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**CITY OF JACKSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

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July 1, 2019

**To the 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, 2018 for the City of Jackson, MS is submitted herewith.

An unmodified opinion on the financial statements of the City of Jackson, MS has been issued by Tann Brown and Russ for the year ending September 30, 2018. 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 Tann, Brown and Russ.

The dedicated and professional staff of the Finance Division, Department of Administration, prepared this report in accordance with generally accepted accounting principles (GAAP) 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 2018 CAFR. JRA and the Capital City Convention Center Commission are presented as discretely presented component units 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.

Organizationally, the 2018 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. The Statistical section provides (unaudited) information on the City, various aspects of government, and the people and businesses that reside therein. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 4-12 be carefully examined by the reader to provide a more concise view of the financial position of the City.

CITY OF JACKSON PROFILE

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

According to the most recent Census Bureau estimates, Jackson has 169,148 residents within a

construction and design jobs (in the short run) and a stock of public capital more suitable for commercial activity (in the long run). Further, the CIP will emphasize complete streets ensuring safe, ADA compliant thoroughways that offer a variety of modes of transportation including public transportation, pedestrian and bike routes.

The CIP will come in two stages. The first stage is a two-year plan which will prioritize projects based on the current liquidity condition of the water-sewer enterprise (i.e. it will be "pay-as-you-go"). The second stage will be a ten-year plan that will be accompanied with a plan of finance. The plan of finance will not necessarily be pay-as-you-go: Potentially, revenue streams such as the 1% sales tax could be leveraged by pledging those future revenue streams for a more current amount, depending upon the willingness of the City to debt-fund projects, and investor demand for such revenue streams.

Planning and Development

The City of Jackson is also engaging in myriad projects that address infrastructure improvements to promote health and overall quality of life.

Upgrading Broadband. The City of Jackson have built the capacity to sustain an ultra-high-speed network that will have the ability to offer access to educational institutions, hospitals, museums, libraries and, ultimately, technology companies.

HUD Section 108 Downtown Jackson Plan. The City has initiated negotiations with a major developer for the HUD Section 108 Downtown Jackson Plan. During the past year, the long-range planning group within the Department of Planning & Development, ideated, conceptualized, analyzed and rendered the project. This concept plan described the project objectives, design criteria, architectural concepts, available public infrastructure and desired location of proposed uses.

Jackson Blight Elimination Program. The City has initiated the Blight Elimination Program is to procure grant funding available for the removal of blighted properties, prevention of abandonment of neighboring properties, reduction in foreclosures among neighboring houses, and to strengthen neighborhood property values. This program is being utilized to enhance community assets around major corridors, parks, schools, zoological park, museums, community recreation locations, tourist areas, and potential new development or redevelopment areas.

Business Entrepreneur Assisting Team (BEAT). Any person who is doing business in the City is assigned an employee of the Department of Planning and Economic Development, who leads that person through the entire process of receiving the necessary permits and licenses. BEAT is meant not only to facilitate the internal assistance for the City's process, but also to provide collaborative and educational outreach to assist the start-up and growth of entrepreneurship. BEAT will also form partnerships and networks of investors to help fund start-up cost for small businesses, develop community outreach projects for entrepreneur education, and facilitate the growth of new ventures.

Human Scale Development. The City is making efforts to guide and regulate the City's developments toward human scale. Lunch Streets program, in front of City Hall, was created as a year around lunch workweek program with food, music, and art for people to rethink street function not only for cars, but also for people to utilize as public space. The Unified Signage Design Competition, sponsored by Downtown Jackson Partners, Visit Jackson, and the Greater Jackson Arts Council, is soliciting ideas for a consistent image of the city that guide visitors and locals to the attractions, local businesses, and features of the area. The Car-Free Pilot Program is designed to promote pedestrian, bicycle, and public transportation travel as an alternative to the automobile to reduce negative environmental impacts, promote healthy living, and reduce commuting cost. The city is also joining the AARP Network of Age-Friendly Communities and the World Health Organization (WHO) Global Network of Age-Friendly Cities and Communities.

Commercial Partnerships

The City has partnered with developers to finance and build commercial and residential space to enhance the living and working conditions of the city in particular and the metropolitan area more generally. These projects include:

The Westin Hotel – Completed in August of 2017, the 203-room, 64,000 square feet, which will include a restaurant and bar, multiple meeting and ball rooms, and a spa and wellness center. The hotel is expected to create 147 full-time jobs. This is the first Westin property in the state of Mississippi.

The District at Eastover – Located at the 21-acre site of the original Mississippi school for the blind, just east of I-55 and adjacent to the Fondren neighborhood, this mixed-use development includes 261 Apartments, Restaurants, a fitness center, and a Marriott hotel.

Whitney Place – Once completed, this will be comprised of more than 179,100 square feet of residential, restaurant, retail and leasable office space. The property will also include a 111 room hotel. This project will contribute more than \$100,000 to the city's tax revenue, and approximately 25 new permanent jobs upon completion.

Lamar Life Building – Converting its 76,000 square foot building to apartments, office and retail.

Capital Arts Loft – Now open, with 31 apartments in downtown Jackson

Two Generation Strategy Funded by the W. K. Kellogg Foundation – Mayor Lumumba has noted that families are a key element of his vision for Jackson as thriving cities have opportunities for residents of all ages to succeed and grow. Employment opportunities for parents are essential components of helping families become and remain financially stable. The mayor's dignity economy has resulted in the city pursuing efforts to focus on improved child care and workforce development in ways that lead to stronger employment outcomes for parents.

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STATE CLERK

Early childhood education and child care – Working parents need access to affordable, available and quality childcare in order to return to work after a child is born. The city is working to address the existing gaps in childcare by expanding its existing early childcare program for infants and toddlers from 18 to 20 months old. Ultimately, the city wants to provide universal pre-k beyond its existing centers that intentionally provide year-round care to decrease the burden on families and costs are scaled to reflect the family's income. While these centers offer extended hours to ensure contingent care, many parents in Jackson work more than one job and therefore the extended hours do not necessarily cover all shifts.

Another issue discussed in Jackson focused on eligible residents who receive childcare vouchers through federal funds from Health and Human Services (such as TANF) to help alleviate the costly burden of childcare. However, these vouchers require the names of both parents which in turn can create a barrier for some single parents, particularly mothers. In cases with overdue child support payments or an absent parent, the custodial parent may be reluctant submit the other parent's name in order to avoid potential conflict. Therefore, the custodial parent is unable to use the federal voucher to subsidize child care and now must rely on lower cost or friends and family to provide childcare during work hours. While these arrangements can be helpful for the parent, they do not guarantee reliable availability during work hours and may not provide the best environment for the development of the child.

The City of Jackson considers access to quality, affordable childcare a priority for residents of the city of all ages as serving the dual function of an educational opportunity for the child but also an essential support for working parents. Childcare options in Jackson greatly vary in both setting, from formal centers to friends and family providing care, and quality in terms of providing appropriate developmental opportunities for young children. In an attempt to shift residents' and providers' mindsets to thinking about childcare as a foundational element of the educational continuum, the City created standards for formal providers in a two-level system of providing either a "standard" or "comprehensive" rating. In an effort to move childcare providers with a "standard" rating to the next level, a local community college in coordination with the city is deploying coaches to help these centers better align with higher quality experiences. Home-based care providers can gain access to a city-provided free curriculum that aligns with the developmental needs of children as they age. However, there are many providers that do not obtain a "standard" designation.

Workforce Development – Residents in the City of Jackson have access to several institutions for higher learning and opportunities to gain employable skills through workforce development services. The local community colleges work closely with the WIN Jobs Center, an employment security center funded by the Mississippi Department of Employment Security to both provide access to training and employment opportunities but also refer residents to Hinds County Human Services for family needs, budgeting, human services. This relationship is important to ensure that residents have access to the right training and education to be employed through the referrals at the WIN Jobs Center. However, despite matching funds available for education, parent students still need support while attending classes for childcare. Another essential support available to parents are the navigators at One Stop Centers to help remove barriers, including those for parents, to training, educational and employment opportunities. Navigators

are funded half through federal WIOA money and the other half from the state, W.K. Kellogg Foundation and Family First. While One Stops do not necessarily target parents, they are a large demographic of those served.

The City of Jackson has several opportunities to engage local employers in conversations about the direct needs of parents. For example, the Greater Jackson Chamber of Commerce cited child care as one of the top five priorities for employers over the last five years. This provides an opportunity for the business community to coalesce around the challenges parents have to participation in both employment, training and education. Additionally, the Mayor's Office is beginning to leverage conversations with focus groups through a newly initiated CEO Roundtable with the top 25 employers in the area with more than one thousand employees as a way to build partnerships in pursuit of his agenda. Through this roundtable, the Mayor will be able to start conversations with employers about various issues such as living wages, benefits, and subsidizing childcare. The BetterTogether Commission, (a 15-member volunteer commission representative of all sectors under the leadership of the Mississippi Governor Phil Bryant, Jackson Mayor Chokwe Lumumba, the Jackson Public School (JPS) district, and the W.K. Kellogg Foundation charged with working with the community to create a plan that ensures the academic success of all JPS students) employed a majority of parents as canvassers to learn more about what parents and residents alike need to improve local schools. This endeavor increased public engagement in city-wide issues through this door-to-door campaign and also highlighted the need from employers in order to support the education of young residents in school: flexibility to attend parent-teacher conferences, earning enough to achieve financial stability and provide healthy and consistent meals. Schools represent an organic outreach point with supports for parents as the heads of families as well as employees.

Innovative Approach – The City of Jackson is developing a database “first responder” to meet the needs of children moving into the city or changing guardians (such as moving in with grandparents). While children are the primary focus of this system, this provides a potential opportunity to work with their parents who may be new to the city or changing guardianship to bring them back to financial stability.

FINANCIAL POLICIES AND PRACTICES

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

The budget is crafted to include expenditures by Fund, Department and Category:

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

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

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.

ACKNOWLEDGMENTS

I would like to express my heartfelt appreciation to the staff of the Department of Administration, and specifically, the Finance Division for their diligence and dedication in the preparation of this report.

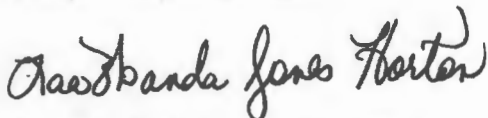
The Finance Division would also like to acknowledge and extend our appreciation to other departments and divisions across the city who have contributed, whether directly or indirectly, to the preparation of this report.

I acknowledge with appreciation the thorough, professional, and timely manner in which our independent auditors, Tann, Brown and Russ, conducted the audit.

I thank the Mayor and City Council members for their consistent dedication to the city's goal of excellence in all aspects of financial management.

While this report is produced mainly for policy analysts and the investment community, it belongs to the citizens of Jackson; it is the best record of where their taxes are spent and how their city is doing financially. I hereby dedicate it to them.

Respectfully submitted,

A handwritten signature in cursive script that reads "LaaWanda Jones-Horton".

LaaWanda Jones-Horton, Director
Department of Administration

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Department of Administration



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

July 16, 2019

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

Re: Annual Municipal Audit

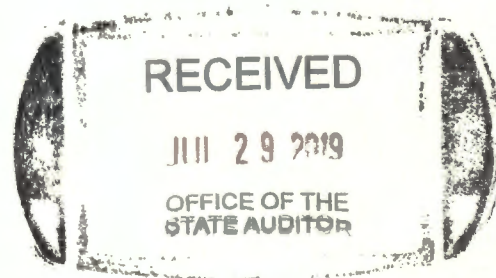
Accompanying this letter are two copies of the annual audit report of the City of Jackson, Mississippi, for the fiscal year ended September 30, 2018.

Sincerely,

A handwritten signature in cursive script that reads "Jillian Caldwell".

Jillian Caldwell
Acting Finance Manager

Enclosure



111 - square mile land area. Jackson is the center of a larger Jackson Metropolitan Statistical Area of approximately 579,000 Metropolitan Area that encompasses five counties – Copiah, Hinds, Madison, Rankin, and Simpson. 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. FY17 included the election of a new mayor, Chokwe Antar Lumumba, whose campaign slogan was "When I'm Mayor, You're Mayor." Consequently, Mayor Lumumba's primary initiative was to improve processes that would lead to a more efficient and effective city government.

LOCAL ECONOMY

The City is the seat of government for the State of Mississippi and home to a diverse economy. In addition to governmental services, major industries located within the city limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, and machine parts and engines. Jackson continues to be the site of the largest financial institutions in the state. The two largest industries in the city are Health Care (with two major medical centers, including the only medical school in the state) and higher education (with seven institutions, enrolling more than 40,000 students within the metropolitan area).

Jackson is the educational, cultural, medical, and governmental center of the state. In January 2018 (the most recent numbers available from the Bureau of Labor Statistics at the time of this printing) the Jackson metropolitan surrounding area has an unemployment rate of 3.8 percent (a 10-year low, and down from a historic high of 9.8 percent in January of 2010) with a labor force of approximately 270,000. This unemployment rate compares favorably to the state's overall unemployment rate of 4.8 percent (also at a 10-year low). The employment numbers belie a problem, particularly in the city limits, of underemployment (The size of the labor force has grown in the last three years, but is still 10,000 workers short of the city's historic high in 2011), and stagnant wages.

The City is also facing major infrastructure problems, between \$1.5 and \$2 billion by some estimates, and including a 2013 consent decree order by the US Environmental Protection Agency to make approximately \$600 million of improvements to address sanitary sewer overflows. In 2014 the city passed legislation levying a 1% sales tax to address the

infrastructure needs of the city. Those funds are set aside in a separate capital project fund, and disbursement is guided by an independent commission. Perhaps the biggest decision before city leaders is to determine how to finance these improvements which are necessary to a thriving city.

MAJOR INITIATIVES

There are many projects currently underway to make Jackson a safer and more livable city, infrastructure challenges notwithstanding:

Strategic Plan – Under the leadership of Mayor Chokwe Antar Lumumba, the City of Jackson has undergone a thorough strategic planning process centered around the notion of a “dignity economy”, aiming to increase the city’s growth through inclusive policies, programs and investments. After assuming the office in July of 2017, Mayor Lumumba’s administration has focused on five areas of growth for its residents: healthy citizens, affordable homes in safe neighborhoods, a thriving educational system, occupational opportunities in a growing tax base and a city that is open and welcoming to visitors. It is through this lens that the city has explored what assets are available in the community, inclusive of non-profit partnerships, funding opportunities and resident potential as well as undertaking bold initiatives to “invest in the inherent dignity of every citizen in Jackson.”

Infrastructure Projects

Tiger Grant. Transportation Investment Generating Economic Recovery (TIGER) is a supplementary discretionary grant program included in the American Recovery and Reinvestment Act of 2009. The U.S. Department of Transportation allocated \$500 million towards infrastructure improvement projects across the United States. The City of Jackson submitted an application for the reconstruction of two streets. The City of Jackson has been awarded \$19,500,000 for the construction and engineering design for the two roadway projects which includes the reconstruction of State Street from Hartfield Street to Sheppard Road and the West County Line Road Interchange at US 51. The projects include an investment from the city of approximately \$15,000,000.

Operation Orange Cone. “Operation Orange Cone” is an initiative launched in 2015 to address the condition of the City’s streets and eliminate the presence of orange cones throughout the City where potholes exist. Funding for Operation Orange Cone includes contributions from both the General Fund and the 1% Sales tax, and work includes in-house and contracted roadway maintenance projects, as well as roadway reconstruction and rehabilitation projects.

Capital Improvement Plan. Jackson’s Department of Public Works is currently developing a revised Capital Improvement Plan (CIP) for the city’s roads and bridges, water, sewer, and storm water drainage systems. The plan will prioritize on a risk-based criterion, and it will be *integrated*, in so far as the priority of each project within its respective system will be evaluated relative to adjacent projects in other systems. This plan will improve the quality of services that citizens and visitors will receive, but will also provide economic stimulus in the form of

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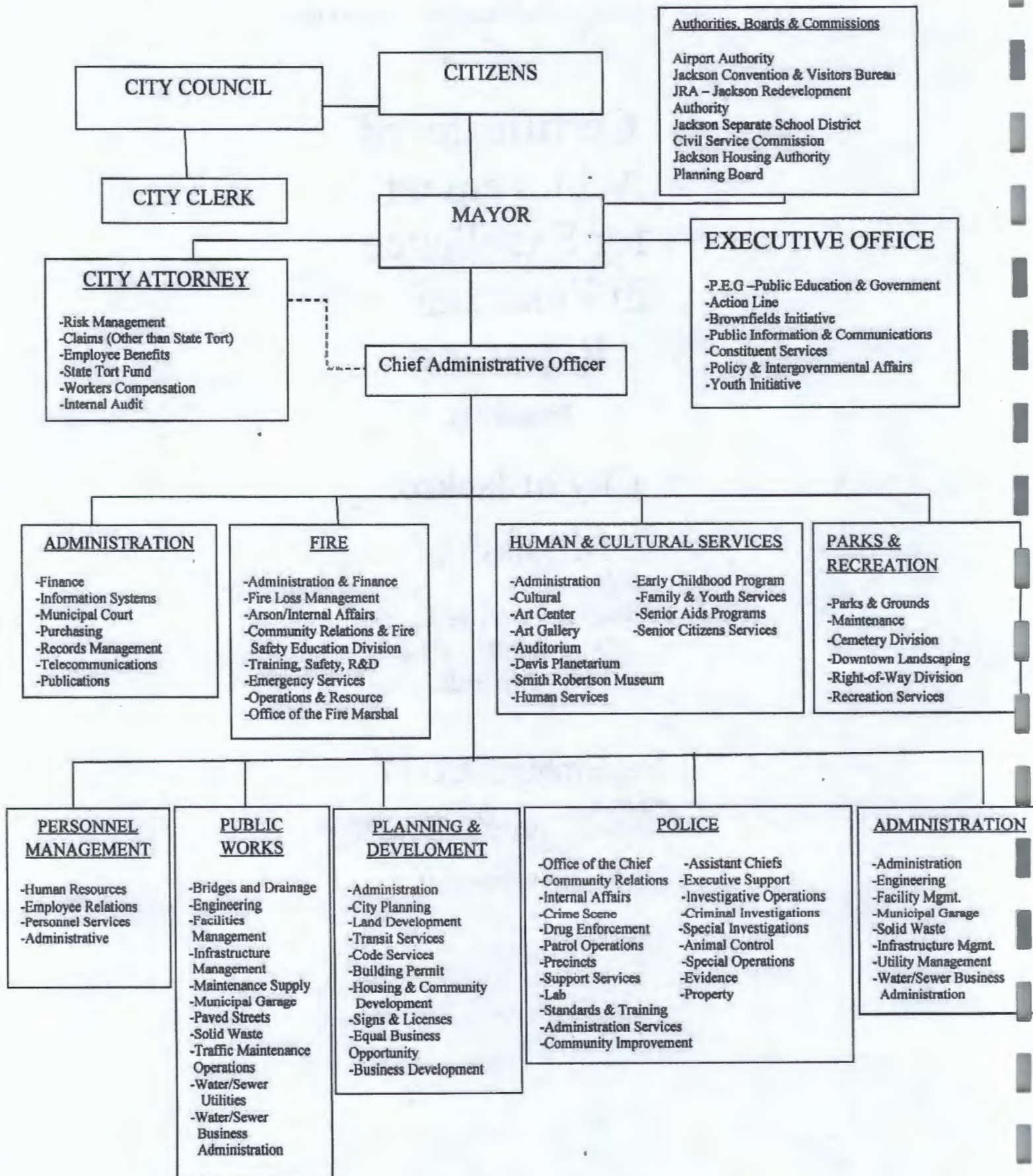
**For its Comprehensive Annual
Financial Report for
the Fiscal Year Ended**

September 30, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF JACKSON ORGANIZATIONAL CHART



**CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2018**

EXECUTIVE

Chokwe Antar Lumumba
MAYOR

LEGISLATIVE

CITY COUNCIL

Ashby Foote
Ward 1

Melvin Priester, Jr.
Ward 2
President of Council

Kenneth Stokes
Ward 3

De'Keither Stamps
Ward 4

Charles Tillman
Ward 5

Aaron Banks
Ward 6

Virgi Lindsay
Ward 7
Vice President of Council

Kristi Moore
City Clerk

EXECUTIVE BRANCH

Dr. Robert Blaine
Chief Administrative Officer

Dr. Safiya Omari
Chief of Staff

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

James Davis
Willie Owens
Rober Miller
Dr. Mukesh Kumar
Adriane Dorsey-Kidd
Ison Harris
Wilma Scott
Robert Blaine
Candice Cole
Sharon Gipson

UNITED STATES DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the City's discretely presented component units: the Capital City Convention Center Commission and the Jackson Redevelopment Authority. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City's discretely presented component units, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial

statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2018, and, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the City of Jackson, Mississippi, including its component units, will continue as a going concern. As discussed in note 6(E), the Capital City Convention Center Commission, which is a discretely presented component unit of the City of Jackson, Mississippi, has incurred losses from operations and has limited unrestricted working capital, which raise substantial doubt about the Capital City Convention Center Commission's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 6(E). The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Implementation of New Accounting Standard

As discussed in Note 7 to the financial statements, the City implemented new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the year ended September 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and employee benefit plan information on pages 4 through 12 and 81 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of

preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory, other supplementary information, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining statements and schedules in the other supplementary information section 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, the combining statements and schedules in the other supplementary information section and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2019, on our consideration of the City of Jackson, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Jackson, Mississippi's internal control over financial reporting and compliance.

