12	11	13
Public works	484	482	449	466	606	552	625	645	606	608
Culture and Recreation	238	303	370	319	218	381	424	436.5	452.5	465
Planning and Development	75	81	78	91	70	80	77	88	90	96
Total	<u>2131</u>	<u>2208</u>	<u>2213</u>	<u>1460</u>	<u>2321</u>	<u>2337</u>	<u>2432</u>	<u>2613</u>	<u>2864</u>	<u>2623</u>

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

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

Function	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2004	2004	2003
Police										
Parking violations	17,190	18,101	13,777	11,076	13,223	14,832	20,490	24,970	24,970	27,937
Traffic violations	60,598	57,815	56,587	47,146	38,429	25,314	30,061	47,324	47,324	48,587
Fire										
Number of calls answered	9,403	-	-	11,577	7,644	7,342	12,259	12,602	12,602	12,823
Inspections (3)	4,635	3,590	3,701	4,510	3,241	4,500	4,086	3,727	3,727	4,229
Highways and streets										
Street resurfacing (miles)	10.6	-	-	68.3	8.3	5.6	7.1	9.5	9.5	16.0
Potholes repaired (2) (4)	29,871	38,776	51,431	3,619	4,154	3,626	4,011	5,724	5,724	2,194
Sanitation										
Refuse collected (tons/day)	7,904	4,523	5,718	5,058	5,848	2,398.4	1,447.8	3,612.3	3,612.3	3,401.0
Recyclables collected (tons/day)(1)	89.84	76.89	81.72	80.16	109.88	90.77	99.68	-	-	-
Culture and recreation										
Community center admissions (3)	118	53	68	90	34	101	95	168	168	-
Water										
New connections	212	-	198	670	334	530	602	501	501	517
Average daily consumption (thousands of gallons) (3)	-	-	24,024	-	21,080	21,530	20,630	21,250	21,250	23,700
Wastewater										
Average daily sewage treatment (thousands of gallons)	-	-	46,650	47,170	44,650	42,100	47,200	52,400	52,400	45,600

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									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Public safety										
Police stations	6	6	6	6	5	5	5	5	5	5
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,204	1,300	1,447	1,431	1,428	1,428	1,428	1,428	1,428	1,435
Traffic signals intersection	358	358	334	334	333	333	332	332	332	-
Culture and recreation										
Parks	54	54	54	54	54	54	54	54	54	54
Swimming pools	9	9	9	9	9	9	9	9	9	9
Tennis courts	61	61	61	61	61	61	61	61	61	61
Community centers	10	10	10	10	10	10	10	10	10	10
Water										
Water mains (miles)	-	-	1,220	1,220	1,220	1,220	1,220	1,220	1,220	1,220
Fire hydrants	-	-	7,500	7,500	7,500	7,500	7,500	-	-	-
Maximum daily capacity (thousands of gallons)	-	-	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000	25,600,000
Sewer										
Sanitary sewers (miles)	-	-	911	911	911	911	909	909	909	909
Storms sewers (miles)	-	-	460	460	460	460	460	460	460	460

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

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

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

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2012, which collectively comprise the City of Jackson, Mississippi's basic financial statements and have issued our report thereon dated May 3, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in 2012-1 in the accompanying schedule of findings and questioned costs to be a material weakness.

Compliance and Other Matters

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

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

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

Banks, Finley, White & Co.