Tham, Brown & Lucas G.

July 1, 2019



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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, 2018. 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 - ix of this report.

Financial Highlights

- The assets and deferred outflows of the City of Jackson exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$258 million (*net position*). Of this amount, there is negative (\$261) million in unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$20 million.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported *combined* ending fund balances of \$84.9 million, an increase of \$6 million in comparison with the prior year. Approximately 29% of this total amount is \$24.3 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 \$24.4 million, or 24% of total general fund expenditures.
- The City of Jackson's total long-term debt decreased by \$14 million (3 percent) during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Jackson include general government, public safety, public works, human & cultural services, 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. Complete financial statements are also issued by and available from these component units.

The government-wide financial statements can be found on pages 13-15 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, 1% Infrastructure Tax Capital Project Fund, and Federal Grants Special Revenue Fund which are considered to be major funds. Data from the other thirteen (13) 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. Budgetary comparison statements have been provided to demonstrate compliance with the budget for governmental funds.

The basic governmental fund financial statements can be found on pages 16-19 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 the governmental activities column 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 a separate column.

The basic proprietary fund financial statements can be found on pages 20-24 of this report.

Fiduciary funds. Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support City programs. The function of the City's principal trust fund is discussed in Note 6.A.2. The reporting focus is on net position and changes in net position and is 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 and school property tax collected by the county.

The basic fiduciary fund financial statements can be found on pages 25-26 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 27-80 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 81-102 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 103-128 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows exceeded liabilities and deferred inflows by \$258 million at the close of September 30, 2018.

By far the largest portion of the City of Jackson's net position (183 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 net 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 Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 179,105	\$ 166,686	\$ 70,076	\$ 79,218	\$ 249,181	\$ 245,904
Capital assets	316,379	303,852	489,069	491,164	805,448	795,016
Total assets	495,484	470,538	559,145	570,382	1,054,629	1,040,920
Deferred Outflows of Resources	4,346	9,706	679	1,121	5,025	10,827
Long-term liabilities outstanding	397,521	397,478	278,817	289,471	676,338	686,949
Other Liabilities	20,492	14,308	16,270	13,383	36,762	27,691
Total Liabilities	418,013	411,786	295,087	302,854	713,100	714,640
Deferred Inflows of Resources	86,473	89,851	2,557	3,910	89,030	93,761
Net position:						
Net investment in capital assets	229,661	210,819	242,146	240,550	471,807	451,369
Restricted	43,488	44,637	3,491	8,261	46,979	52,898
Unrestricted	(277,805)	(276,849)	16,543	15,928	(261,262)	(260,921)
Total net position	\$ (4,656)	\$ (21,393)	\$ 262,180	\$ 264,739	\$ 257,524	\$ 243,346

The City of Jackson's total net position increased by \$14 million during the current fiscal year net of a negative (\$5) prior period adjustment related to the implementation of a new accounting standard for post-employment benefits.

CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

City of Jackson's Changes in Net Position (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues						
Charges for services	\$ 8,843	\$ 9,132	\$ 67,726	\$ 71,910	\$ 76,569	\$ 81,042
Operating grants and contributions	9,580	10,394	5,312	4,977	14,892	15,371
Capital grants and contributions	10,075	4,190		338	10,075	4,528
General revenues:						
Property taxes	78,079	75,697	-	-	78,079	75,697
Sales taxes	14,234	14,515	-	-	14,234	14,515
Franchise taxes	7,510	7,140	-	-	7,510	7,140
Other	40,405	39,360	149	176	40,554	39,536
Total revenues	168,726	160,428	73,187	77,401	241,913	237,829
Expenses:						
General government	35,428	31,782	-	-	35,428	31,782
Public safety	62,809	67,089	-	-	62,809	67,089
Public works	14,713	14,338	-	-	14,713	14,338
Human and cultural services	17,695	16,571	-	-	17,695	16,571
Interest on long-term debt	5,236	5,570	-	-	5,236	5,570
Water/Sewer	-	-	67,911	65,504	67,911	65,504
Transportation	-	-	7,837	7,054	7,837	7,054
Madison-Ridgeland Sewage	-	-	26	117	26	117
Sanitation	-	-	10,657	10,904	10,657	10,904
Total expenses	135,881	135,350	86,431	83,579	222,312	218,929
Increase in net position before transfers	32,845	25,078	(13,244)	(6,178)	19,601	18,900
Transfers	(11,365)	(4,483)	11,365	4,483	-	-
Increase in net position	21,480	20,595	(1,879)	(1,695)	19,601	18,900
Net position - October 1, 2017	(21,393)	(58,861)	264,739	287,488	243,346	228,627
Prior year adjustment	(4,743)	16,873	(680)	(21,054)	(5,423)	(4,181)
Net position - September 30, 2018	\$ (4,656)	\$ (21,393)	\$ 262,180	\$ 264,739	\$ 257,524	\$ 243,346

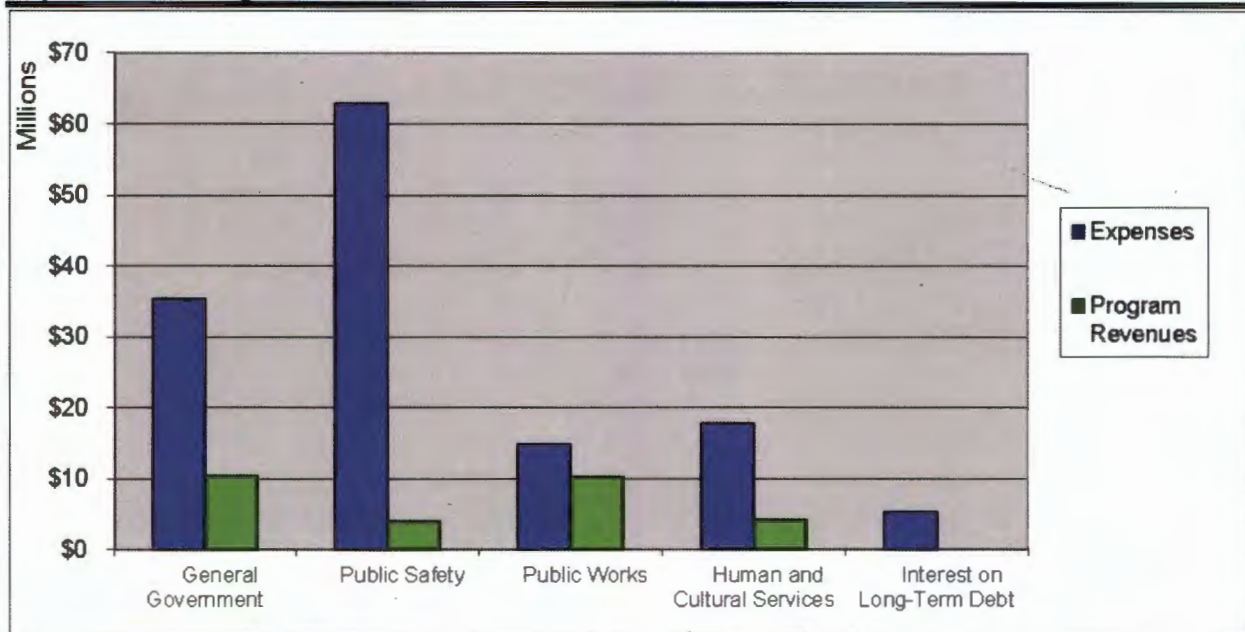
Governmental activities. Governmental activities increased the City of Jackson's net position by \$21.5 million after prior period adjustments decreased net position by \$4.7 million for governmental activities.

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.

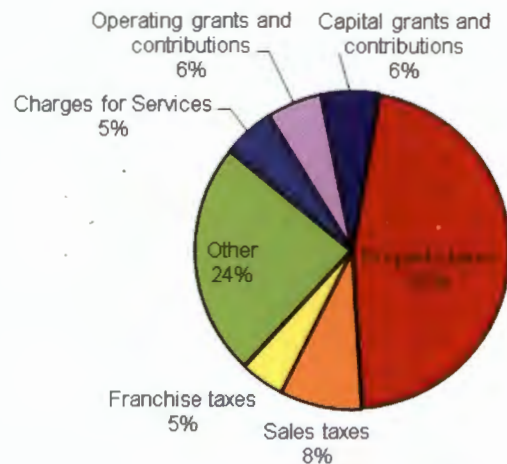
CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

Expenses and Program Revenues – Governmental Activities



Revenues by source – Governmental Activities



Financial Analysis of the Government's Funds

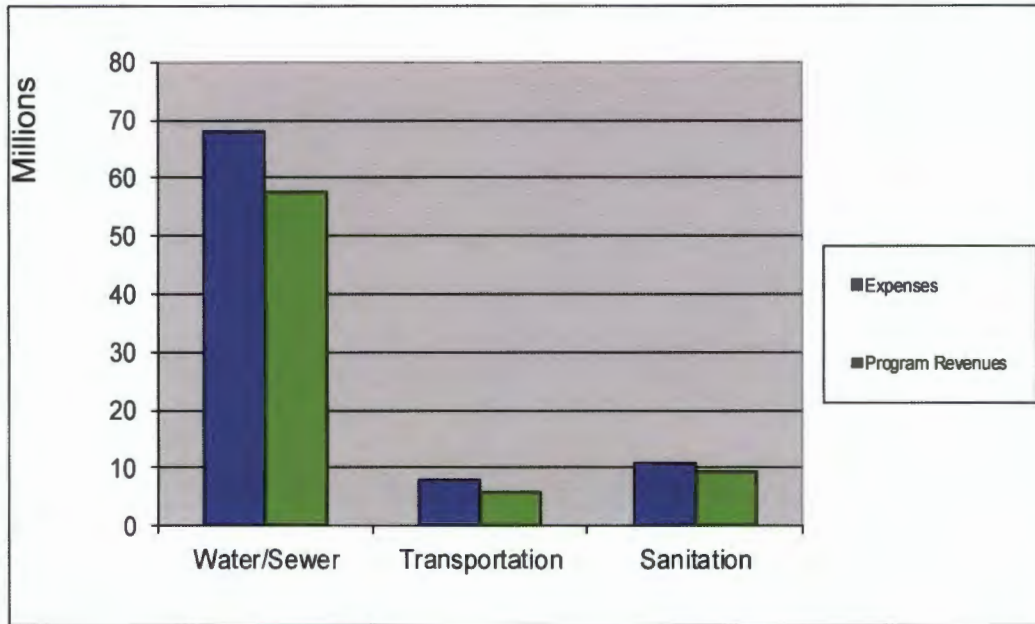
As noted earlier, the City of Jackson uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

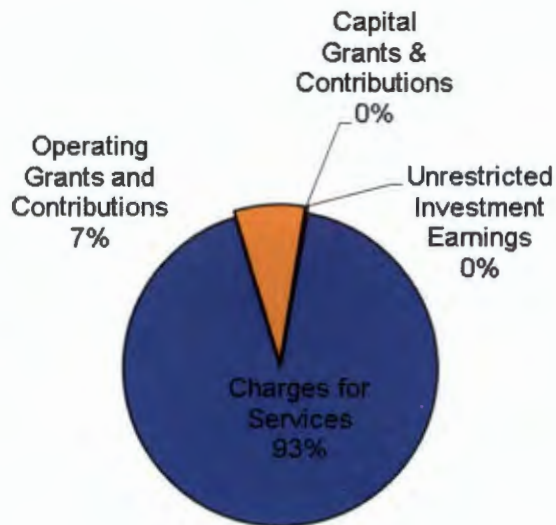
CITY OF JACKSON, MISSISSIPPI MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities. Business-type activities decreased the City of Jackson's net position by \$1.9 million after the prior period adjustments decreased the beginning net position by \$0.7 million. This decrease is primarily in the Water Sewer fund.

Expenses and Program Revenues – Business-Type Activities



Revenues by Source – Business-Type Activities



As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$84.9 million, an increase of \$6 million. 29% of this total amount is \$24 million which is available for spending at the government's discretion (*unassigned*). Of the remaining fund

CITY OF JACKSON, MISSISSIPPI

MANAGEMENT'S DISCUSSION AND ANALYSIS

balance, \$781,100 is *nonspendable* and is not in spendable form, \$45 million is *restricted* and has limitations imposed on its use by external parties, \$13 million is *committed* for specific purposes imposed by the City Council, and \$2 million is *assigned* for various purposes by the Director of Administration. Additional information on governmental fund balance can be found in Note 5 of the Notes to the Financial Statements including information on the specific purpose for amounts restricted, committed, and assigned.

The general fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the general fund was \$24 million, while total fund balance reached \$36 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 7.8 million; which is due primarily to cost savings measures implemented across city departments. The Federal Grants Special Revenue Fund was reclassified as a major governmental fund. It's fund balance increased by \$158 thousand; which is due primarily to transfers from the general fund.

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

Unrestricted net position of the Water/Sewage Disposal System Fund at the end of the year amounted to \$14.9 million. The decrease in net position for the Water/Sewage Disposal System Fund was \$2.3 million, including the prior period adjustments that decreased the beginning net position by \$584 thousand.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget expenditures were a \$2.2 million increase and can be briefly summarized as follows:

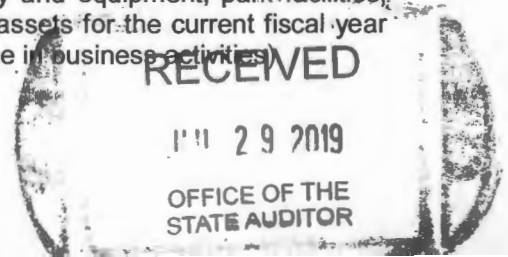
- \$9 million increase in personnel services
- \$0.7 million increase in supplies and materials
- \$8 million decrease in contract services and charges
- \$0.4 million increase in capital outlay

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

- Actual personnel services for all city departments was \$4.4 million less than the final budget.
- Actual supplies and materials for all city departments was \$1.2 million less than the final budget.
- Actual contractual services and charges throughout all city departments was \$16.2 million less than the final budget.
- Actual capital outlay for all city departments was \$5.0 million less than the final budget.
- Actual debt service for all city departments was \$4.1 million more than the final budget because debt service was incorrectly combined into capital outlay in the budget.
- Interfund transfers were \$9.7 million more than the final budget because transfers were incorrectly combined into contractual services and charges in the budget.

Capital Assets and Debt Administration

Capital assets. The City of Jackson's capital assets for its governmental and business type activities as of September 30, 2018, amounts to \$805 million (net of accumulated depreciation). These capital assets include land, buildings, water/sewer systems, improvements, machinery and equipment, park facilities, roads, and bridges. The total increase in the City of Jackson's capital assets for the current fiscal year was 1.3% (a 4% increase for governmental activities and a 0.4% decrease in business activities).



CITY OF JACKSON, MISSISSIPPI
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

- The increase in capital assets was the result of continued expenditures for expansion and replacement of infrastructure.

City of Jackson's Capital Assets (net of depreciation) (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 13,721	\$ 13,721	\$ 1,838	\$ 1,838	\$ 15,559	\$ 15,559
Building & systems	71,650	73,399	10,584	10,732	82,234	84,131
Machinery and equipment	12,347	13,623	10,380	7,147	22,727	20,770
Infrastructure	195,625	195,034	462,070	456,863	657,695	651,897
Construction in progress	23,036	8,323	4,197	14,584	27,233	22,907
Total	\$ 316,379	\$ 304,100	\$ 489,069	\$ 491,164	\$ 805,448	\$ 795,264

Additional information on the City of Jackson's capital assets can be found in Note 4 on pages 48-50 of this report.

Long-term debt. At the end of the current fiscal year, the City of Jackson had total bonded debt outstanding of \$336 million. Of this amount, \$122 million comprises debt backed by the full faith and credit of the City. The remainder of the City of Jackson's bonded debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds and tax increment bonds).