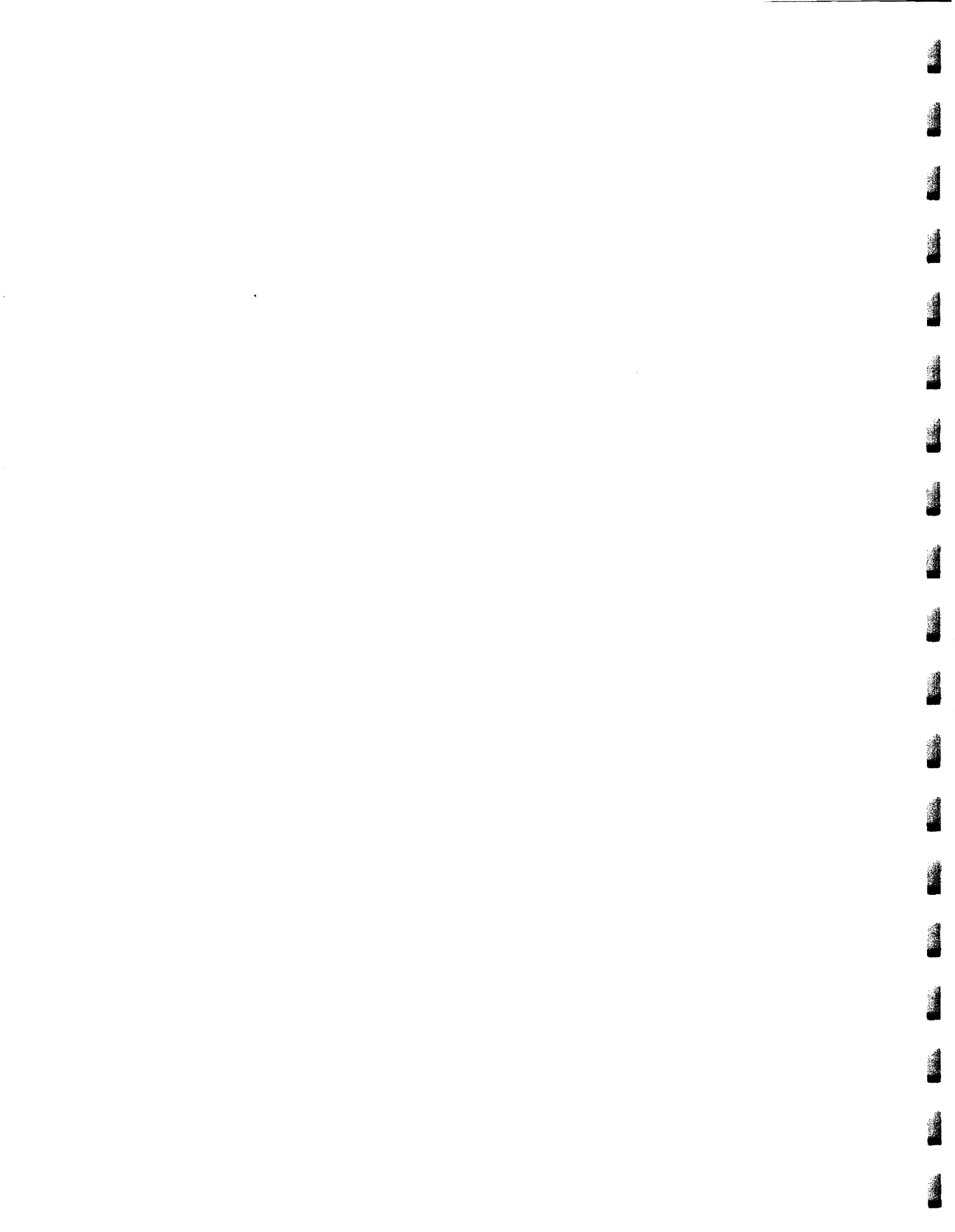
Ridgeland, Mississippi
May 3, 2013



City of Jackson
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2012

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
U.S. Department of Agriculture			
Direct Program:			
Food and Nutrition Service (MS Department of Education - Pass Through)			
Child and Adult Care Food Program	10.558	V0000718080	\$ 300,703
SUBTOTAL CFDA NUMBER 10.558			<u>300,703</u>
Child Nutrition Cluster:			
Summer Food Service Program for Children (MS Department of Education - Pass Through)	10.559	V0000718080	56,036
SUBTOTAL CFDA NUMBER 10.559			<u>56,036</u>
TOTAL Child Nutrition Cluster			<u>56,036</u>
(Central Mississippi Planning and Development District - Pass Through)			
Commodity Supplemental Food Program	10.565	378-M-25	24,219
Commodity Supplemental Food Program	10.565	379-F-25	5,742
Commodity Supplemental Food Program	10.565	379-S-252	8,613
Commodity Supplemental Food Program	10.565	396-F-25	20,332
SUBTOTAL CFDA NUMBER 10.565			<u>58,906</u>
(Natural Resource Conservation Service - Pass Through)			
Emergency Watershed Protection Program	10.923	68-4423-12-2342	20,400
SUBTOTAL CFDA NUMBER 10.923			<u>20,400</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>436,045</u>
U.S. Department of Housing and Urban Development			
CDBG Entitlement Grants Cluster:			
Community Development Block Grant - Neighborhood Stabilization Program	14.218	B-08-MN-28-0001	916,269
Community Development Block Grant	14.218	B-10-MC-28-0003	1,752,716
Community Development Block Grant	14.218	B-11-MC-28-0003	24,498
SUBTOTAL CFDA NUMBER 14.218			<u>2,693,483</u>
Community Development Block Grant Recovery - ARRA	14.253	B-09-MY-28-0003	106,213
SUBTOTAL CFDA NUMBER 14.253			<u>106,213</u>
TOTAL CDBG Entitlement Grants Cluster			<u>2,799,696</u>
Emergency Solution Grants Program	14.231	E-11-MC-28-0002	109,573
SUBTOTAL CFDA NUMBER 14.231			<u>109,573</u>
HOME Investment Partnership Program	14.239	M-07-MC-28-0200	4,509
HOME Investment Partnership Program	14.239	M-08-MC-28-0200	60,231
HOME Investment Partnership Program	14.239	M-09-MC-28-0200	44,653
SUBTOTAL CFDA NUMBER 14.239			<u>109,393</u>
Housing Opportunities for Persons with AIDS	14.241	MS-H11-F001	824,210
Housing Opportunities for Persons with AIDS	14.241	MS-H10-F001	294,683
SUBTOTAL CFDA NUMBER 14.241			<u>1,118,893</u>
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-MS-0134	3,695
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-05-SP-MS-0141	9,940
Economic Development Initiative-Special Project, Neighborhood Initiative and Miscellaneous Grants	14.251	B-09-SP-MS-0133	118,903
SUBTOTAL CFDA NUMBER 14.251			<u>132,538</u>
Homelessness Prevention and Rapid Re-Housing Program - ARRA	14.257	S-09-MY-28-0002	136,900
SUBTOTAL CFDA NUMBER 14.257			<u>136,900</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>4,406,993</u>

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City of Jackson
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2012

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
<u>U.S. Department of Justice</u>			
<u>JAG Program Cluster:</u>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2007DJBX0570	21,346
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2008DJBX0627	58,714
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2011DJBX3320	66,464
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2010DJBX0594	20,000
SUBTOTAL CFDA NUMBER 16.738			<u>166,524</u>
Edward Byrne Memorial Justice Assistance Grant Program - ARRA	16.804	2009SBB93222	178,592
SUBTOTAL CFDA NUMBER 16.804			<u>178,592</u>
TOTAL JAG Program Cluster			<u>345,116</u>
Second Chance Act Prisoner Reentry Initiative	16.812	2011-CZ-BX-0041	27,920
SUBTOTAL CFDA NUMBER 16.804			<u>27,920</u>
Public Safety Partnership & Community Policing Grant	16.710	2009CKWX0603	2,198
Public Safety Partnership & Community Policing Grant	16.710	2010CKWX0084	54,400
Public Safety Partnership & Community Policing Grant	16.710	2011ULWX0021	748,209
SUBTOTAL CFDA NUMBER 16.710			<u>804,807</u>
Developing, Testing And Demonstrating New Programs	16.541	2009-JL-FX-0009	73,913
SUBTOTAL CFDA NUMBER 16.541			<u>73,913</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>1,251,756</u>
<u>U.S. Department of Labor</u>			
Older Americans Act			
Senior Community Service Employment Program (Title V)	17.235	AD-21862-11-55-A-24	453,367
Senior Community Service Employment Program (Title V)	17.235	AD-23234-12-55-A-24	135,049
SUBTOTAL CFDA NUMBER 17.235			<u>588,416</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>588,416</u>
<u>U.S. Department of Transportation</u>			
Federal Transit Administration			
<u>Federal Transit Cluster:</u>			
<u>Direct Programs:</u>			
Federal Transit Formula Grants	20.507	MS-90-X0-72	35,187
Federal Transit Formula Grants	20.507	MS-90-X0-98	636,021
Federal Transit Formula Grants	20.507	MS-90-X0-81	591,889
SUBTOTAL CFDA NUMBER 20.507			<u>1,263,097</u>
Federal Transit Capital Investment Grants	20.500	MS-03-00-12	17,982
Federal Transit Capital Investment Grants	20.500	MS-03-00-13	277,512
Federal Transit Capital Investment Grants	20.500	MS-03-00-14	1,027,248
Federal Transit Capital Investment Grants	20.500	MS-04-00-03	145,560
Federal Transit Capital Investment Grants	20.500	MS-96-X0-03	2,005,152
SUBTOTAL CFDA NUMBER 20.500			<u>3,473,454</u>
TOTAL Federal Transit Cluster			<u>4,736,551</u>
<u>Highway Planning & Construction Cluster:</u>			
(Mississippi Department of Transportation-Pass Through)			
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-7300-00(001) 104587/811000	215,603
Highway Planning and Construction (Fortification Street Improvements)	20.205	STP-7285-00(002) 105325/801000	674,891
Highway Planning and Construction (Safe Routes)	20.205	DHP-7305-00(005) 105967	20,030
Highway Planning and Construction (ITS-3 Railroad Grade Crossing Project)	20.205	ITS-0250-00(020)LPA 103901/701000	6,017
Highway Planning and Construction (ITS-3 Railroad Grade Crossing Project)	20.205	TCP-0250	6,270



City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
(Mississippi Department of Transportation-Pass Through)			
Urban Youth Corps Grant	20.205	STP-9999-09(023) 106400-317000	34,930
SUBTOTAL CFDA NUMBER 20.205			<u>957,741</u>
TOTAL Highway Planning and Construction Cluster			<u>957,741</u>
(Mississippi Department of Transportation-Pass Through)			
Capital Assistance Program for Elderly Persons and Elderly Persons with Disabilities	20.513	N/A	34,907
SUBTOTAL CFDA NUMBER 20.513			<u>34,907</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>5,729,199</u>
<u>U.S. Institute of Museum and Library Services</u>			
Direct Programs:			
Congressional Set-Aside; Museums	45.312	CM-00-05-0012-05	22,566
SUBTOTAL CFDA NUMBER 45.312			<u>22,566</u>
TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES			<u>22,566</u>
<u>U.S. Department of Environmental Quality</u>			
(Mississippi Department of Environmental Quality-Pass Through)			
Capitalization Grants for Clean Water State Revolving Funds	66.458	SRF-C280886-02-0	471,220
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL QUALITY			<u>471,220</u>
<u>U.S. Department of Energy</u>			
Direct Programs:			
Energy Efficiency and Conservation Block Grant Program (ARRA)	81.128	DE-SC0003032	1,347,860
SUBTOTAL CFDA NUMBER 81.128			<u>1,347,860</u>
TOTAL U.S. DEPARTMENT OF ENERGY			<u>1,347,860</u>
<u>U.S. Department of Health and Human Services</u>			
Direct Programs:			
Metro Medical Response System	93.000	233-01-0043	157,025
SUBTOTAL CFDA NUMBER 93.000			<u>157,025</u>
<u>Aging Cluster:</u>			
Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers (Central MS Planning and Development District - Pass Through)			
Title III-B Outreach	93.044	377-M-25	10,000
SUBTOTAL CFDA NUMBER 93.044			<u>10,000</u>
Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through)			
Congregate Nutrition Program (Non-cash)	93.045	378-M-25	45,775
SUBTOTAL CFDA NUMBER 93.045			<u>45,775</u>
TOTAL Aging Cluster			<u>55,775</u>
<u>CCDF Cluster:</u>			
(State of MS Office of Child Nutrition - Pass Through)			
Child Care Development Block Grant	93.575	625Q621A	891,625
Child Care Development Block Grant	93.575	625Q611A	114,292
SUBTOTAL CFDA NUMBER 93.575			<u>1,005,917</u>
TOTAL CCDF Cluster			<u>1,005,917</u>



City of Jackson
 Schedule of Expenditures of Federal Awards
 For the Year Ended September 30, 2012