City of Jackson's Outstanding Debt General Obligation and Revenue Bonds and Other Long-Term Debt (amounts expressed in thousands)						
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 122,447	\$ 125,432	\$ -	\$ -	\$ 122,447	\$ 125,432
Revenue bonds	-	-	206,555	214,625	206,555	214,625
Tax increment bonds	7,429	3,546	-	-	7,429	3,546
Loans, notes and leases	19,796	22,143	35,108	38,204	54,904	60,347
Premium (discount)	5,934	6,402	12,256	12,983	18,190	19,385
Total	\$ 155,606	\$ 157,523	\$ 253,919	\$ 265,812	\$ 409,525	\$ 423,335

The City of Jackson's total debt decreased by \$13.8 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	Ba2	BBB-
General Obligation Bonds	Baa3	A+
Urban Renewal Revenue Bonds	Ba1	A+

State statutes limit the amount of general obligation debt and total debt a governmental entity may issue to 15 percent and 20 percent, respectively, of its total assessed valuation. The current debt limitation for the City of Jackson under the 15% rule is \$59.7 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 53-63 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 2019 fiscal year.

During the current fiscal year, unassigned fund balance in the general fund increased \$5.9 million.

Requests for Information

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



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City of Jackson
Statement of Net Position
As of September 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
ASSETS					
Cash and cash equivalents	\$ 80,277,503	\$ 1,667,594	\$ 81,945,097	\$ 5,015,559	\$ 944,625
Receivables	86,587,675	66,408,262	152,995,937	2,130,665	1,468,379
Internal balances	10,533,145	(10,533,145)	-	-	-
Inventories	781,100	1,697,708	2,478,808	-	50,327
Prepaid expenses	925,092	348,542	1,273,634	4,064	69,635
Restricted assets:					
Cash and cash equivalents	-	10,486,187	10,486,187	29,285	1,500,000
Capital assets:					
Capital assets not being depreciated	36,756,707	6,034,731	42,791,438	10,899,952	5,828,280
Other capital assets, net of depreciation	279,622,617	483,034,686	762,657,303	22,823,397	61,023,923
Total assets	495,483,839	559,144,565	1,054,628,404	40,902,922	70,885,169
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows - pensions	4,346,502	679,394	5,025,896	-	-
Total deferred outflows of resources	4,346,502	679,394	5,025,896	-	-
LIABILITIES					
Accounts payable	11,679,354	9,000,285	20,679,639	79,351	708,225
Accrued interest payable	1,174,908	2,358,506	3,533,414	153,868	-
Unearned revenue	2,163,669	-	2,163,669	-	281,586
Other liabilities	5,474,216	4,911,497	10,385,713	22,682	99,731
Compensated absences:					
Due within one year	2,582,564	270,647	2,853,211	-	-
Due in more than one year	1,185,216	191,011	1,376,227	-	-
Claims liabilities:					
Due within one year	4,126,786	-	4,126,786	-	-
Due in more than one year	4,277,121	-	4,277,121	-	-
Long-term debt:					
Due within one year	9,722,737	11,715,903	21,438,640	3,680,000	-
Due in more than one year	145,882,624	242,203,174	388,085,798	6,063,540	-
Other post-employment benefits:					
Due within one year	612,122	93,829	705,951	-	-
Due in more than one year	43,184,633	6,387,540	49,572,173	-	-
Net pension liability:					
Due in more than one year	185,947,174	17,954,505	203,901,679	-	-
Total liabilities	418,013,124	295,086,897	713,100,021	9,999,441	1,089,542
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - property taxes levied for subsequent year	74,116,888	-	74,116,888	-	-
Deferred inflows - pensions	12,356,477	2,557,327	14,913,804	-	-
Total deferred inflows of resources	86,473,365	2,557,327	89,030,692	-	-
NET POSITION					
Net investment in capital assets	229,660,722	242,145,919	471,806,641	25,899,809	66,852,203
Restricted for:					
Public Safety	907,110	-	907,110	-	-
Human and Cultural Services	2,390,215	-	2,390,215	-	-
Debt Service	6,970,637	-	6,970,637	6,603	1,500,000
Capital Projects: restricted by enabling legislation	29,979,107	-	29,979,107	-	-
Capital Projects: other	3,240,887	3,490,608	6,731,495	-	-
Unrestricted	(277,804,826)	16,543,208	(261,261,618)	4,997,069	1,443,424
Total net position	\$ (4,656,148)	\$ 262,179,735	\$ 257,523,587	\$ 30,903,481	\$ 69,795,627

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

City of Jackson
Statement of Activities
For the year ended September 30, 2018

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 35,428,074	\$ 6,027,710	\$ 4,291,048	\$ -
Public safety	62,808,623	2,075,407	1,768,120	80,073
Public works	14,713,674	143,567	11,419	9,994,754
Human and cultural services	17,694,683	596,181	3,509,671	-
Interest on long-term debt	5,236,290	-	-	-
Total governmental activities	<u>135,881,344</u>	<u>8,842,865</u>	<u>9,580,258</u>	<u>10,074,827</u>
Business-type activities:				
Water/Sewer	67,910,933	57,709,378	-	-
Transportation	7,837,146	505,564	5,295,000	-
Madison-Ridgeland Sewage	25,972	9,343	-	-
Sanitation	10,657,420	9,502,041	17,423	-
Total business-type activities	<u>86,431,471</u>	<u>67,726,326</u>	<u>5,312,423</u>	<u>-</u>
Total primary government	<u>\$ 222,312,815</u>	<u>\$ 76,569,191</u>	<u>\$ 14,892,681</u>	<u>\$ 10,074,827</u>
Component units:				
Jackson Redevelopment Authority	\$ 2,667,085	\$ 1,110,384	\$ 785,254	\$ 830,000
Capital City Convention Center Commission	10,375,221	1,824,271	300,000	-
Total component units	<u>\$ 13,042,306</u>	<u>\$ 2,934,655</u>	<u>\$ 1,085,254</u>	<u>\$ 830,000</u>
General revenues:				
Property taxes				
Local sales taxes				
Franchise taxes based on gross receipts				
Intergovernmental grants and shared revenues not restricted to specific programs				
Unrestricted investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position - beginning of year as previously reported				
Prior period adjustment				
Net position - beginning of year as restated				
Net position - ending				

(Continued)

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

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

Primary Government			Component Unit	
Governmental Activities	Business-type Activities	Total	Jackson Redevelopment Authority	Capital City Convention Center Commission
\$ (25,109,316)	\$ -	\$ (25,109,316)	\$ -	\$ -
(58,885,023)	-	(58,885,023)	-	-
(4,563,934)	-	(4,563,934)	-	-
(13,588,831)	-	(13,588,831)	-	-
(5,236,290)	-	(5,236,290)	-	-
(107,383,394)	-	(107,383,394)	-	-
-	(10,201,555)	(10,201,555)	-	-
-	(2,036,582)	(2,036,582)	-	-
-	(16,629)	(16,629)	-	-
-	(1,137,956)	(1,137,956)	-	-
-	(13,392,722)	(13,392,722)	-	-
\$ (107,383,394)	\$ (13,392,722)	\$ (120,776,116)	\$ -	\$ -
-	-	-	\$ 58,553	\$ -
-	-	-	-	(8,250,950)
-	-	-	\$ 58,553	\$ (8,250,950)
78,079,413	-	78,079,413	-	-
14,234,400	-	14,234,400	-	5,305,263
7,509,904	-	7,509,904	-	-
39,412,310	-	39,412,310	-	-
425,892	129,241	555,133	17,210	13,093
13,279	-	13,279	-	-
553,513	18,536	572,049	-	-
(11,365,764)	11,365,764	-	-	-
128,862,947	11,513,541	140,376,488	17,210	5,318,356
21,479,553	(1,879,181)	19,600,372	75,763	(2,932,594)
(21,392,668)	264,739,045	243,346,377	30,745,718	72,728,221
(4,743,033)	(680,129)	(5,423,162)	82,000	-
(26,135,701)	264,058,916	237,923,215	30,827,718	72,728,221
\$ (4,656,148)	\$ 262,179,735	\$ 257,523,587	\$ 30,903,481	\$ 69,795,627

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

**City of Jackson
Balance Sheet
Governmental Funds
For the Year Ended September 30, 2018**

	General Fund	1% Infrastructure Tax Capital Project Fund	Federal Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Government Funds
ASSETS					
Cash and cash equivalents	\$ 27,531,896	\$ 29,571,363	\$ 4,317,464	\$ 17,380,334	\$ 78,801,057
Receivables	63,653,484	2,396,773	1,787,356	18,392,006	86,229,619
Due from other funds	10,753,561	-	503,603	-	11,257,164
Inventories	781,100	-	-	-	781,100
Total assets	<u>\$102,720,041</u>	<u>\$ 31,968,136</u>	<u>\$ 6,608,423</u>	<u>\$ 35,772,340</u>	<u>\$ 177,068,940</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 4,607,490	\$ 1,989,029	\$ 1,449,555	\$ 1,566,662	\$ 9,612,736
Unearned grant revenue	60,000	-	2,103,669	-	2,163,669
Other liabilities	5,438,086	-	13,714	22,416	5,474,216
Due to other funds	503,603	-	-	220,416	724,019
Total liabilities	<u>10,609,179</u>	<u>1,989,029</u>	<u>3,566,938</u>	<u>1,809,494</u>	<u>17,974,640</u>
DEFERRED INFLOWS OR RESOURCES					
Unavailable revenue-long-term receivables	-	-	61,802	-	61,802
Unavailable revenue-property taxes levied for subsequent year	56,257,661	-	-	17,859,227	74,116,888
Total deferred inflows of resources	<u>56,257,661</u>	<u>-</u>	<u>61,802</u>	<u>17,859,227</u>	<u>74,178,690</u>
FUND BALANCES					
Nonspendable	781,100	-	-	-	781,100
Restricted	1,731,408	29,979,107	2,979,683	10,242,517	44,932,715
Committed	6,989,949	-	-	5,906,134	12,896,083
Assigned	1,995,113	-	-	-	1,995,113
Unassigned	24,355,631	-	-	(45,032)	24,310,599
Total fund balances	<u>35,853,201</u>	<u>29,979,107</u>	<u>2,979,683</u>	<u>16,103,619</u>	<u>84,915,610</u>
Total liabilities, deferred inflows, and fund balances	<u>\$102,720,041</u>	<u>\$ 31,968,136</u>	<u>\$ 6,608,423</u>	<u>\$ 35,772,340</u>	<u>\$ 177,068,940</u>

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

City of Jackson
Reconciliation of Balance Sheet - Governmental Funds
To the Statement of Net Position
September 30, 2018

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

Total fund balances - governmental funds	\$ 84,915,610
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds.	316,379,324
Prepaid expenses are not financial resources and are not reflected in the funds.	925,092
The internal service fund is not a governmental fund. However, the assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	(232,116)
Long-term receivables are not available to pay for current period expenditures and are recorded as deferred inflows in the fund statements.	61,802
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources related to pensions	4,346,502
Deferred inflows of resources related to pensions	(12,356,477)
Long-term liabilities, including bonds payable and interest, are not due and payable in the current period and therefore are not reported in the funds:	
Long-term debt, net of premium and discounts	(155,605,361)
Accrued interest on long-term debt	(1,174,908)
Compensated absences	(3,767,780)
Claims payable	(8,403,907)
Other post-employment benefits	(43,796,755)
Net pension liability	(185,947,174)
Net position of governmental activities	\$ <u>(4,656,148)</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, 2018

	General Fund	1% Infrastructure Tax Capital Project Fund	Federal Grants Special Revenue Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 62,468,873	\$ -	\$ -	\$ 15,610,540	\$ 78,079,413
Franchise taxes	7,509,904	-	-	-	7,509,904
Licenses and permits	1,587,072	-	-	-	1,587,072
Intergovernmental	36,042,112	14,234,400	13,860,821	8,101,621	72,238,954
Fines and forfeitures	1,752,950	-	-	242,630	1,995,580
Admissions, fees, rentals and concessions	4,627,712	-	131,810	-	4,759,522
Interest	201,177	130,015	12,658	82,042	425,892
Other	3,060,282	-	917,556	32,616	4,010,454
Total revenues	117,250,082	14,364,415	14,922,845	24,069,449	170,606,791
EXPENDITURES					
Current:					
General government	27,507,234	-	4,339,333	3,872,407	35,718,974
Public safety	55,122,786	-	370,188	5,503,122	60,996,096
Public works	9,795,470	-	-	1,034,433	10,829,903
Human and cultural services	3,723,791	-	4,549,062	7,054,837	15,327,690
Debt Service:					
Principal	3,677,703	-	-	3,663,404	7,341,107
Interest and service charges	426,862	-	-	5,269,492	5,696,354
Capital outlay:					
General government	235,785	-	33,187	-	268,972
Public works	21,906	8,936,809	6,610,385	6,124,970	21,694,070
Public safety	1,360,250	-	132,246	31,032	1,523,528
Human and cultural services	-	-	-	333,162	333,162
Total expenditures	101,871,787	8,936,809	16,034,401	32,886,859	159,729,856
Excess (deficiency) of revenues over (under) expenditures	15,378,295	5,427,606	(1,111,556)	(8,817,410)	10,876,935
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	1,269,132	4,241,989	5,511,121
Transfers out	(9,174,537)	(7,308,832)	-	(393,516)	(16,876,885)
Proceeds from long-term debt	1,056,237	-	-	4,835,522	5,891,759
Sale of capital assets	579,178	-	-	-	579,178
Total other financing sources (uses)	(7,539,122)	(7,308,832)	1,269,132	8,683,995	(4,894,827)
Net change in fund balances	7,839,173	(1,881,226)	157,576	(133,415)	5,982,108
Fund balances at beginning of year	28,014,028	31,860,333	2,822,107	16,237,034	78,933,502
Fund balances at end of year	\$ 35,853,201	\$ 29,979,107	\$ 2,979,683	\$ 16,103,619	\$ 84,915,610

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, 2018

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

Net change in fund balances – total governmental funds	\$ 5,982,108
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 and the remaining undepreciated cost upon disposal in the current period.	12,254,539
Contributions of capital assets received are not reported in the governmental funds because they do not involve current financial resources.	24,478
The issuance of long-term debt (e.g. bonds, capital leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are expensed and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	1,917,461
The statement of activities reports pension expense and other activity related to net pension liability and the related deferred inflows/outflows of resources.	4,167,863
Increase in net other postemployment benefits liability reported on the statement of activities that do not require current financial resources and therefore not reported as expenditures in the funds.	(3,512,539)
Some expenses reported on the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	454,396
Prepaid expenses are reported as expenditures in the governmental funds when paid since they require the use of current financial resources.	47,976
Revenues are recognized on the full accrual basis for the government-wide statements but long-term receivables are not recognized on the fund statements until payments are received.	(29,870)
Internal service fund net activity is not reported on the governmental funds statement.	173,141
Change in the net position of governmental activities	<u>\$ 21,479,553</u>

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

City of Jackson
Statement of Net Position
Proprietary Funds
As of September 30, 2018

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Enterprise Funds Totals	Internal Service Fund
Assets					
Current Assets:					
Cash and cash equivalents	\$ -	\$ -	\$ 1,667,594	\$ 1,667,594	\$ 1,476,446
Accounts receivable, less allowances	55,898,779	8,779,469	615	64,678,863	358,056
Intergovernmental receivables	-	-	1,729,399	1,729,399	-
Prepaid expenses	348,542	-	-	348,542	-
Due from other funds	2,034,709	-	-	2,034,709	-
Inventories	1,697,708	-	-	1,697,708	-
Restricted cash and cash equivalents	3,602,285	-	-	3,602,285	-
Total Current Assets	<u>63,582,023</u>	<u>8,779,469</u>	<u>3,397,608</u>	<u>75,759,100</u>	<u>1,834,502</u>
Restricted Assets:					
Cash and cash equivalents	<u>6,812,002</u>	<u>71,900</u>	<u>-</u>	<u>6,883,902</u>	<u>-</u>
Capital Assets:					
Property, plant and equipment, at cost					
Land	1,387,999	-	450,000	1,837,999	-
Buildings	3,256,474	57,301	8,655,791	11,969,566	-
Water plant, distribution system and equipment	725,162,809	-	1,243,591	726,406,400	-
Automotive and other equipment	<u>17,224,718</u>	<u>3,032,479</u>	<u>14,780,366</u>	<u>35,037,563</u>	<u>-</u>
	747,032,000	3,089,780	25,129,748	775,251,528	-
Less: accumulated depreciation	<u>(277,103,136)</u>	<u>(2,422,087)</u>	<u>(10,853,620)</u>	<u>(290,378,843)</u>	<u>-</u>
	469,928,864	667,693	14,276,128	484,872,685	-
Construction in Progress	<u>4,196,732</u>	<u>-</u>	<u>-</u>	<u>4,196,732</u>	<u>-</u>
Net property, plant and equipment	<u>474,125,596</u>	<u>667,693</u>	<u>14,276,128</u>	<u>489,069,417</u>	<u>-</u>
Total Assets	<u>544,519,621</u>	<u>9,519,062</u>	<u>17,673,736</u>	<u>571,712,419</u>	<u>1,834,502</u>
Deferred Outflows of Resources					
Deferred outflows of resources - pension	403,126	21,052	255,216	679,394	-
Total deferred outflows of resources	<u>\$ 403,126</u>	<u>\$ 21,052</u>	<u>\$ 255,216</u>	<u>\$ 679,394</u>	<u>\$ -</u>

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

City of Jackson
Statement of Net Position
Proprietary Funds
As of September 30, 2018

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Enterprise Funds Totals	Internal Service Fund
Liabilities and Fund Equity					
Current Liabilities Payable from Unrestricted Assets:					
Accounts payable and accrued expenses	\$ 6,378,389	\$ 812,931	\$ 1,920,813	\$ 9,112,133	\$ 2,066,618
Due to other funds	7,677,553	4,890,301	-	12,567,854	-
Other Post Employment Benefits liability	82,659	8,489	2,681	93,829	-
Compensated absences	239,869	25,701	5,077	270,647	-
Customer deposits	4,799,649	-	-	4,799,649	-
Current portion of Long-Term Debt:					
Capital lease obligations	254,890	23,327	-	278,217	-
State loans	3,067,686	-	-	3,067,686	-
Total Current Liabilities Payable from Unrestricted Assets	22,500,695	5,760,749	1,928,571	30,190,015	2,066,618
Current Liabilities Payable from Restricted Assets:					
Revenue bonds	8,370,000	-	-	8,370,000	-
Accrued interest payable	2,358,506	-	-	2,358,506	-
Total Current Liabilities Payable from Restricted Assets	10,728,506	-	-	10,728,506	-
Total Current Liabilities	33,229,201	5,760,749	1,928,571	40,918,521	2,066,618
Net pension liability	16,249,710	848,621	856,174	17,954,505	-
Other Post Employment Benefits liability	5,584,177	647,585	155,778	6,387,540	-
Compensated absences	172,952	2,661	15,398	191,011	-
Long-Term Debt					
(less amounts classified as current liabilities):					
Revenue bonds	210,440,525			210,440,525	-
(net of unamortized discount/premium)					
Capital lease obligations	2,254,745	48,573		2,303,318	-
State loans	29,459,331	-		29,459,331	-
Total Long-Term Liabilities	264,161,440	1,547,440	1,027,350	266,736,230	-
Total Liabilities	297,390,641	7,308,189	2,955,921	307,654,751	2,066,618
Deferred Inflows of Resources					
Deferred inflows of resources - pension	1,943,314	590,092	23,921	2,557,327	-
Total deferred inflows of resources	1,943,314	590,092	23,921	2,557,327	-
Net Position					
Net investment in capital assets	227,202,098	667,693	14,276,128	242,145,919	-
Restricted for capital improvements	3,490,608	-	-	3,490,608	-
Unrestricted	14,896,086	974,140	672,982	16,543,208	(232,116)
Total Net Position	\$ 245,588,792	\$ 1,641,833	\$ 14,949,110	\$ 262,179,735	\$ (232,116)