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures
Title XX-Social Services Block Grant			
(Central MS Planning and Development District - Pass Through)			
Transportation	93.667	396-F-25	128,772
Home Delivered Meals (Non-cash)	93.667	396-F-25	97,938
SUBTOTAL CFDA NUMBER 93.667			226,710
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,445,427
<u>Corporation for National and Community Service</u>			
Mississippi Commission for Volunteer Service - Pass Through			
AMERICORPS	94.006	12AC109584	8,906
AMERICORPS	94.006	11AC122587	209,300
SUBTOTAL CFDA NUMBER 94.006			218,206
TOTAL MISSISSIPPI COMMISSION FOR VOLUNTEER SERVICE			218,206
<u>U.S. Office of National Drug Control Policy</u>			
(MS Gulf Coast HIDTA - Pass Through)			
High Intensity Drug Trafficking Area (HIDTA)	95.001	G10GC0003A	781
High Intensity Drug Trafficking Area (HIDTA)	95.001	G11GC0003A	4,019
High Intensity Drug Trafficking Area (HIDTA)	95.001	G12GC0003A	6,236
			11,036
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY			11,036
<u>U.S. Department of Homeland Security</u>			
Mississippi Emergency Management Agency (Pass-Through)			
Disaster Grants - Public Assistance	97.036	PW 00335-0	112,320
SUBTOTAL CFDA NUMBER 97.036			112,320
Mississippi Emergency Management Agency (Pass-Through)			
Homeland Security Grant Program	97.067	09MM221	295,939
Homeland Security Grant Program	97.067	10CC221	2,061
Homeland Security Grant Program	97.067	10HS221T	822
Homeland Security Grant Program	97.067	10HS221T2	7,050
Homeland Security Grant Program	97.067	11HS221	14,670
Homeland Security Grant Program	97.067	A9HS221T	55,248
Homeland Security Grant Program	97.067	10LE221S	8,639
Homeland Security Grant Program	97.067	11LE221	9,917
Homeland Security Grant Program	97.067	10LE221	56,793
SUBTOTAL CFDA NUMBER 97.067			451,139
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			563,459
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 16,492,183
<u>U.S. Department of Housing and Urban Development</u>			
The City of Jackson has the following loans payable to the U.S. Department of Housing and Urban Development at September 30, 2012. The funds were used to stimulate renewal and economic development activities in the Capital Center Development Area.			
Community Development Block Grant - Section 108 Loan Guarantees variable/fix rate note dated September 15, 2008	14.248	B-07-MC-28-0003	\$ 6,888,731
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			\$ 6,888,731



CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2012

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.

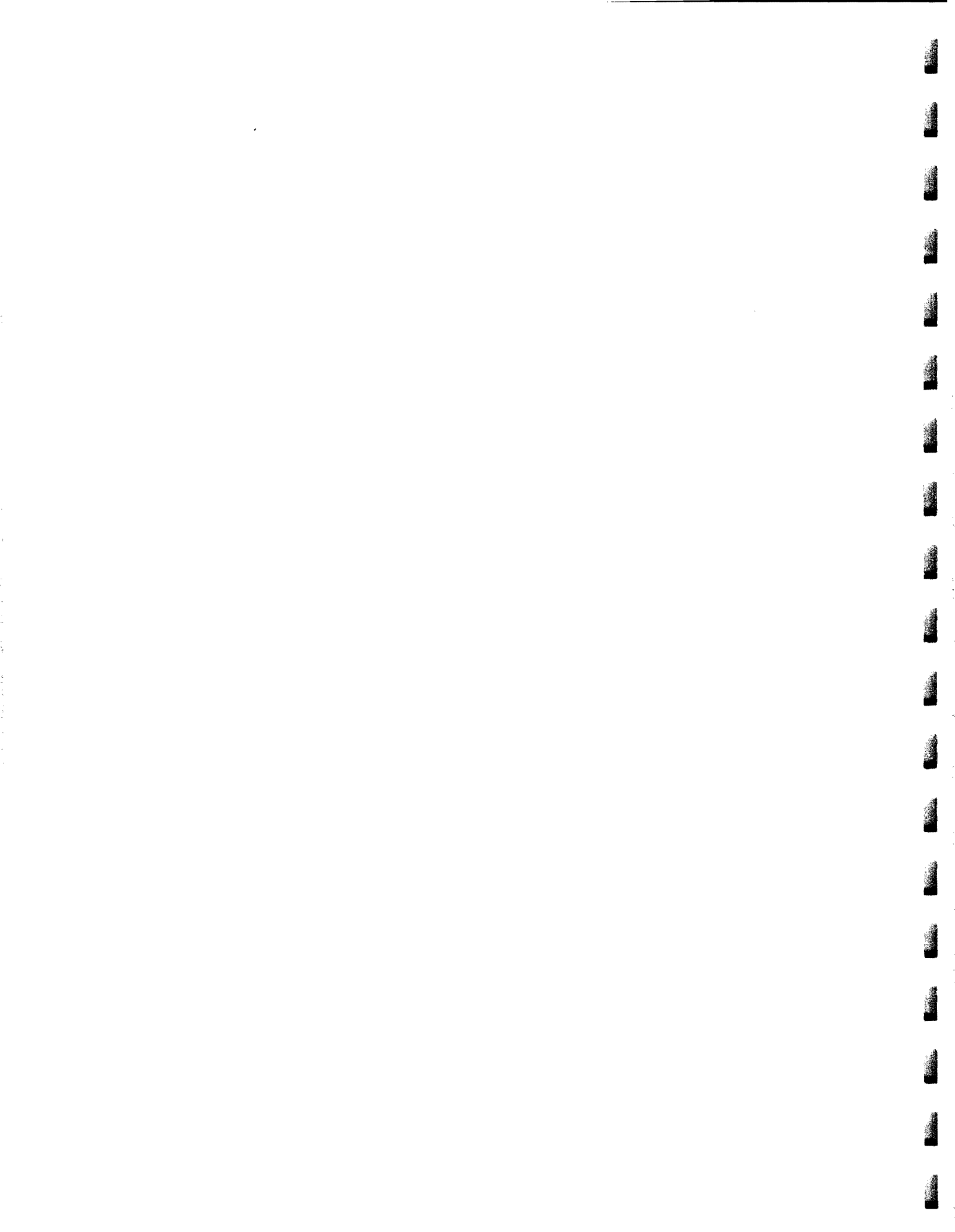
NOTE 3 - SUB-RECIPIENTS

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>
Housing Opportunities for Persons With Aids	14.241	\$1,100,884
Home Investment Partnership Program	14.239	44,653
Community Development Block Grant – Entitlement Grants	14.218	383,562
Homeless Prevention and Rapid Re-housing Program – ARRA	14.257	136,900
Emergency Solutions Grant Grant	14.231	<u>109,573</u>
Total		<u>\$ 1,775,572</u>

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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.





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

CERTIFIED PUBLIC ACCOUNTANTS

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

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

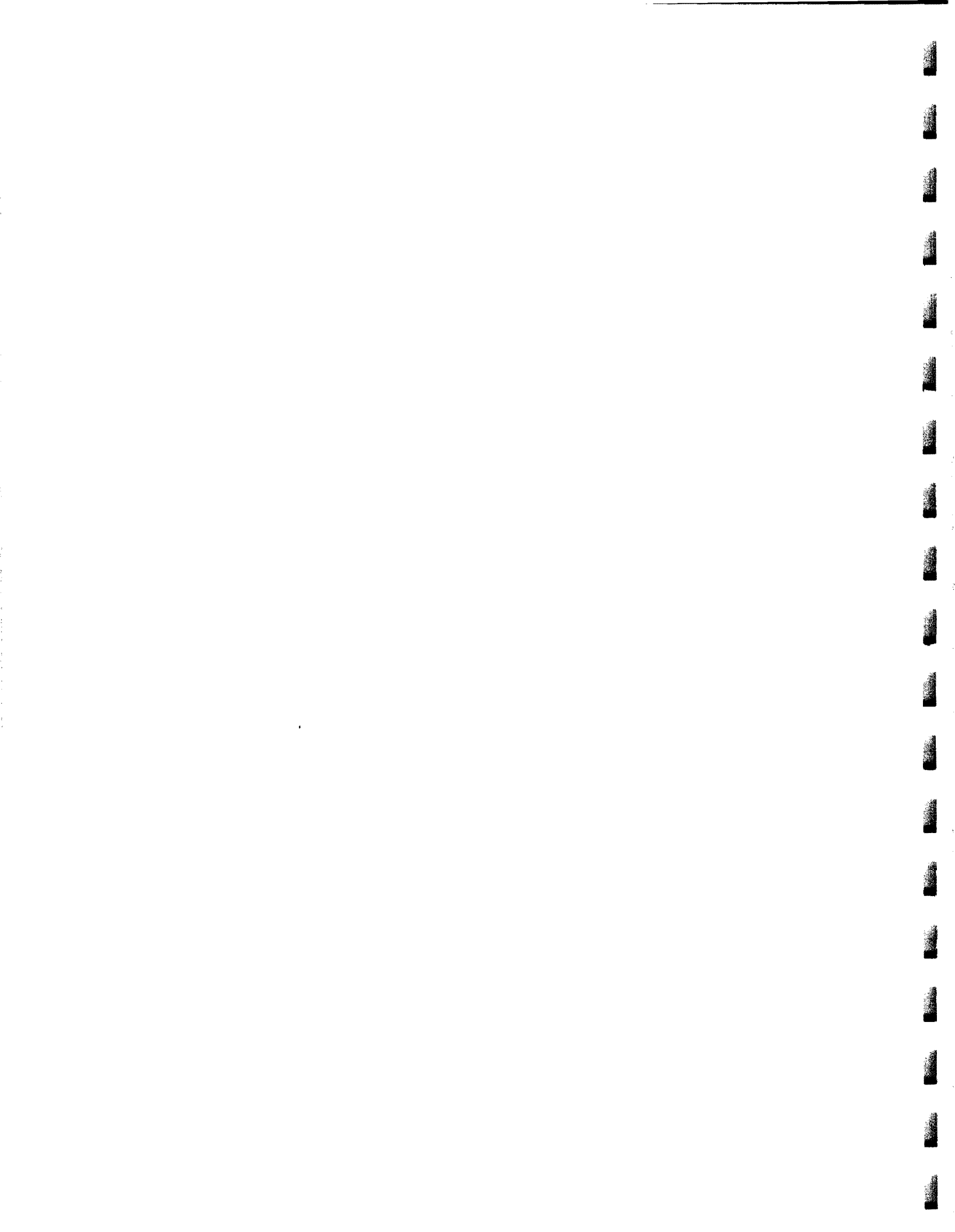
Compliance

We have audited the City of Jackson, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Jackson, Mississippi's major federal programs for the year ended September 30, 2012. City of Jackson, Mississippi's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City of Jackson, Mississippi's management. Our responsibility is to express an opinion on the City of Jackson, Mississippi's compliance based on our audit.

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

As described in items 2012-2 through 2012-6 in the accompanying schedule of findings and questioned costs, City of Jackson, Mississippi did not comply with requirements regarding Davis-Bacon Act, Reporting and Sub-Recipient Monitoring that are applicable to its Home Investment Partnership Program, Housing Opportunities for Persons with Aids Grant, Public Safety Partnership Grant and Community Development Block Grant-Neighborhood Stabilization Program Grant. Compliance with such requirements is necessary, in our opinion, for City of Jackson, Mississippi to comply with the requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the City of Jackson, Mississippi complied, in all material respects, with the 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, 2012.



Internal Control Over Compliance

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

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

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-2 thru 2012-6 to be significant deficiencies.

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

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

Banks, Finley, White & Co.

Ridgeland, Mississippi
May 3, 2013



CITY OF JACKSON, MISSISSIPPI
 Schedule of Findings and Questioned Costs
 Year Ended September 30, 2012

Section 1: Summary of Auditor's Results

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the basic financial statements. | Unqualified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | Yes |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | None |

Federal Awards:

- | | | |
|----|--|------|
| 4. | Type of auditor's report issued on compliance with major federal programs: | |
| | Unqualified for all major programs except for Home Investment Partnership Program, Housing Opportunities for Persons with Aids Grant, Community Development Block Grant, Public Safety Partnership Grant and Community Development Block Grant – Neighborhood Stabilization Program. | |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | None |
| | 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 #14.253 - U. S. Department of Housing and Urban Development
ARRA – Community Development Block Grant | |
| | Home Investment Partnership Program: | |
| | CFDA #14.239 - U. S. Department of Housing and Urban Development | |
| | Housing Opportunities for Persons with AIDS: | |
| | CFDA #14.241 - U. S. Department of Housing and Urban Development | |



CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Federal programs identified as major programs: (continued)

JAG Program Cluster:

CFDA #16.738 - U. S. Department of Justice
Edward Byrne Memorial Justice Assistance Grant Program
CFDA #16.804 - U. S. Department of Justice
Edward Byrne Memorial Justice Assistance Grant Program - ARRA
Assistance Discretionary Grants Program

Public Safety Partnership & Community Policing Grant
CFDA #16.710 - 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

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

8. The dollar threshold used to distinguish between type A and type B programs: \$494,765
9. The City of Jackson did not qualify as a low-risk auditee.

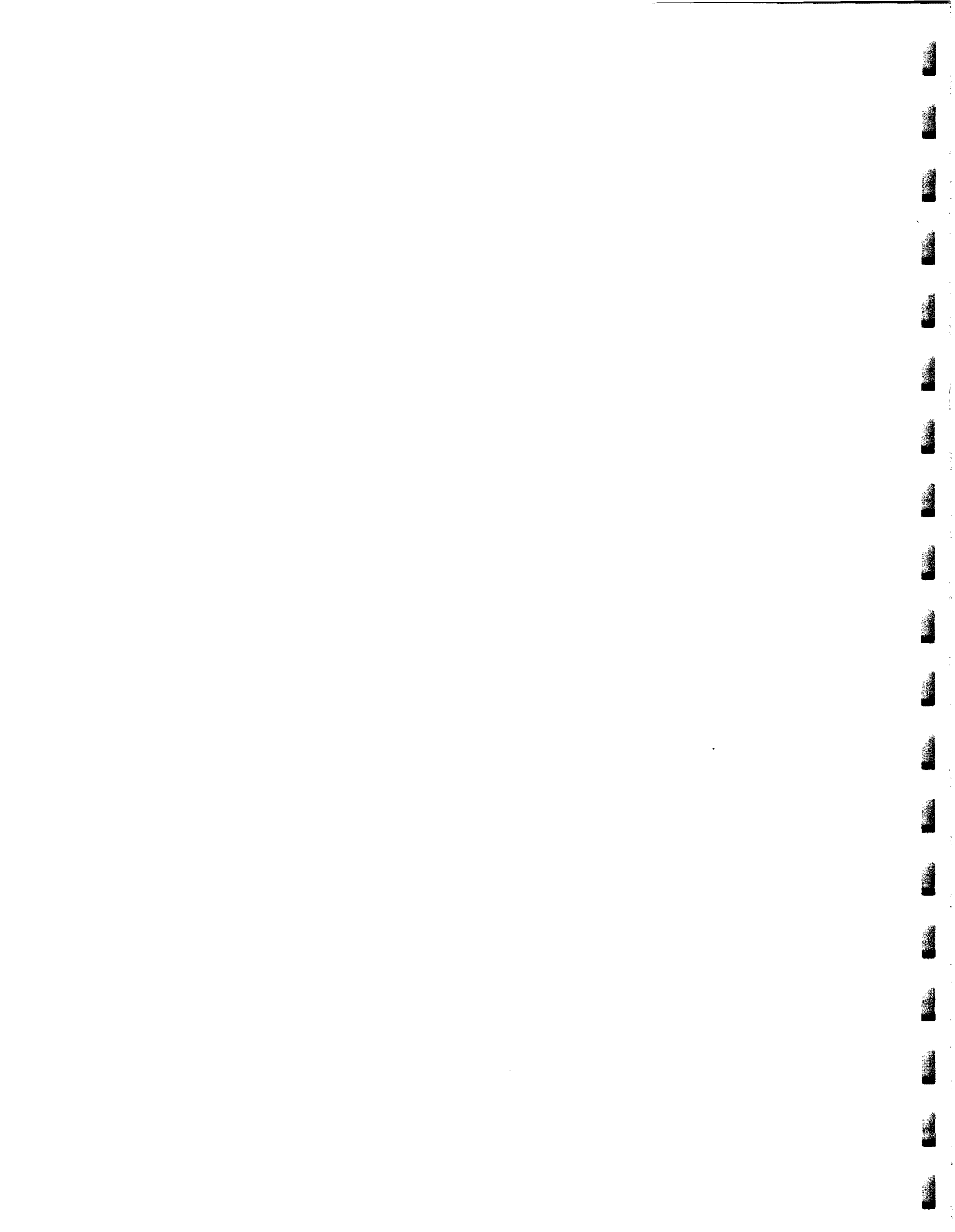
Section 2: Findings Relating to the Financial Statements Audit

PAYROLL CHANGES IN PERSONNEL FILES

Finding 2012-1
Finding Type: Material Weakness

Statement of Condition

Our audit testing of payroll transactions revealed that in 24 out of 40 personnel files tested, adequate documentation was not available in the personnel file to support the current pay rate of some employees.



CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Cause of Condition

Failure to follow established procedures for personnel pay rate changes.

Effect of Condition

The employee's current salary pay rate could not be verified with supporting documentation in the personnel file.

Criteria

The requirements of the City of Jackson Department of Personnel and Management's Employee Handbook Section 7.1.1 – states "The Department of Personnel Management shall maintain records showing administrative actions including records of employment history of each employee, performance evaluation records and related files and correspondence. In addition, the Department of Personnel Management shall prepare, maintain and preserve records on the wages, hours and other conditions and practices of employment of all City employees."

Auditor's Recommendation

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

Section 3: Major Federal Awards Program Findings and Questioned Costs

Finding 2012-2 – SUB RECIPIENT MONITORING
Finding Type: Significant Deficiency

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

Statement of Condition

The City of Jackson is required to monitor the performance of HOME sub recipients against goals and performance standards and in our review of sub recipient monitoring reports, the City did not provide us a monitoring report for one (1) sub recipient that was paid during FY 2012.

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CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Cause of Condition

Lack of compliance with established policies and procedures.

Effect of Condition

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

Criteria

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

Auditor's Recommendation

The City should strengthen internal administrative control procedures to ensure that sub recipients are being monitored within the prescribed time period.

Finding 2012-3 – DAVIS-BACON ACT
Finding Type: Significant Deficiency

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

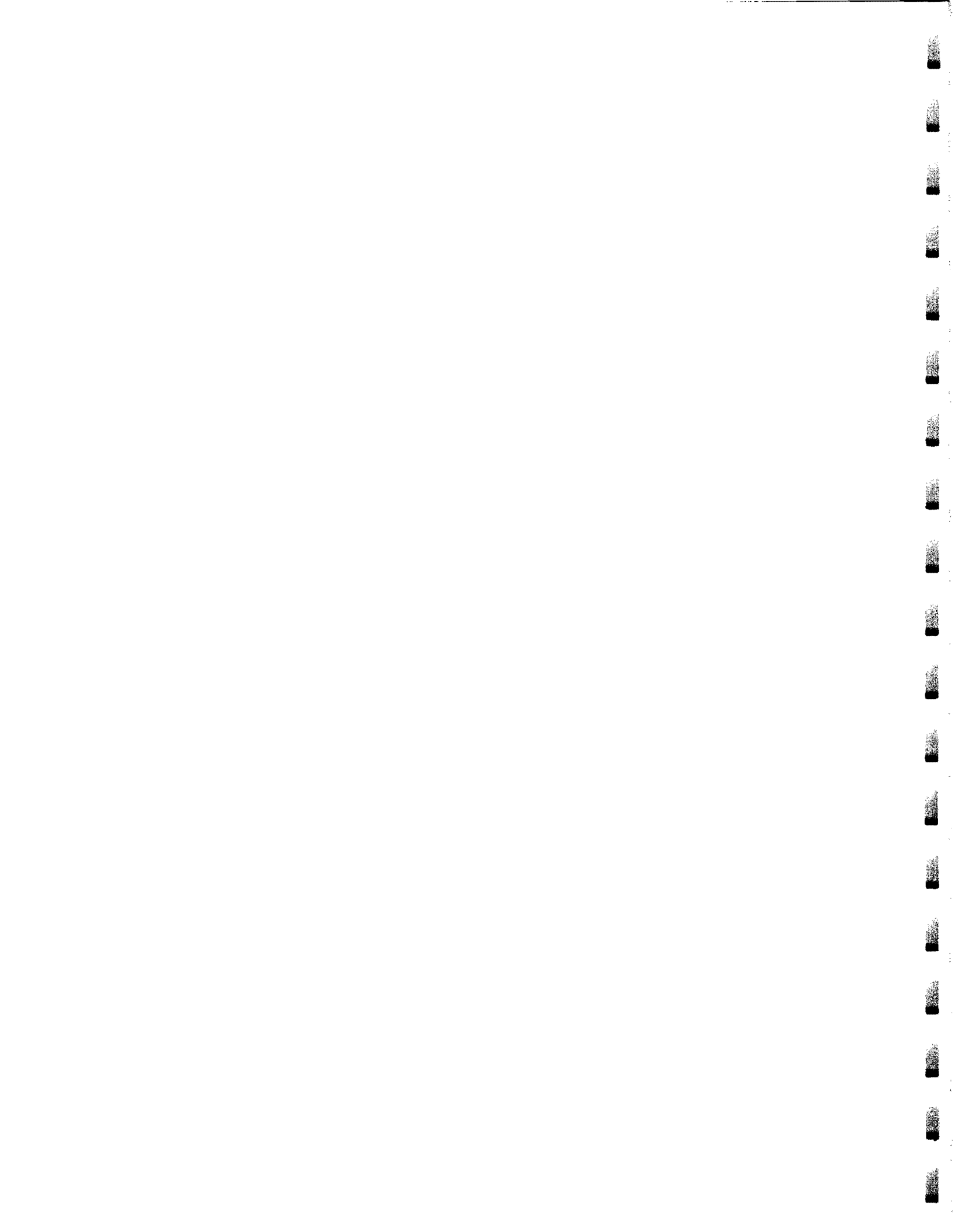
Statement of Condition

Eubank Creek Drainage Project

The City did not comply with the Davis-Bacon Act requirement that certified payroll reports be submitted on a weekly basis by contractors and/or subcontractors working on federal financed construction contracts in excess of \$2,000.

Cause of Condition

Lack of compliance with established policies and procedures.



CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Effect of Condition

The City did not ensure that weekly certified payrolls were submitted by contractors on the federally financed project.

Criteria

The Davis-Bacon Act requires that all contractors and subcontractors performing on federal contracts (and contractors or subcontractors performing on federally assisted contracts under the related Acts) in excess of \$2,000 pay their laborers and mechanics not less than the prevailing wage rates and fringe benefits listed in the contract's Davis-Bacon wage determination for corresponding classes of laborers and mechanics employed on similar projects in the area. Davis-Bacon labor standards clauses must be included in covered contracts.

Each covered contractor and subcontractor must, on a weekly basis, provide the federal agency a copy of all payrolls providing the information listed above under "Recordkeeping" for the preceding weekly payroll period. Each payroll submitted must be accompanied by a "Statement of Compliance." The contractor, subcontractor or the authorized officer or employee of the contractor or subcontractor who supervises the payment of wages must sign the weekly statement.

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 2012-4 -- REPORTING
Finding Type: Significant Deficiency