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

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended September 30, 2018

	Water/Sewage Disposal System	Sanitation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Fund
Operating Revenues:					
Sales to customers	\$ 57,597,747	\$ 9,447,549	\$ 455,977	\$ 67,501,273	\$ -
Contributions - Participants	-	-	-	-	4,213,987
Contributions - City	-	-	-	-	13,631,562
Other revenues	111,631	54,492	58,930	225,053	-
Total Operating Revenues	57,709,378	9,502,041	514,907	67,726,326	17,845,549
Operating Expenses:					
Personnel services	9,022,075	419,472	585,366	10,026,913	-
Supplies	5,047,427	155,369	597,657	5,800,453	-
Other services and charges	25,771,092	9,935,234	5,580,449	41,286,775	17,674,573
Depreciation	17,949,304	146,694	1,098,853	19,194,851	-
Total operating expenses	57,789,898	10,656,769	7,862,325	76,308,992	17,674,573
Operating income (loss)	(80,520)	(1,154,728)	(7,347,418)	(8,582,666)	170,976
Nonoperating revenues (expenses):					
Noncapital grants	-	17,423	5,295,000	5,312,423	-
Interest revenue	119,988	-	9,253	129,241	2,165
Interest and service charges on long-term debt and capitalized lease obligations	(10,121,035)	(651)	(793)	(10,122,479)	-
Gain on sale of capital assets	14,275	3,561	700	18,536	-
Total nonoperating revenues (expenses)	(9,986,772)	20,333	5,304,160	(4,662,279)	2,165
Income (loss) before capital contributions and transfers	(10,067,292)	(1,134,395)	(2,043,258)	(13,244,945)	173,141
Transfers In	8,346,273	122,883	2,896,608	11,365,764	-
Change in Net Position	(1,721,019)	(1,011,512)	853,350	(1,879,181)	173,141
Total net position - beginning, previous reported	247,893,760	2,722,045	14,123,240	264,739,045	(405,257)
Prior period adjustment	(583,949)	(68,700)	(27,480)	(680,129)	-
Total net position - beginning, restated	247,309,811	2,653,345	14,095,760	264,058,916	(405,257)
Total net position - ending	\$245,588,792	\$ 1,641,833	\$ 14,949,110	\$ 262,179,735	\$ (232,116)

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, 2018

	Water/Sewer Disposal System	Sanitation	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Fund
Cash Flows from Operating Activities					
Receipts from customers and users	\$ 46,375,120	\$ 8,154,906	\$ 455,362	\$ 54,985,388	\$18,068,942
Receipts from other revenue	111,631	54,492	58,930	225,053	
Payments to suppliers	(29,886,075)	(10,175,224)	(5,172,935)	(45,234,234)	(16,752,992)
Payments to employees	(9,161,262)	(770,700)	(445,644)	(10,377,606)	
Net Cash provided by (used for)					
Operating Activities	<u>7,439,414</u>	<u>(2,736,526)</u>	<u>(5,104,287)</u>	<u>(401,399)</u>	<u>1,315,952</u>
Cash Flows from Noncapital Financing Activities					
Operating Grants	-	117,231	4,097,161	4,214,392	
Transfers and advances from other funds	<u>8,714,994</u>	<u>2,844,558</u>	<u>2,896,608</u>	<u>14,456,160</u>	
Net cash provided by (used for) noncapital financing activities	<u>8,714,994</u>	<u>2,961,789</u>	<u>6,993,769</u>	<u>18,670,552</u>	
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(15,088,628)	(71,901)	(1,954,875)	(17,115,404)	
Transfers from other funds for capital purposes	7,308,832	-	-	7,308,832	
Proceeds from capital grants	185,940	-	-	185,940	
Proceeds from capital debt	666,456	71,900	-	738,356	
Principal paid on capital debt	(11,621,396)	(156,272)	(126,131)	(11,903,799)	
Proceeds from capital asset sales	29,654	3,561	700	33,915	
Interest paid on capital debt	<u>(10,982,336)</u>	<u>(651)</u>	<u>(793)</u>	<u>(10,983,780)</u>	
Net cash provided by (used for) capital and related financing activities	<u>(29,501,478)</u>	<u>(153,363)</u>	<u>(2,081,099)</u>	<u>(31,735,940)</u>	
Cash Flows from Investing Activities:					
Interest on investments	<u>119,988</u>	<u>-</u>	<u>9,253</u>	<u>129,241</u>	<u>2,162</u>
Net Cash provided by investing activities	<u>119,988</u>	<u>-</u>	<u>9,253</u>	<u>129,241</u>	<u>2,162</u>
Net increase (decrease) in cash and cash equivalents	<u>(13,227,082)</u>	<u>71,900</u>	<u>(182,364)</u>	<u>(13,337,546)</u>	<u>1,318,112</u>
Cash and cash equivalents at beginning of year	<u>23,641,369</u>	<u>-</u>	<u>1,849,958</u>	<u>25,491,327</u>	<u>158,329</u>
Cash and cash equivalents at end of year	<u>\$ 10,414,287</u>	<u>\$ 71,900</u>	<u>\$ 1,667,594</u>	<u>\$ 12,153,781</u>	<u>\$ 1,476,441</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, 2018

	<u>Water/Sewer Disposal System</u>	<u>Sanitation</u>	<u>Nonmajor Enterprise Funds</u>	<u>Enterprise Funds Total</u>	<u>Internal Service Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash					
Provided by (Used for) Operating Activities:					
Operating income (loss)	\$ (80,520)	\$ (1,154,728)	\$ (7,347,418)	\$ (8,582,666)	\$ 170,761
Depreciation Expense	17,949,304	146,694	1,098,853	19,194,851	-
(Increase) decrease in accounts receivable	(11,794,804)	(1,292,643)	(615)	(13,088,062)	223,395
(Increase) decrease in inventories	(246,684)	-	-	(246,684)	-
(Increase) decrease in prepaid expenses	(348,542)	-	-	(348,542)	-
Increase (decrease) in accounts payable and accrued expenses	1,527,670	(84,621)	1,005,171	2,448,220	921,581
Increase (decrease) in compensated absences	(22,027)	(14,150)	2,465	(33,712)	-
Increase (decrease) in customer deposits	572,177	-	-	572,177	-
Increase (decrease) in net pension liability and deferred inflows (outflows)	(591,480)	(385,792)	121,875	(855,397)	-
Increase (decrease) in other post employment benefit liabilities	474,320	48,714	15,382	538,416	-
Total adjustments	<u>7,519,934</u>	<u>(1,581,798)</u>	<u>2,243,131</u>	<u>8,181,267</u>	<u>1,144,761</u>
Net cash provided by (used for) operating activities	<u>\$ 7,439,414</u>	<u>\$ (2,736,526)</u>	<u>\$ (5,104,287)</u>	<u>\$ (401,399)</u>	<u>\$ 1,315,952</u>
Summary of cash and cash equivalents:					
Cash and cash equivalents	\$ -	\$ -	\$ 1,667,594	\$ 1,667,594	\$ 1,476,446
Restricted cash and cash equivalents:					
Current	3,602,285	-	-	3,602,285	-
Noncurrent	<u>6,812,002</u>	<u>71,900</u>	<u>-</u>	<u>6,883,902</u>	<u>-</u>
	<u>\$ 10,414,287</u>	<u>\$ 71,900</u>	<u>\$ 1,667,594</u>	<u>\$ 12,153,781</u>	<u>\$ 1,476,446</u>

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

CITY OF JACKSON
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
AS OF SEPTEMBER 30, 2018

	<u>Trust Funds</u>	<u>Agency Funds</u>
Assets		
Cash and cash equivalents	\$ 225,702	\$ 12,632
Investment at fair value:		
Certificate of deposit	32,699	-
Taxes receivable	<u>-</u>	<u>1,318,810</u>
Total assets	<u>\$ 258,401</u>	<u>\$ 1,331,442</u>
Liabilities and Net Position		
Liabilities:		
Payables to others	\$ <u>-</u>	\$ <u>1,331,442</u>
Total liabilities	<u>-</u>	<u>1,331,442</u>
Net Position:		
Held in trust for unemployment benefits and other purposes	<u>258,401</u>	<u>-</u>
Total net position	<u>258,401</u>	<u>-</u>
Total liabilities and net position	<u>\$ 258,401</u>	<u>\$ 1,331,442</u>

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

CITY OF JACKSON
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>Trust Funds</u>
Additions:	
Interest	\$ 2,811
Contributions from other funds	<u>136,638</u>
Total additions	<u>139,449</u>
Deductions:	
General government:	
Unemployment claims	148,654
Transfer to General Fund	<u>9,404</u>
Total deductions	<u>158,058</u>
Change in Net Position	<u>(18,609)</u>
Net position- beginning	<u>277,010</u>
Net position at end of year	<u><u>\$ 258,401</u></u>

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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). 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 considered potential component units for which the City may be financially accountable and as such, may be required to include 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 in its separately issued financial statements. 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, 2018

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 in its separately issued financial statements. 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 entities are legally separate governmental entities established within the City of Jackson that do not meet the criteria for inclusion as component units. While 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. 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:

Jackson Municipal 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

Jackson Convention & Visitors Bureau
111 East Capital St., Suite 102
Jackson, MS 39201

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 the City's governmental activities. However, the System itself is not included as a component unit or equity interest of the City. 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 enterprise funds. However, the government-wide financial statements do not include fiduciary funds. The City's police and fire protection, public safety, parks and recreation, human and cultural services, public works, and general government services are classified as governmental activities. The City's water/sewer, sanitation, and public transportation services are classified as business-type activities and enterprise funds.

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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 (public safety, public works, etc.). The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 (public safety, 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 tax, sales tax, intergovernmental revenues, interest income, etc.).

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

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

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 *non-operating* 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 *non-operating* 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, 2018

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, interest income and similar items 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.

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 or elected to be accounted for in another fund.

1% Infrastructure Tax - This fund is used to account for proceeds received for the improvement of infrastructure in the city. Financing is provided by special sales tax of 1%.

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

The City reports the following major proprietary funds:

Water/Sewage Disposal System Fund - This enterprise 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 enterprise fund accounts for activities associated with the City's sanitation and recycling services.

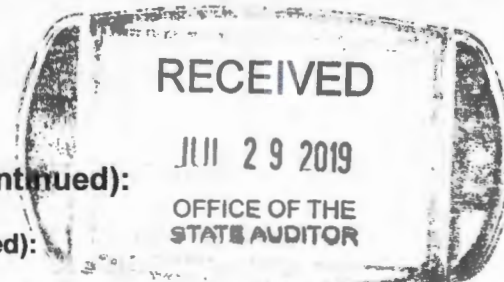
Additionally, the City reports the following fund types:

The Internal Service Fund is used to account for the financing of employee health insurance provided to other departments of the governmental unit 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 are 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 reporting focus is on net position and changes in net position and is 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 property taxes collected and proceeds of a special sales taxes received from the State.



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

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

The emphasis in fund financial statements is on the major funds in either the governmental or enterprise fund categories. Non major funds by category are summarized into a single column. GASBS No. 34 sets forth minimum criteria (percentage of assets and deferred outflows, liabilities and deferred inflows, revenues, or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The non major 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 (public safety, public works, etc.).

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

1. Cash and Cash Equivalents

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

2. Receivables

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

3. Investments

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

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.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

6. Capital Assets

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

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

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

Interest is capitalized on proprietary fund capital assets constructed with the proceeds of tax-exempt debt. The amount of interest 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. Interest is not capitalized on governmental activities' capital assets.

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, and similar types of capital assets.

7. Compensated Absences

The City accrues accumulated unpaid personal leave and associated employee-related costs when earned (or estimated to be earned) by employees up to 240 hours, which is the maximum payable upon termination of employment. 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.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

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 "Other Financing Sources/Uses".

In the proprietary funds and Government-Wide Financial Statements, bond discounts and bond premiums are amortized over the terms of the bonds outstanding method, which approximates the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bond payable. Bond issuance costs, excluding any prepaid bond insurance, are reported as expenses in the year of the debt issuance. Gains (losses) on refundings are reported as deferred outflows/inflows of resources.

9. Interfund Activity

Interfund activity is reported as 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 receivable 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 non-operating 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 funds and of the government's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund 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 non-operating 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 provider and unearned revenue by the recipient.

11. Expenditures

Expenditures in governmental funds 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. Restricted and Committed Fund Equity

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

13. Net Position

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

14. Fund Balance

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

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

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

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

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

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

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

15. Fund Balance/Net Position Policy

The City has adopted a fund balance / net position policy that is tailored to the needs of the City to ensure against unanticipated events that would adversely affect the financial condition of the City and will not jeopardize the continuation of necessary public services. This policy is intended to ensure the City maintains adequate fund balance / net position 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 intends to maintain adequate Fund Balance / Net Position in the General Fund and Proprietary funds of the City. The City shall retain the minimum requirement for each fund listed below.

General Fund – There shall be an unassigned 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 unassigned fund balance shall be in addition to all other categories of fund balance.

The total required General Fund unassigned fund balance for 2019 is \$8,621,259, and the actual amount is \$24,355,631 at September 30, 2018.

Enterprise Funds – The City maintains a Sanitation Fund, Water & Sewer Fund, and Transportation Fund. Under the Water & Sewer Bond Ordinance, the following net positions are required: 1/12 of the Operation & Maintenance budget as an Operation & Maintenance Fund; 1/12 of the actual debt service as a Debt Service Fund; and, 2/12 of the Operation & Maintenance budget as a Contingent Fund.

The Water & Sewer Operation & Maintenance Fund, Debt Service Fund, and Contingent Fund were all below the required amounts at September 30, 2018.

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

16. Pension Expenses

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

17. Use of Estimates

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

18. Deferred Outflows/Inflows of Resources

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

18. Deferred Outflows/Inflows of Resources (Continued)

The City reflects deferred outflows of resources related to its pension plans. Deferred inflows of resources reflected by the City relate to pension plans, property taxes levied for the subsequent year, and long-term receivables that are not yet available.

19. New Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". This statement will improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The requirements of this statement have been implemented by the City.

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

In November 2016, GASB issued Statement No. 83, "Certain Asset Retirement Obligations". GASB 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. GASB 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. GASB 83 requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. GASB 83 also requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred and also that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In January 2017, GASB issued Statement No. 84, "Fiduciary Activities". GASB 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (a) whether a government is controlling the assets of the fiduciary activity and (b) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB 84 describes four fiduciary funds that should be reported, if applicable: (a) pension (and other employee benefit) trust funds, (b) investment trust funds, (c) private-purpose trust funds, and (d) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. GASB 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

19. New Accounting Pronouncements (Continued)

In June 2017, GASB issued Statement No. 87, "Leases". GASB 87 objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In April 2018, GASB issued Statement No. 88, "Debt, Including Direct Borrowing and Direct Placements". GASB 88 objective is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. A Debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement are effective for reporting periods beginning after June 18, 2018. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In June 2018, GASB issued Statement No. 89, "Accounting for Interest Cost Incurred Before the End of a Construction Period". GASB 89 objectives are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and (2) to simplify accounting for interest cost incurred before the end of construction period. An interest cost incurred before the end of construction period includes all interest that previously was accounted for in accordance with the requirements of paragraph 5-22 of *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

In August 2018, GASB issued Statement No. 90, "Majority Equity Interests – An Amendment of GASB Statement No. 14 and No. 61". GASB 90 objective is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. A majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity meets the definition of an investment and should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment or permanent fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

19. New Accounting Pronouncements (Continued)

In May 2019, GASB issued Statement No. 91, "Conduit Debt Obligation". GASB 91 objective is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. A conduit debt obligation is defined as a debt instrument having all of the following characteristics: (1) there are at least three parties involved (a) an issuer, (b) a third-party obligor, and (c) a debt holder or a debt trustee, (2) the issuer and the third-party obligor are not with in the same financial reporting entity, (3) the debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer, (4) the third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance, and (5) the third party obligor, not the issuer, is primarily obligated for the payment of all amount associated with the debt obligation (debt service payments). The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The City is evaluating the impact, if any, upon its financial statement, results of operations or cash flows upon adoption.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a Reconciliation between *net changes in fund balances – total governmental funds* and *changes in net position of governmental activities* as reported in the Government-Wide Statement of Activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense." The details of this difference are as follows:

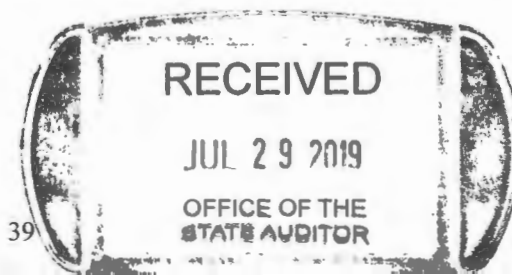
Capital Outlay	\$ 23,819,732
Depreciation Expense	(11,539,528)
Remaining undepreciated cost of capital asset disposals in the current year	<u>(25,665)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of government activities</i>	<u>\$ 12,254,539</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 position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this difference are as follows:

Principal repayments on long-term debt:	\$ 7,341,107
Long-term debt proceeds	(5,891,759)
Amortization of debt premiums and discounts	<u>468,113</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 1,917,461</u>

Another element of that reconciliation states that "The statements of activities reports pension expense and other activity related to the net pension liability and the related deferred inflows/outflows of resources." The details of this difference are as follows :

Net pension liability change	\$ 6,081,243
Pension deferred inflows of resources change	3,446,093
Pension deferred outflows of resources change	<u>(5,359,473)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 4,167,863</u>



CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

**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 difference are as follows (in thousands):

Compensated absences liability change	\$ 243,361
Claims and judgments liability change	219,084
Accrued interest payable change	<u>(8,049)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 454,396</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 3 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

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

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department Directors submit proposed expenditure budgets to the Finance Division of the Department of Administration by June 1 each year.
3. The Finance Division of the Department of Administration reviews the expenditure budgets, and the necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared by July 1, and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.
7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Enterprise Funds, Internal Service Fund and Trust Funds (with the exception of the Charitable Trust Fire and Police Fund). The Mississippi law requires that municipalities budget on modified-cash basis. Claims that have been incurred prior to the end of the year and are paid within 30 days after the end of the year are recorded in the year they are budgeted. Prior year claims that are paid more than 30 days after the end of the year are reflected as expenditures of the year in which they are paid. All revenue is accounted for under the cash basis. The required budgetary basis is therefore not considered to be in accordance with U.S. generally accepted accounting principles.