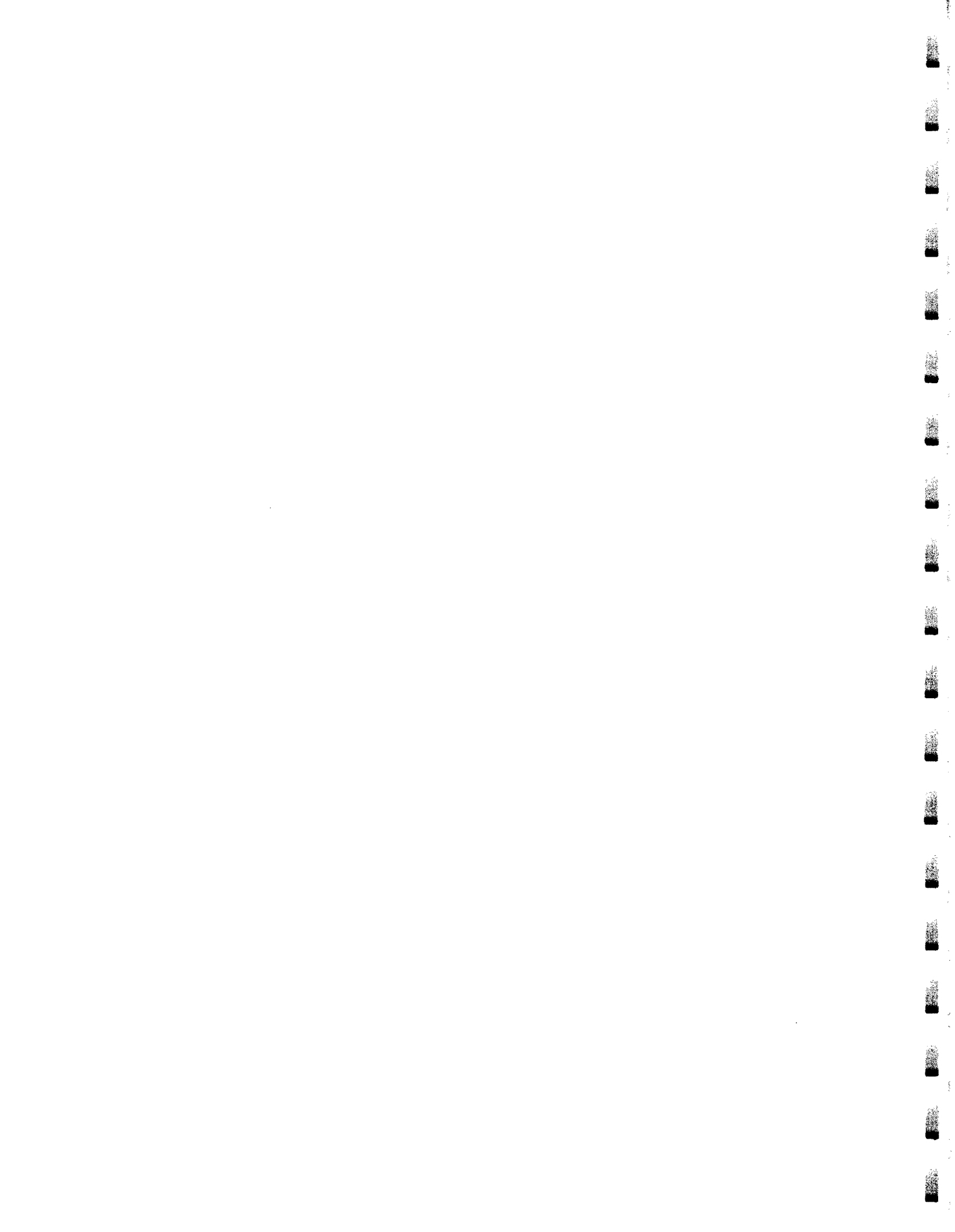
Grant Program/CFDA#: Community Development Block Grant -- Neighborhood Stabilization Program/14.218

Statement of Condition

During our review of Performance Reporting, we noted that the City did not submit 2 out of 4 reports in a timely manner.

Cause of Condition

The person responsible for preparing and submitting the quarterly reports was away from work when the reports were due causing the reports to be submitted late.



CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

Effect of Condition

Noncompliance with the Housing and Urban Development, Disaster Recovery Grant Reporting Manual Guide, May 9, 2011 7.2 Release.

Criteria

Per HUD's Disaster Recovery Grant Reporting Manual Guide, May 9, 2011, 7.2 Release, Quarterly Performance Reports are due within thirty days after the end of the quarter.

Auditor's Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that the Quarterly Performance Reports are completed and submitted in a timely manner.

Finding 2012-5 – REPORTING

Finding Type: Significant Deficiency

Grant Program/CFDA#: Public Safety Partnership Grant /16.710

Statement of Condition

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

Cause of Condition

Lack of compliance with grant terms

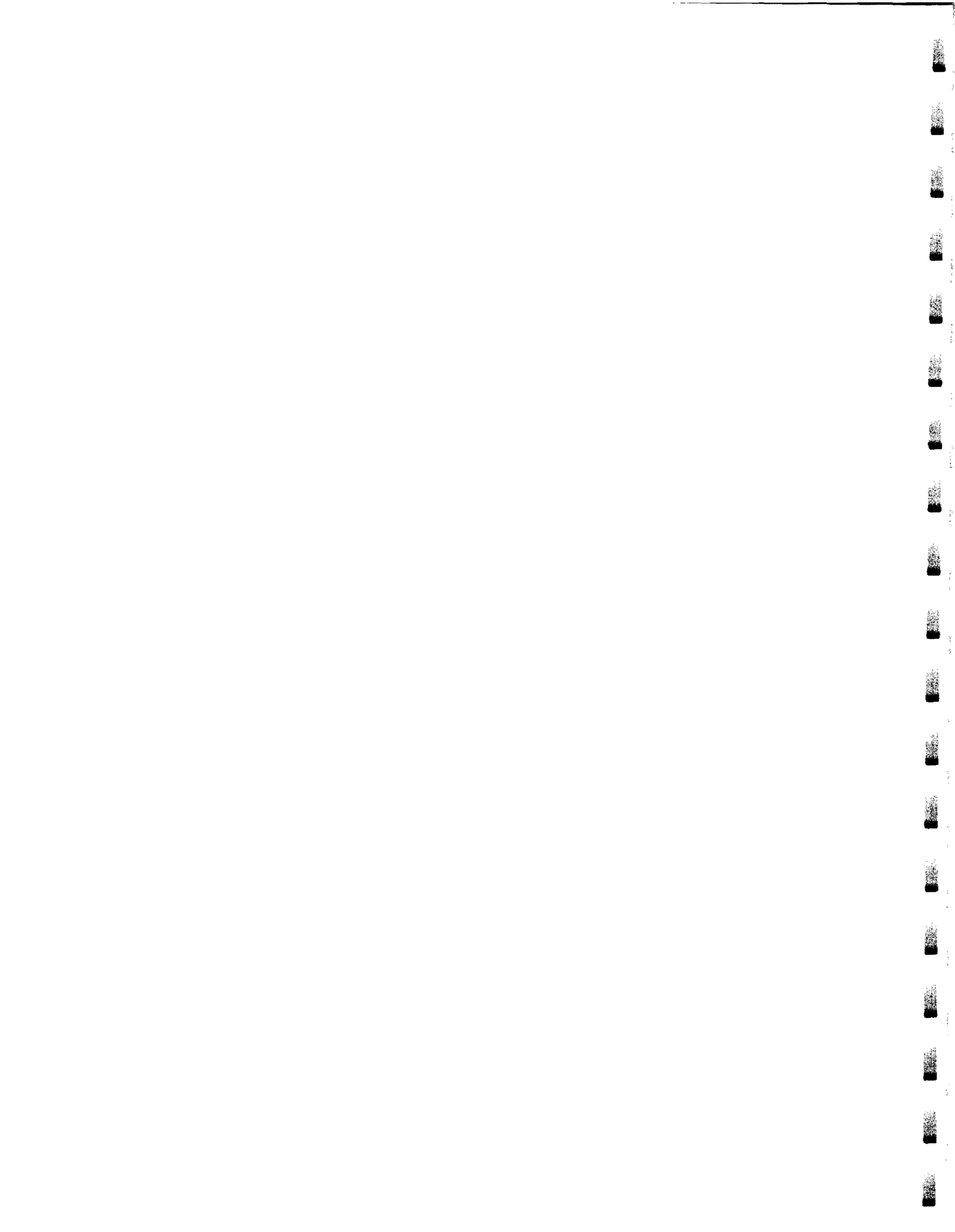
Effect of Condition

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

Criteria

According to the COPS Hiring Program contract agreement, the City is required to submit the Department Annual Progress Report at least once a year during the life of the grant to the U.S. Department of Justice.

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CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2012

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 2012-6 – REPORTING
Finding Type: Significant Deficiency

Grant Program/CFDA#: Community Development Block Grants/ 14.218, Housing Opportunities For Persons With Aids/14.241

Statement of Condition

During our review of the Sub award Reporting under the Transparency Act, we noted that the City had not reported the required sub recipient/subcontractor information in the Funding Accountability and Transparency Sub award Reporting System (FSRS).

Cause of Condition

City personnel failed to comply with reporting requirements.

Effect of Condition

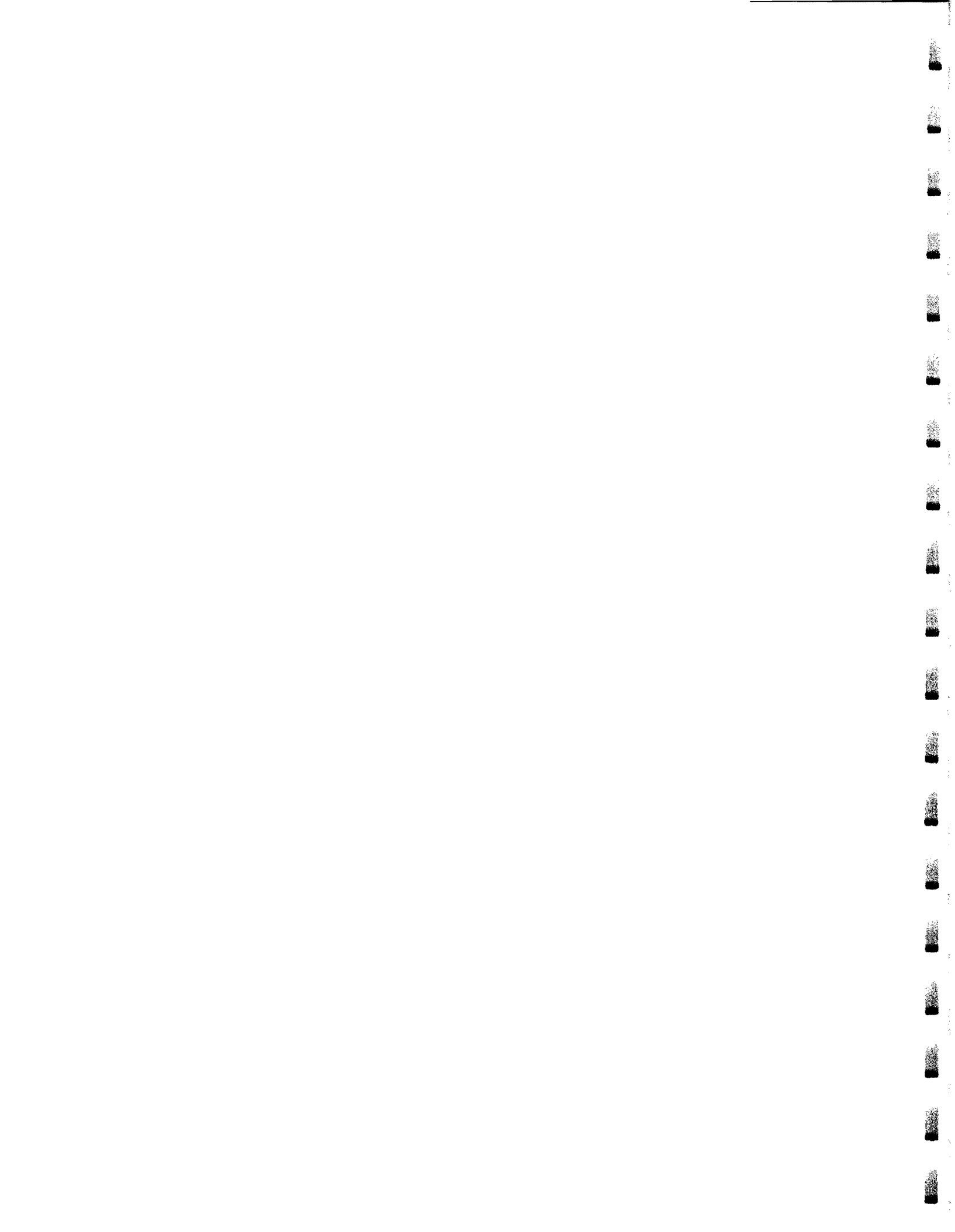
Noncompliance with the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub L. No. 111-252).

Criteria

Under the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub L. No. 111-252), a direct recipient of grants or cooperative agreements who were awarded \$25,000 or more (effective 10/1/10) and who make first-tier sub awards and a prime contractor that award first-tier subcontracts, must report any newly awarded subcontract of \$25,000 or more to FSRS.

Auditor's Recommendation

We recommend that the City strengthen internal administrative control procedures to ensure that they comply with the requirements of the Funding Accountability and Transparency Sub award Reporting.



**CITY OF JACKSON, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2012**

2011-1 FINDING NO. 1 – SECTION 2

Condition: Our audit testing of payroll transactions revealed that adequate documentation was not available to support the employees' current pay rate.

Current Status: Not Corrected, repeated as finding 2012-1

2011-2 FINDING NO. 2 – SECTION 3

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

Current Status: Corrected

2011-3 FINDING NO. 3 – SECTION 3

Condition: During the suspension and debarment testing, we noted that the City entered into three (3) contracts for goods and/or services for an amount equal to or exceeding \$25,000 and four (4) sub-recipient contracts in which no documentation was maintained to support the fact that the contractor or sub-recipient had not been suspended or debarred or otherwise excluded from receiving the contract.

Current Status: Corrected

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2011-4 FINDING NO. 4 – SECTION 3

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

Current Status: Corrected



**CITY OF JACKSON, MISSISSIPPI
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)
YEAR ENDED SEPTEMBER 30, 2012**

2011-5 FINDING NO. 5 – SECTION 3

Condition: During the sub recipient monitoring test of the Home Investment Partnership Program, we noted that the City did not ensure that sub recipient's audit reports were submitted within 180 days of their fiscal year end as required in the sub-grantee agreement.

Current Status: Not corrected, repeated as Finding 2012-3

2011-6 FINDING NO. 6 – SECTION 3

Condition: During the sub recipient monitoring test of the Edward Byrnes Memorial Justice Assistance Grant – ARRA, we noted that the City did not request and review the audit report of their sub-grantee.

Current Status: Corrected



Department of Administration



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

Harvey Johnson, Jr.
Mayor of the City of Jackson

CORRECTIVE ACTION PLAN

05/03/13

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, 2012.

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, 2012

The findings from the September 30, 2012 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. 2012-1 PAYROLL CHANGES IN PERSONNEL FILES

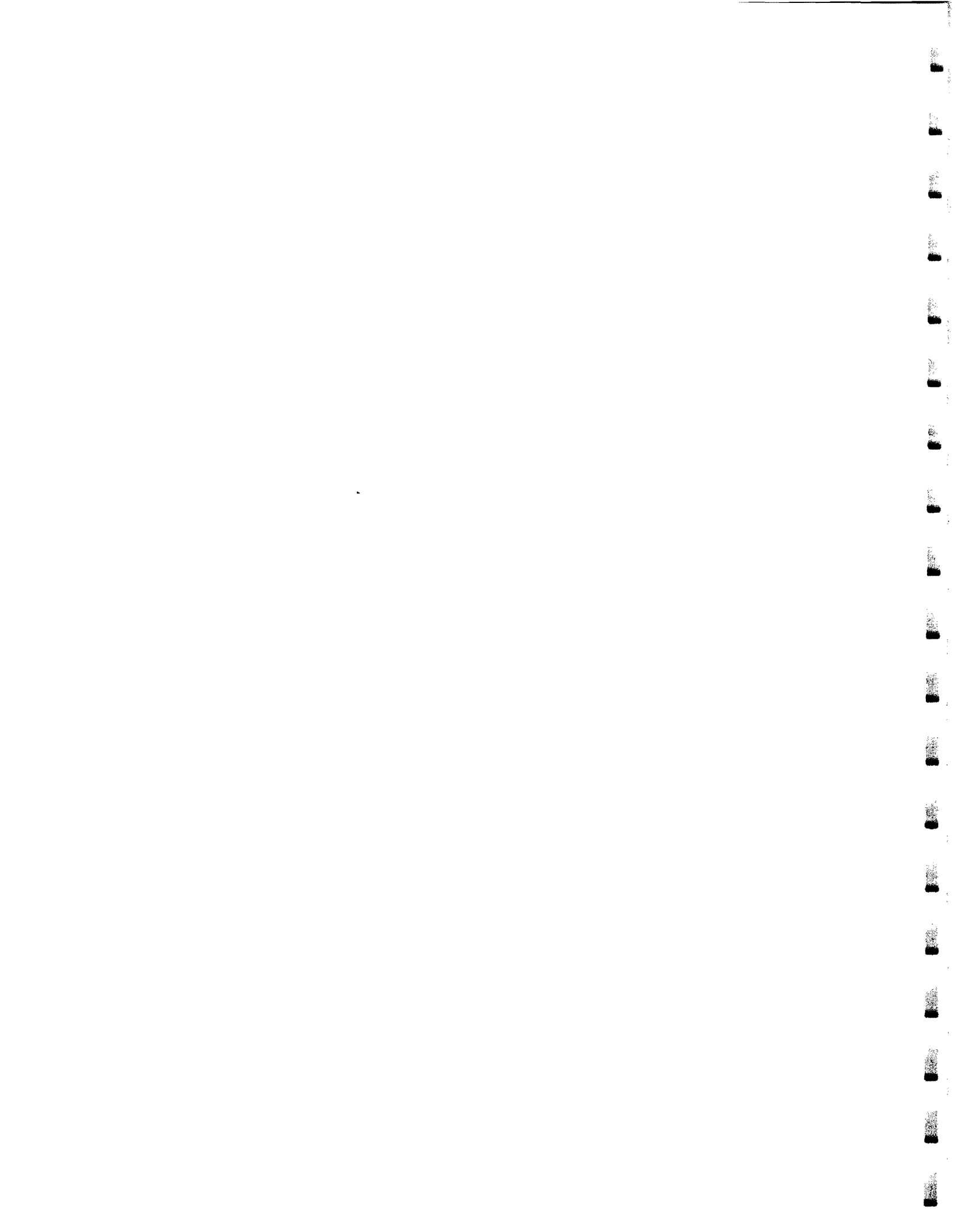
Recommendation: The City should strengthen internal administrative controls to ensure that the personnel department updates all changes in an employee's wages and documents these changes in the employee's personnel file so that, at any point in time, the employee's current salary can be verified.