Expenditures other than capital outlay, election, other emergency expenditure may not legally exceed budgeted appropriations at the purpose level (e.g., personal services, other services and charges, and debt services. Budget and actual comparisons are presented in the accompanying financial statements for all governmental type funds for which a budget is adopted.

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

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 purpose 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.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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. 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 2018 as provided by law, as follows (in thousands):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 126,168	\$ 128,401	\$ 2,233
Special Revenue Funds	59,434	67,076	7,642
Debt Service Fund	13,049	13,275	226
Capital Projects Funds	26,202	36,976	10,774
Enterprise Funds	210,411	197,029	(13,382)
Internal Service Fund	18,147	18,895	748
	<u>\$ 453,411</u>	<u>\$ 461,652</u>	<u>\$ 8,241</u>

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

B. DEFICIT FUND BALANCES / NET POSITION

The following funds had deficit fund balances/net positions as of September 30, 2018:

Library Special Revenue Fund	\$ 45,032
Internal Service Fund	232,116

In order to alleviate the deficit fund equity in these funds, the City intends to adjust the future library fund property tax levy and/or expenditures, and adjust the internal service fund health insurance premiums rates charged to other City funds and/or City employees.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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 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

Of the City's cash deposit balances (including certificates of deposit) at September 30, 2018, \$250,000 at each financial institution was insured by federal deposit insurance and the remainder was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code.

Restricted cash and cash equivalents in the Water & Sewage Disposal System Fund consisted of the following at September 30, 2018:

Revenue bond reserve funds:	
Debt service fund	\$ 44,693
Contingent fund	3,527,063
Operation & maintenance fund	<u>30,529</u>
	3,602,285
Unspent debt proceeds	3,321,394
Capital improvement fund under U.S. EPA consent decree	<u>3,490,608</u>
Total restricted cash and cash equivalents	<u>\$ 10,414,287</u>

3. Investments – Primary Government

Following is a summary of the City's investments as of September 30, 2018:

Investment Type	Quality Ratings	Maturities (in years)	Total Fair Value	Level 1 Fair Value
Money market mutual funds	Aaa/AAA	Less than 1	\$5,603,341	\$5,603,341

Fair Value – Fair value measurements are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The recurring fair value measurements as of September 30, 2018, are reflected above.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Moody's or Standard and Poor's credit ratings for the investments are reflected above.

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 counterparty and are not insured.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

A. DEPOSITS AND INVESTMENTS (Continued):

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.

4. Cash and Investments - Component Units

The component units' policies are 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, 2018, all of the component units' cash deposits in excess of the amounts covered by the FDIC were covered under the collateral pool administered by the State Treasurer.

Restricted cash of the Capital City Convention Center Commission and the Jackson Redevelopment Authority is restricted for debt service.

Investments are reflected at cost, which approximates fair value, and are uninsured, unregistered, and held by the counterparty brokerage firm. At September 30, 2018, the component units did not have any investments.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

B. RECEIVABLES AND PAYABLES

Receivables at September 30, 2018, 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 Fund	1% Infrastructure Tax Fund	Federal Grants Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Property taxes	\$ 57,088	\$ -	\$ -	\$ -	\$ -	\$ 18,052	\$ 75,140
Sales taxes	4,764	2,397	-	-	-	1,319	8,480
Franchise fees	1,655	-	-	-	-	-	1,655
Federal and state assistance	126	-	1,723	-	-	2,067	3,916
Water, sewer, and sanitation user charges	-	-	-	115,931	18,243	-	134,174
Other	20	-	382	-	-	393	795
Gross receivables	63,653	2,397	2,105	115,931	18,243	21,831	224,160
Allowance for uncollectible	-	-	(318)	(60,032)	(9,464)	(32)	(69,846)
Net receivables	\$ 63,653	\$ 2,397	\$ 1,787	\$ 55,899	\$ 8,779	\$ 21,799	\$ 154,314

Deferred inflows of resources related to the receivables consisted of the following at September 30, 2018 (in thousands):

	General Fund	1% Infrastructure Tax Fund	Federal Grants Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Property taxes levied for the subsequent year	\$ 56,258	\$ -	\$ -	\$ -	\$ -	\$ 17,859	\$ 74,117
Long-term receivables unavailable for current use	-	-	62	-	-	-	62
Net receivables	\$ 56,258	\$ -	\$ 62	\$ -	\$ -	\$ 17,859	\$ 74,179

Amounts reflected as accounts payable and other liabilities at September 30, 2018, for the primary government's individual major funds and nonmajor and internal service funds in the aggregate, are as follows (in thousands):

	General Fund	1% Infrastructure Tax Fund	Federal Grants Fund	Water and Sewer Fund	Sanitation Fund	Non-Major and Other Funds	Total
Accounts payable	\$ 4,607	\$ 1,989	\$ 1,450	\$ 6,274	\$ 809	\$ 3,484	\$ 18,613
Payroll and benefits	2,868	-	13	69	4	26	2,980
Seized and forfeited cash	2,409	-	-	-	-	-	2,409
Unclaimed funds	151	-	-	-	-	-	151
Health claims	-	-	-	-	-	2,067	2,067
Others	11	-	-	35	-	-	46
	\$ 10,046	\$ 1,989	\$ 1,463	\$ 6,378	\$ 813	\$ 5,577	\$ 26,266

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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 shares 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 2018 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	50.94	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	3.83	Debt retirement	None
Disability and Relief Fund	<u>4.46</u>	Retirement	None
Total City of Jackson	<u>61.23</u>		
Jackson/Hinds Library System	<u>1.80</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	65.91	Public schools	None
Special Debt Retirement Bond	5.39	Public schools	None
Special Debt Retirement Bond	2.32	Public schools	None
Special Debt Retirement Bond	10.95	Public schools	None
Special Debt Retirement Bond	<u>0.24</u>	Public schools	None
	<u>84.81</u>		
Total mills	<u>147.84</u>		

The City levies an assessment for the Business Improvement fund, which consists of ten 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 11% 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, 2018

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

C. CHANGES IN CAPITAL ASSETS

Primary government capital asset activity for the year ended September 30, 2018, was as follows (in thousands):

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 13,721	\$ -	\$ -	\$ 13,721
Construction in progress	8,323	21,714	(7,001)	23,036
Total capital assets not being depreciated	22,044	21,714	(7,001)	36,757
Capital assets being depreciated:				
Buildings	107,642	181	-	107,823
Infrastructure	315,706	7,003	-	322,709
Automotive and equipment	77,272	1,947	(1,746)	77,473
Total capital assets being depreciated	500,620	9,131	(1,746)	508,005
Less accumulated depreciation for:				
Buildings	(34,243)	(1,930)	-	(36,173)
Infrastructure	(120,672)	(6,412)	-	(127,084)
Automotive and equipment	(63,649)	(3,197)	1,720	(65,126)
Total accumulated depreciation	(218,564)	(11,539)	1,720	(228,383)
Total capital assets being depreciated, net	282,056	(2,408)	(26)	279,622
Total governmental activities capital assets, net	\$ 304,100	\$ 19,306	\$ (7,027)	\$ 316,379

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,838	\$ -	\$ -	\$ 1,838
Construction in progress	14,584	11,495	(21,882)	4,197
Total capital assets not being depreciated	16,422	11,495	(21,882)	6,035
Capital assets being depreciated:				
Buildings	11,830	140	-	11,970
Infrastructure	704,352	22,054	-	726,406
Automotive and equipment	30,510	5,308	(781)	35,037
Total capital assets being depreciated	746,692	27,502	(781)	773,413
Less accumulated depreciation for:				
Buildings	(1,098)	(288)	-	(1,386)
Infrastructure	(247,489)	(16,847)	-	(264,336)
Automotive and equipment	(23,363)	(2,060)	766	(24,657)
Total accumulated depreciation	(271,950)	(19,195)	766	(290,379)
Total capital assets being depreciated, net	474,742	8,307	(15)	483,034
Total business-type activities capital assets, net	\$ 491,164	\$ 19,802	\$ (21,897)	\$ 489,069

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

C. CHANGES IN CAPITAL ASSETS (Continued):

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

Governmental Activities:

General government	\$ 2,308
Public Works	3,692
Human & Cultural	2,077
Public Safety	<u>3,462</u>
Total Depreciation Expense – Governmental Activities	\$ <u>11,539</u>

Business-Type Activities:

Water/Sewer	\$ 17,949
Sanitation	147
Madison-Ridgeland Sewage	15
Transportation	<u>1,084</u>
Total Depreciation Expense – Business-type Activities	\$ <u>19,195</u>

3. Construction work in progress at September 30, 2018 for the governmental activities of the primary government is composed of the following:

<u>Projects</u>	<u>Spent-to-Date</u> <u>FY18</u>	<u>Remaining</u> <u>Commitment</u> <u>FY18</u>
Improvement Fund	\$ -	\$ 16,519
Community Development Block Grant	155,831	49,800
1998 G O Public Improvement Construction Bond	27,700	17,213
2003 G O Public Improvement Construction Bond	-	1,327,137
2008 G O Street Construction Bond	717,960	56,324
Capital Street Project	-	356,889
Museum to Market Trail	273,957	989
Economic Development Initiative		
Traffic - Repair and Replacement	1,360,606	29,626
Parks - Repair and Replacement	-	98,483
Resurfacing- Repair and Replacement	5,667,154	824,467
1% Infrastructure Tax	7,114,117	3,621,992
Hail Damage March 2013	503,334	19,203
Tiger Grant	7,215,300	1,982,595
Total	\$ <u>23,035,959</u>	\$ <u>8,401,237</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

C. CHANGES IN CAPITAL ASSETS (Continued)

4. Construction work in progress at September 30, 2018 for primary government enterprise funds is composed of the following:

<u>Project</u>	<u>Spend-To-Date</u> <u>FY18</u>	<u>Remaining Commitment</u> <u>FY18</u>
Water/Sewer Construction Fund	\$ 4,196,732	\$ 2,210,699
Total	\$ 4,196,732	\$ 2,210,699

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

Activity for the Jackson Redevelopment Authority for the year ended September 30, 2018, was as follows (in thousands):

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 4,949	\$ -	\$ -	\$ 4,949
Property held for development	5,924	27	-	5,951
Total capital assets not being depreciated	10,873	27	-	10,900
Other capital assets:				
Land improvements	76	-	-	76
Buildings	50,613	22	-	50,635
Equipment and furniture	1,515	-	-	1,515
Total other capital assets	52,204	22	-	52,226
Less accumulated depreciation for:				
Land improvements	(48)	-	-	(48)
Buildings	(26,674)	(1,230)	-	(27,904)
Equipment and furniture	(1,424)	(27)	-	(1,451)
Total accumulated depreciation	(26,146)	(1,257)	-	(29,403)
Total other capital assets, net	24,058	(1,235)	-	22,823
Total capital assets, net	\$ 34,931	\$ (1,208)	\$ -	\$ 33,723

Activity for the Capital City Convention Center Commission for the year ended September 30, 2018, was as follows (in thousands):

	Balance September 30, 2017	Additions	Deletions	Balance September 30, 2018
Business-Type Activities:				
Capital assets not being depreciated:				
Land and improvements	\$ 5,821	\$ 7	\$ -	\$ 5,828
Total capital assets not being depreciated	5,821	7	-	5,828
Capital assets being depreciated:				
Building and improvements	80,113	-	-	80,113
Equipment	5,588	-	(10)	5,578
Total other capital assets	85,701	-	(10)	85,691
Less accumulated depreciation	(22,043)	(2,624)	-	(24,667)
Other capital assets, net	63,658	(2,624)	(10)	61,024
Total capital assets, net	\$ 69,479	\$ (2,617)	\$ (10)	\$ 66,852

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

C. CHANGES IN CAPITAL ASSETS (Continued)

6. The business-type activities incurred interest costs totaling \$10,912,298 for the year ended September 30, 2018, and \$789,819 of this total interest was capitalized as part of construction in progress.

D. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

Individual fund interfund receivable and payable balances as of September 30, 2018 follow (in thousands):

	Interfund Receivables	Interfund Payables
General Fund	\$ 10,753	\$ 504
Federal Grants Special Revenue Fund	504	-
Water/Sewage Disposal System Fund	2,035	7,678
Sanitation Fund	-	4,890
Nonmajor Governmental Funds	-	220
Nonmajor Proprietary Funds	-	-
Total	<u>\$ 13,292</u>	<u>\$ 13,292</u>

The General Fund interfund receivables from the Water/Sewer Disposal System Fund and the Sanitation Fund were to provide temporary cash flow for operations. The Water/Sewer Disposal System Fund interfund receivables from the Sanitation Fund was to provide temporary cash flow for operations.

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

	Transfer In	Transfer Out
General Fund	\$ -	\$ 9,174
1% Infrastructure Tax Capital Project Fund	-	7,309
Federal Grants Special Revenue Fund	1,269	-
Water/Sewage Disposal System Fund	8,346	-
Sanitation Fund	123	-
Nonmajor Governmental Funds	4,242	394
Nonmajor Proprietary Funds	2,897	-
Total	<u>\$ 16,877</u>	<u>\$ 16,877</u>

Interfund transfers at September 30, 2018 consist of the following (in thousands):

\$ 7,309	From the 1% infrastructure Tax Capital Project Fund to the Water/Sewage Disposal System Fund for infrastructure projects.
1,269	From the General Fund to the Federal Grants Special Revenue Fund to subsidized grant programs.
1,037	From the General Fund to the Water/ Sewage Disposal System Fund to subsidize operations.
123	From the General Fund to the Sanitation Fund to subsidize operations.
3,848	From the General Fund to the Nonmajor Governmental Funds to subsidize operations.
2,897	From the General Fund to the Nonmajor Proprietary Fund to subsidize operations.
394	From a Nonmajor Capital Project Fund to the Nonmajor Debt Service Fund for debt service.
<u>\$ 16,877</u>	Total

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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 various equipment and a building. 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 for capital leases are disclosed in Note 4.G.8. At September 30, 2018, there were capital assets under capital leases with a total of \$29,277,365 and estimated accumulated depreciation of \$14,441,176. Amortization of the capital lease assets is included in depreciation expense.

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 capital assets. 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, 2018, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 476
2020	424
2021	360
2022	229
2023	213
2024 - 2028	819
2029 - 2033	162
2034 - 2038	162
2039 - 2043	162
2044 - 2048	162
2049 - 2053	162
2054 - 2058	162
2059 - 2063	162
2064 - 2068	162
2069 - 2073	162
2074 - 2078	162
2079 - 2083	162
2084 - 2088	<u>98</u>
Total	<u>\$ 4,401</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2018 totaled to \$994,028. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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 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. The average interest rate on the 2010 General Obligation Refunding Bond is 4.17%. The 1998 General Obligation Bond \$5,490,000, the 1998 General Obligation Bond \$35,000,000, and the 2008 General Obligation Bond \$5,155,000 are considered to be defeased and the liability for those bonds have been removed from the Government-Wide Statement of Net Position. A portion of the 2003 General Obligation Bond \$20,000,000, 2005 General Refunding Bond \$20,960,000, and the 2009 General Obligation Bond \$26,210,000 were not refunded.

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

On February 21, 2013, the City issued \$64,940,000 in General Obligation Refunding Bonds, Series 2013. The proceeds of the Series 2013 Bonds were used by the City for the purposes of (a) refunding, defeasing and/or restructuring all or a portion of the outstanding maturities of the 2006 City Bond and (b) paying certain costs of issuance of the Series 2013 Bonds and the City Bond. The 2006 Bank Bonds were issued to provide funds to purchase the 2006 City Bond. The proceeds of the 2006 City Bond were used by the City to finance construction and equipping of the Capital City Convention Center (the "Convention Center").

On December 18, 2015, the City issued \$17,635,000 in General Obligation Refunding Bonds Series 2015 A & B. The bonds were issued for the purpose of (a) refunding, defeasing and restructuring all or a portion of the outstanding maturities on the original principal amount of (i) \$20,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2003 (City of Jackson, Mississippi General Obligation Bonds Project) dated January 15, 2003, and a corresponding portion of the \$20,000,000 City of Jackson, Mississippi General Obligation Bond, Series 2003, (ii) \$20,960,000 City of Jackson, Mississippi General Obligation Bonds, Series 2005, dated August 4, 2005, (iii) \$65,000,000 Mississippi Development Bank Special Obligation Bonds, Series 2006 (City of Jackson, Mississippi General Obligation Capital City Convention Center Project), dated November 8, 2006, and a corresponding portion of the \$65,000,000 City of Jackson, Mississippi General Obligation Bond, Series 2006 (Capital City Convention Center Project), (iv) \$26,210,000 Mississippi Development Bank Special Obligation Bonds, Series 2009 (City of Jackson, Mississippi General Obligation Street Resurfacing Project), dated January 6, 2009, and a corresponding portion of the \$26,210,000 City of Jackson, Mississippi General Obligation Street Resurfacing Bond, Series 2009, and (v) \$64,940,000 Mississippi Development Bank Special Obligation Bonds, Series 2013 (City of Jackson, Mississippi General Obligation Capital City Convention Center Refunding Project), dated February 28, 2013, and a corresponding portion of the \$64,940,000 City of Jackson, Mississippi General Obligation Refunding Bond,

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

Series 2013 (Capital City Convention Center Project), and (b) paying the costs incident to the sale and issuance of the Series 2015 A & B Bonds.

The average interest rate on the 2015 General Obligation Refunding Bond is 4.15%. The 2005 General Obligation Bond \$20,960,000 and the 2006 General Obligation Bond \$65,000,000 are considered to be defeased and the liability for those bonds have been removed from the Government-Wide Statement of Net Position. A portion of the 2003 General Obligation Bond \$20,000,000, the 2009 General Obligation Bond \$26,210,000, and the 2013 General Obligation Refunding Bond \$64,940,000 were not refunded.

On August 30, 2017, the City issued \$12,384,000 in General Obligation Refunding Bonds, Series 2017. The bonds were issued to provide funds for the purpose of advance refunding and defeasing a portion of the \$26,210,000 (original principal amount) Mississippi Development Bank Special Obligation Bonds, Series 2009 (City of Jackson, Mississippi General Obligation Street Resurfacing Project), dated January 6, 2009. The average interest rate on the 2017 General Obligation Refunding Bond is 2.125%. A portion of the 2009 General Obligation Bond \$26,210,000 were not refunded.