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

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

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

Personnel will include in each employee's personnel folder a memorandum explaining the salary variance.



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

Finding 2012-2 – SUB RECIPIENT MONITORING

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

Recommendation: The City should strengthen internal administrative control procedures to ensure that sub recipients are being monitored within the prescribed time period.

Action Taken: Payments made to the sub recipient were not for any costs incurred during fiscal year 2012, but pertained to the prior fiscal year before the Home Program was suspended. During fiscal year 2012, the Home Program was reactivated and activities have resumed. As a condition of our HUD monitoring, all payments had to be pre-approved by HUD, which delayed the payments for this fiscal year. Home Program sub recipient monitoring has resumed in compliance with the City's Subgrantee Monitoring Plan. In the future, the City of Jackson will ensure that all sub recipients are monitored annually.

Finding 2012-3 – DAVIS-BACON ACT

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

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

Action Taken: In the future, the City will require the submittal of certified payroll from contract inception to contract closeout even during periods when no payroll is reportable for the project.

Finding 2012-4 – REPORTING

Grant Program/CFDA#: Community Development Block Grants – Neighborhood Stabilization Program / 14.218

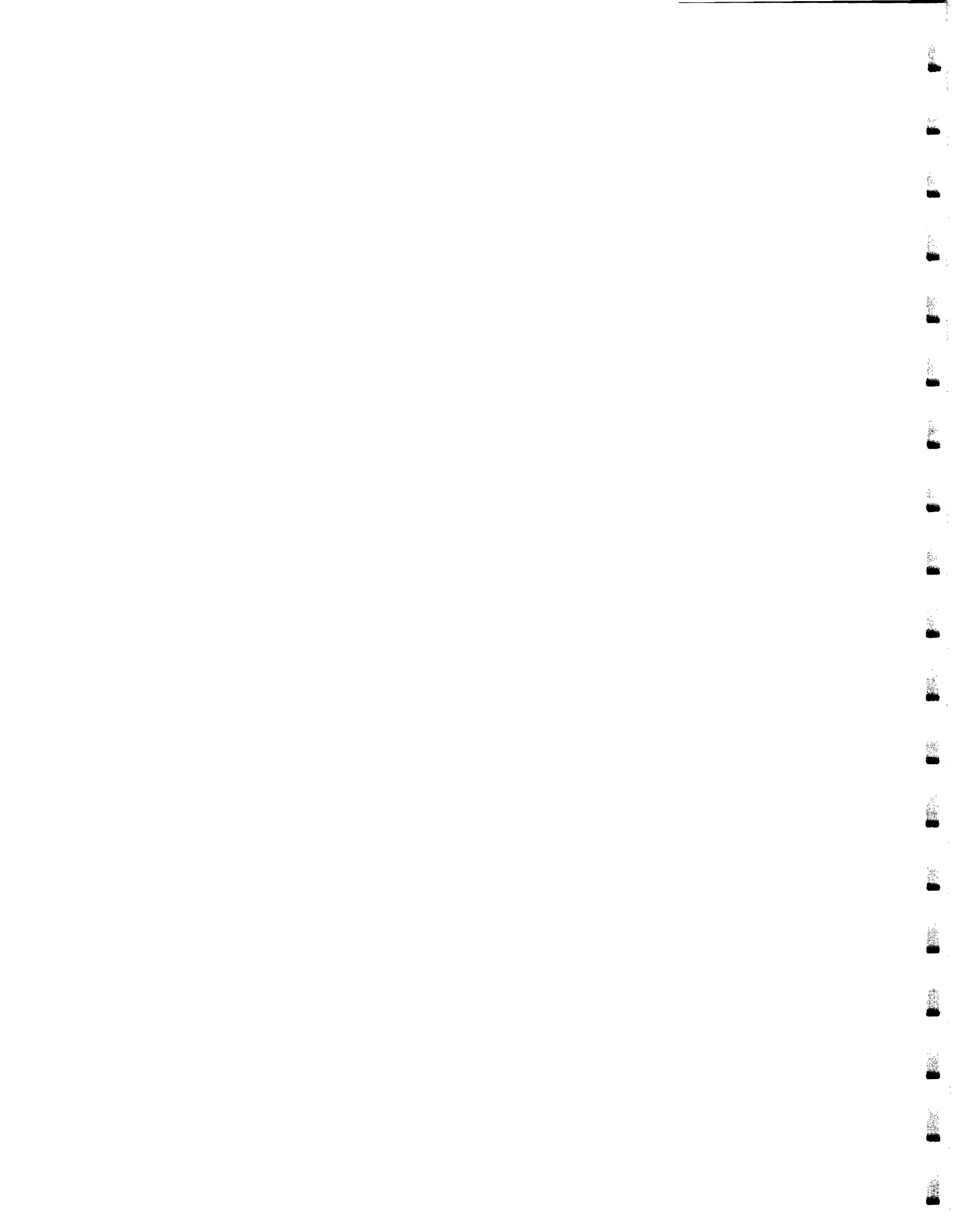
Recommendation: We recommend that the City strengthen internal administrative control procedures to ensure that the Quarterly Performance Reports are completed and submitted in a timely manner.

Action Taken: The City of Jackson's Neighborhood Stabilization Representative notified the HUD office and received permission to submit the two late NSP reports. The HUD representative gave a verbal approval of the late submissions and the reports were approved.

Finding 2012-5 – REPORTING

Grant Program/CFDA#: Public Safety Partnership Grant / 16.710

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: To ensure timely compliance with all grant reports, the City of Jackson Police Department has implemented internal procedures for grant tracking and reporting.

Finding 2012-6 – REPORTING

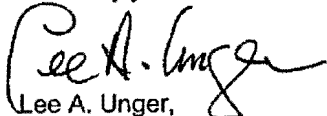
Grant Program/CFDA#: Community Development Block Grants / 14.218, Housing Opportunities For Persons With Aids / 14.241

Recommendation: We recommend that the City strengthen internal administrative control procedures to ensure that they comply with the requirements of the Funding Accountability and Transparency Sub award Reporting.

Action Taken: It is the intent of the City to strengthen its internal administrative control procedures by establishing a system that will ensure that the City is in compliance with the Federal Funding Accountability and Transparency Act.

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

Sincerely yours,


Lee A. Unger,
Director of Administration





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

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

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

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2012, and have issued our report thereon dated May 3, 2013. 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 no instances of non-compliance with state laws and regulations.

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

Banks, Finley, White & Co.

Ridgeland, Mississippi
May 3, 2013

RECEIVED
MAY 29 2013



**CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIALS
SEPTEMBER 30, 2012**

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

<u>Position</u>	<u>Coverage per each</u>	<u>Term of bond</u>
All employees except City Council (7) Mayor, City Administrative Officer, Director of Administration, Chief of Police, Deputy Chief of Police, City Clerk, Deputy Clerk (10)	\$100,000	03/28/11 - Indefinite

2) Company: Statewide General Insurance

<u>Position</u>	<u>Coverage per each</u>	<u>Term of bond</u>
City Council (7)	\$100,000	02/17/11 - 07/06/13
Mayor	\$100,000	07/01/12 - 07/01/13
City Administrative Officer	\$50,000	03/29/12 - 03/29/13
Assistant Chief Administrative Officer	\$50,000	03/29/12 - 03/29/13
City Clerk	\$50,000	04/15/12 - 04/15/13
Director of Administration	\$50,000	05/01/12 - 05/01/13
Chief of Police	\$50,000	01/02/12 - 01/02/13
Assistant Police Chief	\$50,000	07/20/12 - 07/20/13
Deputy Chief of Police	\$50,000	02/24/12 - 05/11/13
Assistant City Clerk	\$50,000	05/10/12 - 05/10/13
Deputy Clerk (10)	\$50,000	02/25/12 - 09/04/13

RECEIVED

MAY 29 2013