At September 30, 2018, the City had \$13,570,000 of advance refunded general obligation bonds considered to be defeased. Irrevocable trust account have been established with escrow agents to provide for all the future debt service on these bonds. Therefore, both the escrow accounts and the outstanding in-substance defeased bonds have been removed from the City's statement of net position.

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, 2018, 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>
General Obligation Bonds:					
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00 - 5.25%	03/01/23	\$ 20,000	\$ 5,690
General Obligation Bonds, Series 2009	01/01/09	4.00 - 5.80%	01/01/24	26,210	635
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	4.37%	09/01/24	7,010	7,010
General Obligation Refunding Series 2013	02/21/13	3.00 - 5.00%	03/01/36	64,940	62,995
General Obligation Refunding Series 2015A	12/18/15	3.00 - 5.00%	05/01/36	17,465	17,465
General Obligation Refunding Series 2015B	12/18/15	2.95%	05/01/20	170	170
General Obligation Refunding Series 2016	08/30/16	3.00 - 4.00%	01/01/24	12,384	11,827
Total General Obligation Bonds					<u>\$ 122,447</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

2. Revenue Bonds

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 Refunding, 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.

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.

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

On August 24, 2017, the City issued \$17,135,000 in Water/Sewer Revenue Refunding Bonds, Series 2017. The Series 2017 Bonds were issued to realize debt service savings and for the purpose of the providing funds to: (i) currently refund all of the City's outstanding Water and Sewer System Revenue Refunding Bonds, Series 2005, issued in the original principal amount of \$27,180,000, of which \$18,325,000 remains outstanding; (ii) pay the premium for the Surety Bond and the Policy; and (iii) pay certain costs of issuance in connection with the Series 2017 Bonds. The average interest rate on the 2017 Water/Sewer Revenue Refunding Bonds is 4.66%. The 2005 Water/Sewer System Revenue Refunding Bonds of \$27,180,000 are considered to be defeased and the liability for those bonds have been removed from the Government-Wide Statement of Net Position.

Revenue bonds outstanding at September 30, 2018, were as follows (in thousands):

Revenue Bonds:	Date of Obligation	Interest Rate	Final Maturity Date	Issued	Outstanding
Enterprise Funds:					
Water/Sewer Revenue Refunding 2011A	09/01/11	2.50 - 5.00%	09/01/34	\$ 46,720	\$ 36,505
Water/Sewer Revenue Refunding 2011B	09/01/11	4.07 - 5.40%	09/01/34	2,565	2,095
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	4,840
Water/Sewer Revenue 2013	06/01/13	5.00 - 6.875%	06/01/39	89,990	86,715
Water/Sewer Revenue Refunding 2016	08/24/16	3.00 - 4.000%	09/01/24	17,135	13,355
Total Revenue Bonds					<u>\$ 206,555</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

3. Tax Increment Limited Obligation Bonds

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

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

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

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

On August 24, 2018, the City issued \$4,447,000 tax increment limited obligation bonds to provide funds for infrastructure and site improvements to the District Project located between the City's Eastover and Fondren neighborhoods, adjacent to the I-55 corridor and the University of Mississippi Medical Center, and pay cost of issuance of the Loan Obligation.

Limited obligation bonds outstanding at September 30, 2018, are as follows (in thousands):

<u>Limited Obligation Bonds:</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
General Long-Term Debt:					
Tax Increment Financing Bonds, 2007	12/28/2007	4.47%	3/1/2020	\$ 2,270	\$ 490
Tax Increment Financing Bonds, 2009	4/23/2009	4.20%	4/1/2024	407	199
Tax Increment Financing Bonds, 2009	6/19/2009	4.75%	7/1/2022	1,600	590
Tax Increment Financing Bonds, 2010	12/30/2010	4.75-5.50%	3/1/2030	2,800	1,703
Tax Increment Financing Bonds, 2018	08/24/2018	3.83%	7/1/2033	4,447	<u>4,447</u>
Total Limited Obligation Bonds					<u>\$ 7,429</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

4. Section 108 Loan

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

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

As required by the Guaranty Agreement, the City also entered into an agreement with Regions Bank to serve as custodian of original loan and security documents for the loan to TCI. As of September 30, 2018, \$6,750,000 was outstanding under the Section 108 loan.

5. Jackson Redevelopment Authority

Urban Renewal Bonds

Urban renewal bonds issued to provide funds for various rehabilitation projects at September 30, 2018, were as follows (in thousands):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Urban Renewal Bonds:</u>					
<u>Enterprise Funds:</u>					
Urban Renewal Bond, Series, 2011A	06/01/11	3.25%	06/01/31	\$ 7,165	\$ 5,280
Urban Renewal Bond, Series, 2011B	06/01/11	5.15%	06/01/23	2,745	1,920
Urban Renewal Bond, Series, 2015	10/30/15	1.38%	11/01/18	3,350	2,680
Total Urban Renewal Bonds					<u>\$ 9,880</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

6. A summary of long-term liabilities transactions for the primary government and for the component unit for the year ended September 30, 2018, was as follows (in thousands):

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Government Activities:					
General obligation bonds	\$ 125,432	\$ -	\$ 2,985	\$ 122,447	\$ 5,826
Limited obligation bonds	3,546	4,447	564	7,429	836
State revolving loan (MDA)	621	-	94	527	96
Miss. Development Bank Loan	1,590	-	294	1,296	294
Section 108 Loan	7,000	-	250	6,750	650
Capital lease obligations:	12,932	1,445	3,154	11,223	2,021
Issuance discount	(357)	-	(22)	(335)	-
Issuance premium	6,759	-	490	6,269	-
Total Long-Term Debt Payable	157,523	5,892	7,809	155,606	9,723
Net pension liability	192,028	-	6,081	185,947	-
Other Post-employment benefits	35,293	8,504	-	43,797	612
Claims and judgments	3,795	980	-	4,775	2,322
Workers' Compensation Claims	4,828	-	1,199	3,629	1,805
Compensated absences	4,011	-	243	3,768	2,582
	239,955	9,484	7,523	241,916	7,321
Total Governmental Activity	\$ 397,478	\$ 15,376	\$ 15,332	\$ 397,522	\$ 17,044
Business-Type Activities					
Bonds and loans payable:					
Revenue bonds	\$ 214,625	\$ -	\$ 8,070	\$ 206,555	\$ 2,116
State revolving loan (DEQ)	30,437	127	2,200	28,364	-
State revolving loan (DOH)	222	245	25	442	99
State revolving loan (MDA)	4,574	-	853	3,721	853
Capital lease obligations	2,971	367	757	2,581	278
Issuance discount	(795)	-	(49)	(746)	-
Issuance premiums	13,778	-	776	13,002	-
Total Long-Term Debt Payable	265,812	739	12,632	253,919	11,716
Net pension liability	17,899	244	188	17,955	-
Other Post-employment benefits	5,263	1,218	-	6,481	94
Compensated absences	495	-	33	462	271
	23,657	1,462	221	24,898	365
Total Business-type activities	\$ 289,469	\$ 2,201	\$ 12,853	\$ 278,817	\$ 12,081
Component Unit – Jackson Redevelopment Authority					
Urban Renewal bonds	\$ 10,710	\$ -	\$ 830	\$ 9,880	\$ 3,680
Issuance discount	(136)	-	-	(136)	-
Total Component Unit	\$ 10,574	\$ -	\$ 830	\$ 9,744	\$ 3,680

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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 \$59,736,000 at September 30, 2018.

8. Annual Maturities Requirements

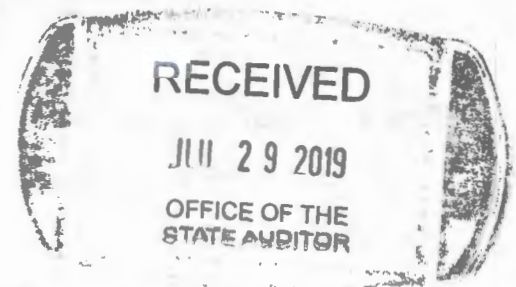
The annual requirements to amortize all long-term debts outstanding of September 30, 2018, including interest, by source of retirement are as follows (in thousands):

Debt Service Fund (Special Tax Levy)

<u>General Obligation Bonds</u>			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 4,742	\$ 5,826	\$ 10,568
2020	4,446	8,958	13,404
2021	4,065	9,414	13,479
2022	3,655	9,911	13,566
2023	3,244	10,426	13,670
2024 – 2028	11,865	26,120	37,985
2029 – 2033	7,454	28,180	35,634
2034 – 2038	1,482	23,612	25,094
Total	\$ <u>40,953</u>	\$ <u>122,447</u>	\$ <u>163,400</u>

<u>State Revolving Loan MDA</u>			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 10	\$ 96	\$ 106
2020	7	98	105
2021	5	71	76
2022	3	50	53
2023	3	51	54
2024 - 2028	6	161	167
Total	\$ <u>34</u>	\$ <u>527</u>	\$ <u>561</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018



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

G. LONG-TERM DEBT (Continued):

MS Development Bank Loan			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 31	\$ 294	\$ 325
2020	31	294	325
2021	31	294	325
2022	31	294	325
2023	9	87	96
2024 - 2028	5	33	38
Total	\$ <u>138</u>	\$ <u>1,296</u>	\$ <u>1,434</u>

Limited Obligation Bonds			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 235	\$ 836	\$ 1,071
2020	223	838	1,061
2021	190	621	811
2022	249	562	811
2023	361	295	656
2024 - 2028	1,055	2,089	3,144
2029 - 2033	236	2,188	2,424
Total	\$ <u>2,549</u>	\$ <u>7,429</u>	\$ <u>9,978</u>

General Fund (General Fund Revenues)

Obligation Under Capital Leases			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 209	\$ 2,021	\$ 2,230
2020	171	2,071	2,242
2021	134	1,447	1,581
2022	52	657	709
2023	87	957	1,044
2024 - 2028	239	3,023	3,262
2029 - 2033	33	1,047	1,080
Total	\$ <u>925</u>	\$ <u>11,223</u>	\$ <u>12,148</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

Fiscal Year	HUD Section 108		
	Interest	Principal	Total
2019	\$ 29	\$ 650	\$ 679
2020	29	650	679
2021	29	650	679
2022	29	650	679
2023	29	650	679
2024 - 2028	145	3,500	3,645
Total	\$ 290	\$ 6,750	\$ 7,040

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

Fiscal Year	Revenue Bonds		
	Interest	Principal	Total
2019	\$ 10,786	\$ 8,370	\$ 19,156
2020	10,457	8,705	19,162
2021	10,142	9,015	19,157
2022	9,749	9,406	19,155
2023	9,109	9,820	18,929
2024 – 2028	36,150	47,500	83,650
2029 - 2033	28,830	58,930	87,760
2034 – 2038	11,875	34,680	46,555
2039 - 2043	2,160	20,129	22,289
Total	\$ 129,258	\$ 206,555	\$ 335,813

Fiscal Year	Obligation Under Capital Leases		
	Interest	Principal	Total
2019	\$ 46	\$ 278	\$ 324
2020	40	284	324
2021	33	290	324
2022	28	167	195
2023	26	152	178
2024 – 2028	87	805	892
2029 - 2033	19	604	623
Total	\$ 279	\$ 2,581	\$ 2,860

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

<u>Fiscal Year</u>	<u>State Revolving Loans</u>		<u>Total</u>
	<u>Interest</u>	<u>Principal</u>	
2019	\$ 513	\$ 3,068	\$ 3,581
2020	470	2,605	3,075
2021	431	2,647	3,078
2022	391	2,684	3,075
2023	354	1,701	2,055
2024 – 2028	1,341	7,701	9,042
2029 – 2033	667	7,553	8,220
2034 – 2038	98	4,568	4,666
Total	\$ 4,265	\$ 32,527	\$ 36,792

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

Jackson Redevelopment Authority Urban Renewal Bonds			
<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2019	\$ 381	\$ 3,680	\$ 4,061
2020	276	560	836
2021	254	585	839
2022	231	605	836
2023	202	635	837
2024 – 2028	666	2,225	2,891
2029 - 2033	145	1,590	1,735
Total	\$ 2,155	\$ 9,880	\$ 12,035

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

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

G. LONG-TERM DEBT (Continued):

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 2018 were paid by contributions from the General Fund of \$1,290,538.

The net pension and other postemployment benefits liabilities of the governmental activities are typically liquidated by the General Fund.

There are a number of requirements contained in various revenue bond ordinances. As indicated in the Note 1(D) (15), the Water/Sewage Disposal System Fund's debt service fund, contingent fund, and operations and maintenance fund were below the required amounts at September 30, 2018.

9. Annual Maturities Requirements

The annual requirements to amortize all debt outstanding for the City and the component unit as of September 30, 2018, including interest are as follows (in thousands):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2019	\$ 38,040	\$ 4,061
2020	40,377	836
2021	39,510	839
2022	38,568	836
2023	37,361	837
2024 – 2028	141,825	2,891
2029 – 2033	135,741	1,735
2034 – 2038	76,315	-
2039 – 2043	22,289	-
Total	<u>\$ 570,026</u>	<u>\$ 12,035</u>

10. Revenue Pledge to Secure Debt

The City has pledged its share of general sales tax collected by the State of Mississippi (the State) to secure its notes payable to the State for various public improvements and utility improvement projects. The City received general sales tax revenue totaling \$28,507,897 for the current year and made principal and interest payments on the notes payable to the state totaling \$3,830,995 during the current year. As of September 30, 2018, the future principal and interest requirements for the notes payable totaled \$37 million, and the maturity dates of the notes payable extend through May, 2036.

The City has pledged incremental ad valorem tax revenues resulting from commercial development projects to secure limited obligation bonds that were issued to fund the projects. The City's incremental ad valorem tax revenues and interfund transfers received in the current year totaled \$1,013,848, and the City also received \$64,271 from Hinds county in the current year for the county's pledged portion of incremental ad valorem tax revenues. The principal and interest payments made by the City on the limit obligation bonds totaled \$681,402 during the current year. As of September 30, 2018, the future principal and interest requirements on the bonds totaled \$10 million, and the maturity dates extend through August, 2033.

The City has pledged Water/Sewage Disposal System Fund revenues, net of operating expenses, a repay revenue bonds issued for utility improvement projects. The Water/Sewage Disposal System Fund had an operating loss of \$80,520 in the current year, and the principal and interest payments made by the City on the revenue bonds totaled \$19,153,923 during the current year. As of September 30, 2018, the future principal and interest requirements for revenue bonds totaled \$336 million, and the maturity dates extend through September, 2039.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 5 – GASB 54 Fund Balance Presentation – Classification Total

The City adopted GASB Statement 54 during the year ended September 30, 2018 as such, fund balance of the governmental funds are classified by specific purpose as follows:

	<u>General Fund</u>	<u>1% Infrastructure</u>	<u>Federal Grants Special Revenue Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund Balances:					
Non Spendable:					
Public Works Supplies Inventory	\$ 781,000	\$ -	\$ -	\$ -	\$ 781,100
	<u>781,100</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781,100</u>
Restricted For:					
Public Safety	670,107	-	142,875	94,128	907,110
Public Works Projects	-	29,979,107	515,077	2,725,810	33,219,994
Human and Cultural Services	5,064	-	2,321,731	451,942	2,778,737
Capital Outlay - equipment	1,056,237	-	-	-	1,056,237
Debt Service	-	-	-	6,970,637	6,970,637
	<u>1,731,408</u>	<u>29,979,107</u>	<u>2,979,683</u>	<u>10,242,517</u>	<u>44,932,715</u>
Committed To:					
Public Safety	1,977,707	-	-	-	1,977,707
Public Works Projects	-	-	-	5,211,496	5,211,496
Human and Cultural Services	-	-	-	637,308	637,308
Employee Benefits	636	-	-	57,330	57,966
Tort Claims	4,792,868	-	-	-	4,792,868
Other Purposes	218,738	-	-	-	218,738
	<u>6,989,949</u>	<u>-</u>	<u>-</u>	<u>5,906,134</u>	<u>12,896,083</u>
Assigned To:					
Technology and Communication	1,976,279	-	-	-	1,976,279
Other Purposes	18,834	-	-	-	18,834
	<u>1,995,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,995,113</u>
Unassigned	24,355,631	-	-	(45,032)	24,310,599
Total Fund Balances	\$ 35,853,201	\$ 29,979,107	\$ 2,979,683	\$ 16,103,619	\$ 84,915,610

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information

A. RISK MANAGEMENT

1. Workers Compensation Benefits

The City maintains a self-funded workers' compensation plan accounted for in the General Fund. Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims including inflation and other factors and include provisions for estimated claims adjustment expenses. Benefits paid to employees during fiscal year 2018 were \$2,385,032.

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

2. Unemployment Benefits

The City also maintains an Unemployment Compensation Revolving Fund (Employee Benefit Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$6,000 paid each employee during the preceding year and the General Fund typically provides the necessary funding. As of September 30, 2018, the required amounts were funded. Claims totaled \$148,654 during fiscal year 2018. 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. The City's contributions are typically funded primarily by the General Fund and Water/Sewage Disposal System Fund. Revenues totaled \$17,849,736 and employee benefit costs were \$17,674,573 during fiscal year 2018. Claims incurred but not reported at September 30, 2018, in the Employees' Group Benefit Fund are provided for based on pattern of claim payments.

4. Tort Liability

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City of Jackson may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, House Bill 417 established the Mississippi Tort Claims Board. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivision to purchase liability insurance or to self-insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

The City of Jackson is in compliance by using method number three as indicated above, and the necessary funding is typically provided by the General Fund. The 2018 fiscal year budget had the monies necessary to establish the reserve fund within the General Fund at the required funding level. Estimates of the liability for unpaid claims are actuarially determined.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

A. RISK MANAGEMENT (Continued):

4. Tort Liability (Continued):

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, 2018 and 2017:

	Employees' Group Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers' Compensation Benefits
2018:				
Beginning Balance	\$ 1,145,037	\$ 3,795,133	\$ 5,103	\$ 4,827,858
Current Year Claims/Changes in Estimates	17,674,573	1,545,538	148,654	1,186,544
Claims Payments	16,752,992	566,134	153,757	2,385,032
Ending Balance	\$ <u>2,066,618</u>	\$ <u>4,774,537</u>	\$ <u>-</u>	\$ <u>3,629,370</u>
2017:				
Beginning Balance	\$ 825,821	\$ 3,741,849	\$ 14,915	\$ 5,130,185
Current Year Claims/Changes in Estimates	16,652,882	703,038	140,449	1,715,400
Claims Payments	16,333,666	649,754	150,261	2,017,727
Ending Balance	\$ <u>1,145,037</u>	\$ <u>3,795,133</u>	\$ <u>5,103</u>	\$ <u>4,827,858</u>

5. Other Risks:

Commercial insurance is obtained to protect the City from excess losses greater than \$175,000 per individual per year for medical claims in the Employees' Group Benefit Internal Service Fund.

The commercial policy also includes various amounts of additional coverage ranging from \$25,000 to \$250,000. Commercial property crime carries a limit of \$25,000 per occurrence for computer fraud, employee theft, forgery or alteration, funds transfer fraud, money and securities-inside buildings, money and securities-outside buildings. The property deductible is \$100,000; crime deductible is \$5,000; unintentional errors and omissions coverage is \$1,000,000 per occurrence; and catastrophe coverage is \$25,000,000 per occurrence. Amounts of settlements have not exceeded insurance coverage in the past three years.

B. COMMITMENTS

Federal Grants

The City participates in a number of state and federally funded grant programs, principal of which are Community Development Block Grant, Federal Highway Administration, Department of Transportation and Department of Justice grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government.

In previous years, the City had disallowed expenditures resulting from a monitoring performed by the grantor agency, U. S. Department of Housing and Urban Development, Community Development Block Grant. A settlement has been reached with the grantor to reimburse the Community Development Block Grant program with non-federal funds \$503,603 over the next fiscal year. This amount is reflected as a payable from the General Fund to the Federal Grant Special Revenue Fund, which reflects the amount as part of its liability for unearned grant revenue at September 30, 2018.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

C. WATER AND SEWER OPERATION & MAINTENANCE FUND

As specified in Section 6.03 (d) of the General Bond Resolution, a transfer may be made from the Water and Sewer Contingent Fund when a deficiency occurs in the deposit amount for the Water and Sewer Operation and Maintenance Fund. On September 30, 2018, a transfer of \$4,242,113 was made from the Water and Sewer Contingent Fund to the Water and Sewer Operation and Maintenance Fund. This transfer was specified in Section 6.03 (a) of the General Bond Resolution established in the order of priority for depositing monies received in the Water and Sewer Revenue Fund into the various Water and Sewer Funds as created by Section 6.03 of the General Bond Resolution. The Water and Sewer Operation and Maintenance Fund have first priority on revenues of the Water and Sewer System. Since the Water and Sewer Operation and Maintenance Fund had a deficiency of \$4,242,113 in meeting its deposit amount, the transfer from the Water and Sewer Contingent Fund to the Water and Sewer Operation and Maintenance Fund was made to meet the deposit amount specified in Section 6.03 (a) of the General Bond Resolution. As specified by Section 6.03 (d) of the General Bond Resolution for the Water and Sewer Contingent Fund, as of September 30, 2018, the Water and Sewer Contingent Fund was \$3,527,063 which was \$3,053,585 below the required reserve.

D. SUBSEQUENT EVENT:

Subsequent events have been evaluated through July 1, 2019, which represents the date the comprehensive annual financial report was available to be issued.

In October 2018, the City issued a Tax Increment Refinancing Revenue Bond for the Westin Hotel Project. The principal amount to be repaid is \$1,750,000 bearing interest at 3.5%. Annual repayments are to begin in March 2019 for a period of 11 years.

In September 2018, the City was approved for a loan from the Mississippi Department of Environmental Quality (MDEQ) for improvements at the Savanna Wastewater Treatment Plant. However, no proceeds had been received yet as of September 30, 2018. The principal amount available is \$30,000,000 bearing interest at 1.75%. Monthly repayments are to begin in December 2021 for a period of 237 months.

In October 2018, the City received a loan from the Mississippi Department of Environmental Quality (MDEQ) for construction of its pollution control facilities. The principal amount to be repaid is \$327,049 bearing interest at 4.0%. Monthly repayments are to begin in December 2018 for a period of 116 months.

In October 2018, the City received a loan from the Mississippi Department of Environmental Quality (MDEQ) for construction of its pollution control facilities. The principal amount to be repaid is \$340,249 bearing interest at 4.0%. Monthly repayments are to begin in December 2018 for a period of 116 months.

In October 2018, the City issued Urban Renewal Note, Series 2018-A to refund the Jackson Redevelopment Authority's Series 2015-A Note, to finance costs relating to the issuance of the Series 2018-A Note and other related costs. The principal amount to be repaid is \$2,763,000 bearing interest at 4.01%. Semi-annual repayments are to begin in May 2019 for a period of 3 years.

In April 2019, the City received a loan from the Mississippi Department of Health (MSDH) for improvements at both O.B. Curtis and J.H. Fewell Treatment Plants and distribution improvements. The principal amount to be repaid is \$10,361,920 bearing interest at 1.75%. Monthly repayments are to begin in December 2021 for a period of 237 months.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

E. CONTINGENCIES:

Litigation

The City is defendant in a number of legal actions and claims seeking actual and punitive damages. Contingencies totaling \$4,774,537 for which it is probable a loss has been incurred and are subject to reasonable estimation are recognized as liabilities in the financial statements. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect.

Water/Sewage Disposal System Fund and Sanitation Fund

The Water/Sewage Disposal System Fund had an operating loss in the year ended September 30, 2018, and its cash flows from operating activities were not sufficient to cover its debt service requirements during the year. The Sanitation Fund had both an operating loss and negative cash flows from operating activities during the year ended September 30, 2018. These conditions resulted primarily from complications experienced in the installation and operation of new water meters and a new water, sewer, and garbage customer billing system, which caused customer billing delays and inaccuracies and extended delays in collection of revenues from customers. The City has established customer payment plans and collection procedures to facilitate the collection of the past due balances from customers. To provide cash for operations and debt service while the City works to collect the past due customer balances, the General Fund advanced funds to the Water/Sewage Disposal System Fund and Sanitation Fund, and the Water/Sewage Disposal System Fund made a transfer from its revenue bond contingent fund reserve account. In addition, the City has initiated litigation against the companies that provided the software and meters and the installation thereof seeking to recover over \$225 million in damages.

Capital City Convention Center Commission

The Capital City Convention Center Commission (the Commission), which is a discretely presented component unit of the City, has a contractual obligation to provide operational funding as needed for the operations of the Jackson Convention Complex (the Complex). While initial pro forma forecasts anticipated operating losses would be incurred by the Complex from inception and funded by the Commission, lagging tax revenues due to the general economy have depleted the Commission's general and unrestricted working capital funds and have limited the Commission's resources to provide such operational funding going forward. While in the current year, the Commission's resources were increased through collection of additional revenue streams of hotel occupancy taxes and other collections, operating losses and cash shortfalls are still expected. The Commission is continuing to seek ways to alleviate this condition through budgeting and seeking additional funding sources. There is no assurance as to the availability, timing or terms of such additional funding that might be available. This condition raises substantial doubt about the Commission's ability to continue as a going concern.

F. JOINT VENTURES

The following provides the summary financial information of the Jackson/Hinds Library System as of and the year ended September 30, 2018 (in thousands):

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

F. JOINT VENTURES (CONTINUED)

<u>Jackson/Hinds Library System</u>	
Total assets	<u>637</u>
Total liabilities	266
Total fund balances	<u>371</u>
	<u>637</u>
Total revenues	4,363
Total expenditures	<u>4,458</u>
Net increase (decrease) in fund balances	<u>(95)</u>
Total long-term debt	<u>-</u>

The Jackson/Hinds Library System is funded equally by the City and Hinds County.

G. EMPLOYEES' RETIREMENT SYSTEM:

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing pension plan and an agent multi-employer pension plan as described below. The total pension expense for both plans was \$10,028,519 for the year ended September 30, 2018.

Public Employees' Retirement System

1. Plan Description and Provisions

The City of Jackson, Mississippi contributes to the Public Employees Retirement System of Mississippi ("PERS"), a cost-sharing multiple- employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the

PERS Board of Trustee's authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. A member may elect a reduced retirement allowance payable for life with the provision that, after death, a beneficiary receives benefits for life or for a specified number of years. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of PERS before July 1, 2007). PERS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (CONTINUED):

A Cost-of-Living Adjustment (COLA) payment is made to eligible retirees and beneficiaries. The COLA is equal to 3.0 percent of the annual retirement allowance for each full fiscal year of retirement up to the year in which the retired member reaches age 60 (55 for those who became members of PERS before July 1, 2011), with 3.0 percent compounded for each fiscal year thereafter.

2. Description of Funding Policy

PERS members are required to contribute 9.00% of their annual covered salary and the City of Jackson, Mississippi is required to contribute at an actuarially determined rate. The City's contribution rate was 15.75% of annual covered payroll and is typically funded primarily by the General Fund and the Water/Sewage Disposal System Fund. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The City of Jackson, Mississippi contributions (excluding amounts withheld from members' salaries) to PERS for the year ended September 30, 2018, were \$9,392,492, which was equal to the required contributions for the year, and includes \$1,112,492 payable at September 30, 2018.

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

At September 30, 2018, the City reported a liability of \$154,248,183 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the ratio of the City's contributions to the pension plan relative to contributions of all participating entities for the measurement year. At June 30, 2018, the City's proportion was 0.927364 percent, which was a decrease of 0.017134 percent from its 0.944498 percent proportion for the year ended June 30, 2017.

For the year ended September 30, 2018, the City recognized PERS pension expense of \$6,857,965. At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following:

A. Governmental Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 597,500	\$ 574,547
Net Difference between projected and actual earnings on pension plan investments	-	2,709,319
Changes of assumptions	80,418	75,280
Changes in the City's proportion	-	8,997,331
City contributions subsequent to the measurement date	2,703,279	-
Total	\$ 3,381,197	\$ 12,356,479

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

B. Business-Type Activities:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 78,711	\$ 75,687
Net Difference between projected and actual earnings on pension plan investments	-	356,910
Changes of assumptions	10,594	9,917
Changes in the City's proportion	233,975	2,114,813
City contributions subsequent to the measurement date	356,114	-
Total	\$ 679,394	\$ 2,557,327

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

Collective Deferred Outflows of Resources and Deferred Inflows of Resources. Annual changes to the net pension liability resulting from differences between expected and actual experience with regard to economic and demographic factors and from changes of assumptions about future economic or demographics factors or other inputs are deferred and amortized over the average of the expected remaining service life of active and inactive members.

At September 30, 2018, \$3,059,393 was reported as deferred outflows of resources related to pensions resulting from City PERS contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Amount
2019	\$ (5,547,727)
2021	(3,397,869)
2021	(4,273,346)
2022	(693,666)
Total	\$ (13,912,608)

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

4. Actuarial Assumptions

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary changes	3.25% – 18.50%, average, including inflation
Investment rate of return	7.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table projected with Scale BB to 2022, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2012 to June 30, 2016. The experience report is dated April 18, 2017.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U. S. Broad	27%	4.60%
International Equity	18	4.50
Emerging Markets Equity	4	4.75
Global	12	4.75
Fixed Income	18	0.75
Real Estate	10	3.50
Private Equity	8	5.10
Emerging Debt	2	2.25
Cash	1	0.00
<i>Total</i>	<u>100%</u>	

Discount Rate. The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate (9.00%) and that employer contributions will be at the former contribution rate (15.75%) through June 30, 2019 and at the current contribution rate (17.40%) thereafter. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
City's proportionate share of net pension liability	\$ 203,101,000	\$ 154,248,183	\$ 113,645,000

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

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

City's Firefighters and Police Officers Disability and Relief- Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Jackson contributes to the Municipal Retirement Systems Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At June 30, 2018, the date of the most recent actuarial verification, there were 549 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.

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

<u>Members Category</u>	<u>Pension</u>
Retirees and beneficiaries currently receive benefits	549
Former members entitled to benefits but yet receiving them	-
Former members – not entitled to benefits	-
Active members:	-
Vested	-
Non-vested	-
Total Participants	<u>549</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

Benefits Provided: Plan members who are vested and retire at or after age 65 or those who retire with at least 20 years of creditable service regardless of age are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.5% of their average compensation for each year of creditable service up to and including 20 years plus 1.7% for each additional year of creditable service over 20 years, not to exceed a total retirement allowance of 66.67% of average compensation. Average compensation is the average of the employee's earnings during the last six month period of service. A cost of living adjustment is made annually for eligible retirees and beneficiaries based on the change in the Consumer Price Index, not to exceed a total adjustment of 19.5%. MRS also provides certain death and disability benefits. In the event of death prior to retirement of any member whose spouse and/or children are not entitled to a retirement allowance, the deceased member's accumulated contributions and interest are paid to the designated beneficiary.

2. Description of Funding Policy

Under the funding policy adopted in 2011, the employer contribution rate, expressed as a millage rate tax applied to assessed property values, is established that will generate an ultimate asset reserve level equal to a reasonable percentage (initially 100% - 150%) of the next year's projected benefit payments. At that point, employer contributions are set equal to the fiscal year's projected benefit payments and adjusted as necessary to maintain the assets at the established reserve level. This calculation is performed using projected cash flow analysis using the current market value of assets as of the valuation date, a 6.5% assumption on investment earnings, and an assumption that assessed property values will remain level over time. During the year ended September 30, 2018, the City of Jackson contributed the avails of a 4.46% mill tax levy in the Disability and Relief Special Revenue Fund. The contribution requirements for MRS are established, and may only be amended, by the State of Mississippi Legislature. Annual MRS tax levy increases are limited to 1/2 mill per year. Contributions from other funds may be provided.

The City of Jackson's contributions to MRS for the year ended September 30, 2018, were \$5,464,210, which was equal to the required contributions for the year, and includes \$564,716 payable at September 30, 2018.

3. Net Pension Liability

The "Net Pension Liability" (NPL) is the difference between the "Total Pension Liability: (TPL) and the plan's "Fiduciary Net Position" (FNP). The TPL is the present value of pension benefits that are allocated to current members due to past service by entry age normal actuarial cost method. The TPL includes benefits to projected salary and service, and automatic cost of living adjustments (COLA's). In addition, ad hoc COLA's are also included in the TPL to the extent they are substantively automatic. The FNP is determined on the same basis used by the pension plan. The City's net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

<u>Net Pension Liability</u>		
Measurement Date		<u>June 30, 2018</u>
Total Pension Liability	\$	103,632,757
Fiduciary Net Pension		<u>53,979,261</u>
Net Pension Liability	\$	<u>49,653,496</u>

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

4. Schedule of Changes in Net Pension Liability

The change in Net Pension Liability, for the Disability and Relief municipal pension plan, for the fiscal year ended September 30, 2018 is as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Change in Net Pension Liability:			
Service cost	\$ -	\$ -	\$ -
Interest on the total pension liability	7,998,928	-	7,998,928
Benefit terms changes	-	-	-
Difference between expected and actual experience	(1,617,123)	-	(1,617,123)
Changes of assumptions	-	-	-
Employer's contributions	-	5,541,778	(5,541,778)
Employees' contributions	-	-	-
Pension plan net investment income	-	4,220,438	(4,220,438)
Benefit payments, including refunds of employee contributions	(11,922,045)	(11,922,045)	-
Administrative expense	-	(110,837)	110,837
Other changes	-	(3,408)	3,408
Net Changes	(5,540,240)	(2,274,074)	(3,266,166)
Net Pension Liability Beginning	109,172,997	56,253,335	52,919,662
Net Pension Liability Ending	\$ 103,632,757	\$ 53,979,261	\$ 49,653,496

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued)

5. Pension Expense

For the year ended September 30, 2018, the City recognized MRS pension expense of \$3,170,554. Pension expense recognized by the plan is as follows:

	<u>Pension Expense</u>
Service cost	\$ -
Interest on the total pension liability	7,998,928
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(1,617,123)
Expensed portion of current-period changes of assumptions	-
Members contributions	-
Projected earnings on plan investments	(4,108,103)
Expensed portion of current-period difference between actual and projected earnings on plan investments	(22,467)
Administrative expense	110,837
Other	3,408
Recognition of beginning deferred outflows of resources as pension expense	805,074
Total Pension Expense for MRS	<u>\$ 3,170,554</u>

6. Schedule of Deferred Outflows and Inflows of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2018 for the Disability and Relief municipal plan are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
City contributions subsequent to the measurement date	\$ 691,317	\$ -
Net difference between projected and actual earnings on pension plan investments	<u>273,988</u>	<u>-</u>
Total	<u>\$ 965,305</u>	<u>\$ -</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued):

At September 30, 2018, \$691,317 reported as deferred outflows of resources related to pensions resulting from city MRS contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ending September 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension at September 30, 2018 will be recognized in pension expense as follows:

Year Ended September 30	Amount
2019	\$ 782,607
2020	185,452
2021	(671,604)
2022	(22,467)
Total	\$ 273,988

7. Actuarial Assumptions

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Plan's net pension liability	\$ 57,204,055	\$ 49,653,496	\$ 43,026,191

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

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

G. EMPLOYEES' RETIREMENT SYSTEM (Continued):

8. Schedule of Assumptions

<u>Schedule of Assumptions</u>	<u>Disability and Relief Municipal Pension</u>
Valuation date	June 30, 2018
Actuarial cost method	Entry Age
Amortization method	Level dollar payment
Remaining amortization period	16 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.75% net of pension plan investment expense, including inflation at 3.00%
Projected salary increases	4.0% - 5.50%, including wage inflation at 3.25%

Mortality rates. The mortality table, for post-retirement mortality, used in evaluating allowances to be paid was the RP-2014 Healthy Annuitant Blue Collar Mortality table projected with Scale BB to 2022 with males rates set forward one year and adjusted by 106% for males at all ages and as follows for females: 90% for ages less the 76, 95% for age 76, 105% for age 78, and 1.10% for ages 79 and greater. The RP-2014 Disabled Retiree Mortality Table set forward 4 years for males and 3 years for females was used for the period after disability retirement.

The assumed rates of mortality are based on the results of the experience investigation for the four-year period ending June 30, 2017 and adopted by the MRS Board on April 25, 2017.

H. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description

The City's OPEB plan is a single-employer defined-benefit plan that provides post-employment healthcare coverage, including dental benefits, and life insurance 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 medical coverage, as applicable, which was \$325 and \$675 respectively as of September 30, 2018. Dental and life insurance benefits are provided under a fully-insured plan, and retirees pay the entire insurance premiums for these coverages. The plan was established under authority of the City Council and may be amended or abolished by council action. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75, Paragraph 4. The City funds the plan on a pay-as-you-go basis, and funding is primarily provided from the General Fund.



CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (Continued):

Employees Covered by Benefit Terms. At September 30, 2018, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	37
Inactive employees or beneficiaries entitled to but not yet receiving benefit payments	-
Active plan members	<u>1,456</u>
	<u>1,493</u>

Total OPEB Liability

The City's total OPEB liability of \$50,278,124 was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2017.

Actuarial assumptions and other inputs. The total OPEB liability as of September 30, 2018, was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	3% per annum
Healthcare cost trend rates	8% for 2018 graded down 0.5% per year to a rate of 5% for 2024 and later
Age-related morbidity	Healthcare costs are assumed to increase 3.5% for each year of age
Retirement	Retirement is assumed to occur at any age with 25 years of service
Coverage election	75% of eligible employees are assumed to elect medical coverage until age 65 upon retirement
Retirees' contributions	Retiree contributions have been assumed to increase 2.5% per year

A discount rate of 3.64% was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, high-grade, municipal bonds.

Mortality rates were based on the sex-distinct RP-2000 Combined Mortality Table with full generational improvements in mortality using Scale BB.

The actuarial assumptions used in the September 30, 2018, measurement were based on the results of an actuarial experience study for the year ended September 30, 2018.

Changes in the total OPEB liability

Changes in the total OPEB liability were as follows:

	Total OPEB Liability
Balance at September 30, 2017	\$ 46,227,169
Changes for the year:	
Service cost	2,978,551
Interest	1,778,355
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	-
Benefit payments	<u>(705,951)</u>
Net changes	<u>4,050,955</u>
Balance at September 30, 2018	\$ 50,278,124

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 6 – Other Information (Continued):

H. OTHER POSTEMPLOYMENT BENEFITS (Continued):

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1.0% Decrease (2.64%)	Discount Rate (3.64%)	1.0% Increase (4.64%)
Total OPEB liability	\$ 55,897,193	\$ 50,278,124	\$ 45,323,739

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1.0% Decrease (7% decreasing to 4%)	Healthcare Cost Trend Rates (8% decreasing to 5%)	1.0% Increase (9% decreasing to 6%)
Total OPEB liability	\$ 41,562,549	\$ 50,278,124	\$ 60,577,159

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2018, the City recognized OPEB expense of \$4,050,955. At September 30, 2018, the City reported no deferred outflows of resources or deferred inflows of resources related to OPEB.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2018

Note 7 – Prior Period Adjustment:

Correction of Error

In 2018, the City discovered errors in the amount reported for the land in the previously issued governmental-wide statement for the year ended September 30, 2017. As the result, prior period adjustments were necessary to correct the error as follows:

	As Previously Reported	Adjustment	As Restated
Governmental Activities:			
Net Position	\$ (21,392,668)	\$ 248,007	\$ (21,144,661)

Implementation of New Accounting Standard

For the year ended September 30, 2018, the City has implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

As a result, the previously reported amounts for net position as of September 30, 2017, have been restated in the accompanying financial statements to reflect the City's other post-employment benefits (OPEB) liability in accordance with GASB Statement No. 75, as follows:

	As Previously Reported	Adjustment	As Restated
Governmental Activities:			
Net Position	\$ (21,144,661)	\$ (4,991,040)	\$ (26,135,701)
Business-Type Activities:			
Water/Sewage Disposal System Fund	\$ 247,893,760	\$ (583,949)	\$ 247,309,811
Sanitation Fund	2,722,045	(68,700)	2,653,345
Nonmajor Enterprise Funds	14,123,240	(27,480)	14,095,760
Total Net Position	\$ 264,739,045	\$ (680,129)	\$ 264,058,916

The effects of this restatement on the change in net position for the year ended September 30, 2017, are not determinable.

CITY OF JACKSON
Required Supplementary Information
Schedule of Employer
Other Post-Employment Benefits (OPEB) Plan Liability
Last Fiscal Year

	<u>2018</u>
Total OPEB Liability:	
Service cost	\$2,978,551
Interest	1,778,355
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions and other inputs	-
Benefit payments	<u>(705,951)</u>
Net change in total OPEB liability	4,050,955
Total OPEB liability, beginning	<u>46,227,169</u>
Total OPEB liability, ending	<u>\$50,278,124</u>
 Covered-employee payroll	 \$48,212,878
 Total OPEB liability as a percentage of covered-employee payroll	 104.28%



CITY OF JACKSON
Notes to Required Supplementary Information – OPEB
For the Year Ended September 30, 2018

Earlier years of OPEB information: Because GASB Statement No. 75 was first implemented by the City of Jackson for the year ended September 30, 2018, all ten years of the required supplementary information in accordance with GASB Statement No. 75 was not available. Additional years of data will be added as they become available.

CITY OF JACKSON
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability and the City's Contributions
to the Public Employees Retirement System of Mississippi (PERS)
Last Four Fiscal Years

	2018	2017	2016	2015
City's proportion of the net pension liability	\$ 154,248,183	157,007,624	165,975,320	134,815,609
City's proportionate share of the net pension liability	0.927364%	0.944498%	1.073716%	1.110675%
City's covered payroll for the measurement years ended June 30th	\$ 59,634,873	60,590,070	68,688,190	69,388,616
City's proportionate share of the net pension liability as a percentage of its covered payroll	258.65%	259.13%	241.64%	194.29%
Plan fiduciary net position as a percentage of the total pension liability	62.54%	61.49%	57.47%	61.70%

	2018	2017	2016	2015
Contractually required Contributions	\$ 9,392,492	9,523,772	10,201,773	11,504,087
Actual Contributions	9,392,492	9,523,772	10,201,773	11,504,087
Contribution deficiency (excess)	\$ -	-	-	-
City's covered payroll for fiscal year ended September 30th	\$ 59,634,873	60,468,391	64,753,114	69,494,819
Contributions as a percentage of covered payroll	15.75%	15.75%	15.75%	15.75%

CITY OF JACKSON
Notes to Required Supplementary Information – PERS
For the Year Ended September 30, 2018

Changes of pension assumptions:

2017:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Mortality Table projected with Scale BB to 2022. Small adjustments were also made to the Mortality Table for disabled lives.
- The wage inflation assumption was reduced from 3.75% to 3.25%.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The percentage of active member disabilities assumed to be in the line of duty was increased from 6% to 7%.

2016:

- The assumed rate of interest credited to employee contributions was changed from 3.5% to 2.0%.

2015:

- The expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015.
- The expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015.
- Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience.
- The assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience.
- The price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and from 8.00% to 7.75%, respectively.

Changes in pension benefit provision:

2016:

- Effective July 1, 2016, the interest rate on employee contributions shall be calculated based on the money market rate as published by the Wall Street Journal on December 31 of each preceding year with a minimum rate of one percent and a maximum rate of five percent.

Earlier years of pension information: Because GASB statement no. 68 was first implemented by the City of Jackson for the year ended September 30, 2015, all ten years of the required supplementary information in accordance with GASB statement no. 68 was not available. Additional years of data will be added as they become available.

CITY OF JACKSON
Required Supplementary Information
Schedule Of Employer Net Pension Liability and the City's Contributions
to the Fire and Police Disability and Relief Fund (MRS)
Last Four Fiscal Years

	2018	2017	2016	2015
Actuarially determined contribution	5,464,210	5,247,946	5,099,714	5,544,877
Annual Contributions	5,464,210	5,247,946	5,099,714	5,544,877
Contribution deficiency (excess)	-	-	-	-
City's covered payroll	N/A	N/A	N/A	N/A
Contribution as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

CITY OF JACKSON
Required Supplementary Information
Schedule of Employer Net Position Liability and the City's Contributions to the Fire and Police
Disability and Relief Fund (MRS)
Last Four Fiscal Years

	2018	2017	2016	2015
Total pension liability				
Service Cost	\$ -	\$ -	\$ -	\$ -
Interest	7,998,928	8,297,602	8,619,793	8,901,563
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,617,123)	(305,474)	(462,872)	(91,754)
Changes of assumptions	-	213,769	-	3,676,246
Benefit payments, including refunds of employee contributions	(11,922,045)	(12,197,472)	(12,430,953)	(12,633,969)
Net change in total pension liability	(5,540,240)	(3,991,575)	(4,274,032)	(147,914)
Total pension liability - beginning	109,172,997	113,164,572	117,438,604	117,586,518
Total pension liability - ending (a)	\$ 103,632,757	\$ 109,172,997	\$ 113,164,572	\$ 117,438,604
Plan fiduciary net position				
Contributions - employer	\$ 5,541,778	\$ 5,247,946	\$ 5,099,714	\$ 5,544,877
Contributions - member	-	2,363	6,022	4,750
Net investment income	4,220,438	7,314,024	306,774	2,166,108
Benefit payments, including refunds of employee contributions	(11,922,045)	(12,197,472)	(12,430,953)	(12,633,969)
Administrative Expense	(110,837)	(104,958)	(101,994)	(114,673)
Other	(3,408)	(29,110)	175,260	-
Net change in plan fiduciary net position	(2,274,074)	232,793	(6,945,177)	(5,032,907)
Plan net position - beginning	56,253,335	56,020,542	62,965,719	67,998,626
Plan net position - ending (b)	\$ 53,979,261	\$ 56,253,335	\$ 56,020,542	\$ 62,965,719
Net pension liability - ending (a) - (b)	\$ 49,653,496	\$ 52,919,662	\$ 57,144,030	\$ 54,472,885
Plan fiduciary net position as a percentage of the total pension liability	52.09%	51.53%	49.50%	53.62%
Covered payroll *	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll*	N/A	N/A	N/A	N/A

*Payroll-related information is not provided because the plan is closed to new entrants and there are very few remaining active members.

CITY OF JACKSON
Notes to Required Supplementary Information – MRS
For the Year Ended September 30, 2018

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for the fiscal year ending September 30, 2018 were based on the June 30, 2016 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Ultimate asset reserve
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Five-year smoothed market
Inflation	3.00%
Salary increases	4.0%-5.5%, including inflation at 3.00%
Investment rate of return	7.75%, net of pension plan investment expenses, including inflation at 3.75%

The following changes in actuarial assumptions or methods were made:

2017: Assumed rates of mortality have been revised to reflect the results of the experience investigation for the four-year period ending June 30, 2016 and adopted by the Board on April 25, 2017.

2016: None

2015: The post-retirement mortality tables have been changed.

The price of inflation assumption has been reduced from 3.50% to 3.00%.

The real rate of return net of investment expenses has been changed from 4.50% to 4.75%. Due to this change and the change in price inflation, the investment return assumption has been changed from 8.00% to 7.75%.

Earlier years of pension information: Because GASB statement no.68 was first implemented by the City of Jackson for the year ended September 30, 2015, all ten years of the required supplementary information in accordance with GASB Statement No. 68 was not available. Additional years of data will be added as they become available.



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City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
GENERAL FUND (001,002,003,004,010,011,159,300,305)				
REVENUES				
Licenses and Permits:				
Privilege Licenses	\$ 375,432	\$ 375,432	\$ 358,812	\$ (16,620)
Building Permits	821,705	821,705	813,843	(7,862)
A/C & Duct Permits	42,722	42,722	49,957	7,235
Plumbing Permits	35,463	35,463	31,002	(4,461)
Electric Permits	139,900	139,900	161,120	21,220
Gas Permits	25,901	25,901	22,316	(3,585)
Maintenance Fees	8,604	8,604	7,471	(1,133)
Landscape Permits	154	154	130	(24)
Historic Preservation	1,326	1,326	1,680	354
Dance Hall & Rec Fees	6,812	6,812	4,095	(2,717)
Transit Merchants	2,825	2,825	1,500	(1,325)
Aircraft Registration Fees	7,765	7,765	12,652	4,887
Boarding, Lodging, Rooming License	343	343	-	(343)
Adult Entertainment License	10,507	10,507	2,889	(7,618)
Special Event Fee	10,183	10,183	10,190	7
Sign -Misc.	5,170	5,170	5,570	400
Sign Permits	36,374	36,374	35,380	(994)
Sign Registration	10,108	10,108	9,380	(728)
Signs Temporary	3,994	3,994	2,460	(1,534)
Fire Inspections Permits	15,731	15,731	19,875	4,144
Commercial Burn Permit	400	400	950	550
Comb. & Flam. Liquid Permit	9,755	9,755	8,700	(1,055)
Fireworks Display Permit	615	615	900	285
Zoning Permits	34,359	34,359	38,273	3,914
Taxicab License Fees	2,063	2,063	580	(1,483)
Annual Vehicle Inspection	2,573	2,573	-	(2,573)
TOTAL LICENSES & PERMITS	1,610,784	1,610,784	1,599,725	(11,059)
Fines and Forfeitures:				
Misdemeanor Fines	425,722	425,722	283,720	(142,002)
Vehicle Parking Fines	68,597	68,597	49,189	(19,409)
Moving Traffic Violations	1,062,777	1,062,777	697,273	(365,504)
City Court Cost	9,104	9,104	6,123	(2,981)
Warrant Fee	94,687	94,687	68,038	(26,649)
Animal Control Citations	261	261	321	60
Municipal Court Computer	14,699	14,699	9,109	(5,590)
Municipal Court Driver Impr Fee	13,543	13,543	35	(13,508)
Administrative Fee - Del C	254,498	254,498	178,596	(75,902)
Contempt Fee - Municipal Court	46,944	46,944	51,354	4,410
Computerized Crime Prevention- Police	16,563	16,563	10,401	(6,162)
Municipal Court Enhancement	149,575	203,075	93,338	(109,737)
Jackson Enhancement Fee	74,817	74,817	46,676	(28,141)
Bad Check Fees	1,114	1,114	580	(534)
Daily Storage Fee - Vehicle	47,170	47,170	58,775	11,605
Wrecker Fee	90,400	90,400	69,450	(20,950)
Expungement Fee - Municipal	6,700	6,700	8,250	1,550

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
Drug Court	-	-	1,150	1,150
Jackson Collection Fee	108,982	108,982	49,129	(59,853)
Docket Fee - Municipal Court	101,281	101,281	65,982	(35,299)
Dropped Charge Fee - Mun Court	2,350	2,350	1,200	(1,150)
Cash Bond Clearing Account	2,594	2,594	(5,946)	(8,540)
Rearrangement Fee - Mun Court	15,261	15,261	10,208	(5,053)
TOTAL FINES AND FORFEITURES	2,607,639	2,661,139	1,752,951	(908,188)

REVENUES

INTERGOVERNMENTAL REVENUE

FEDERAL

Police Overtime - FBI/DEA Grant	38,503	38,503	59,877	21,374
DEA - MS Gulf Coast (HIDTA)	26,806	26,806	23,093	(3,713)
DEA - Asset & Forfeiture	74,754	74,754	31,756	(42,998)
TOTAL INTERGOVERNMENTAL - FEDERAL	140,063	140,063	114,726	(25,337)

STATE

Alcohol Permits - ABC	270,746	270,746	331,219	60,473
Gasoline Tax	37,905	37,905	593,951	556,046
Municipal Revolving Fund	89,931	89,931	86,528	(3,403)
State Fire Protection	1,011,834	1,011,834	990,468	(21,366)
Pro-Rata State Sales Tax	30,101,511	30,101,511	25,765,530	(4,335,981)
Sewer Grant Repmt - Sales	-	-	2,742,367	2,742,367
Homestead Exemption	1,606,840	1,606,840	1,714,343	107,503
Homestead Exemption Charge	13,101	13,101	16,525	3,424
Wireless Radio Communication	-	84,071	168,141	84,070
Bus & Truck Privilege Tax	351,194	351,194	409,991	58,797
MDOT-Litter Pickup-JPD	16,025	16,025	11,419	(4,606)
MS- National Park Service	-	-	11,745	11,745
TOTAL INTERGOVERNMENTAL - STATE	33,499,087	33,583,158	32,842,228	(740,930)

LOCAL

Pro-Rata County Road Tax	585,255	585,255	597,224	11,969
Smith Robertson museum	6,942	6,942	6,516	(426)
TOTAL INTERGOVERNMENTAL - LOCAL	592,197	592,197	603,740	11,543

ADMISSIONS, FEES, RENTALS

Parking Meters	200,000	200,000	136,543	(63,457)
Local Records Fee	4,261	4,261	3,676	(585)
Mun Aud-Mezzanine Rent	431	431	-	(431)
Mun Aud-Thalia Mara Hall Rent	139,593	139,593	211,424	71,831
Mun Auditorium - Green Room Rent	465	465	-	(465)
Mun Auditorium - Concession	2,053	2,053	-	(2,053)
Smith Robertson Museum - Donation	2,564	2,564	550	(2,014)

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
HUMAN & CULTURAL SERVICES				
EXPENDITURES				
Personnel Services	1,192,548	1,412,593	1,267,782	(144,811)
Supplies	106,885	86,449	46,131	(40,318)
Other Services & Charges	2,493,069	3,239,540	2,409,878	(829,662)
Capital Outlay	370,202	406,852	-	(406,852)
Debt Services	-	-	523,221	523,221
Total Expenditures	4,162,704	5,145,434	4,247,012	(898,422)
PERSONNEL				
EXPENDITURES				
Personnel Services	659,485	749,837	686,279	(63,558)
Supplies	14,556	14,556	4,285	(10,271)
Other Services & Charges	125,969	125,969	47,058	(78,911)
Debt Services	-	-	72,577	72,577
Total Expenditures	800,010	890,362	810,199	(80,163)
ADMINISTRATION				
EXPENDITURES				
Personnel Services	5,845,037	6,452,869	6,117,847	(335,022)
Supplies	977,076	998,628	817,218	(181,410)
Other Services & Charges	4,489,202	4,921,632	4,447,799	(473,833)
Capital Outlay	795,384	1,056,573	212,782	(843,791)
Debt Services	-	-	60,575	60,575
Total Expenditures	12,106,699	13,429,702	11,656,221	(1,773,481)
GENERAL GOVERNMENT				
EXPENDITURES				
Personnel Services	4,531,626	5,073,135	4,686,615	(386,520)
Supplies	276,990	481,618	323,385	(158,233)
Other Services & Charges	23,493,002	14,896,760	1,621,253	(13,275,507)
Capital Outlay	9,075	9,673	-	(9,673)
Debt Services	-	-	791,191	791,191
Total Expenditures	28,310,693	20,461,186	7,422,444	(13,038,742)
Transfers Out	-	-	9,674,537	9,674,537
Ending Fund Balance	-	-	23,664,509	23,664,509
Total General Fund Expenditures and Ending Fund Balance	\$ 121,750,051	\$ 123,982,979	\$ 134,643,849	\$ 10,660,870

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
STATE TORT CLAIMS FUND (018)				
REVENUES				
Interest Earned on Investments	\$ -	\$ -	\$ 58,013	58,013
Interest Earned on Repos	-	609	623	14
Beginning Fund Balance	3,917,717	3,917,717	4,801,217	883,500
Appropriation from General Fund	500,000	500,000	500,000	-
Total Revenues	\$ 4,417,717	\$ 4,418,326	\$ 5,359,853	941,527
EXPENDITURES				
Other Services and Charges	\$ 4,417,717	\$ 4,418,326	\$ 566,984	(3,851,342)
Ending Fund Balance	-	-	4,792,869	4,792,869
Total Expenditures and Ending Fund Balance	\$ 4,417,717	\$ 4,418,326	\$ 5,359,853	\$ 941,527

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

GENERAL FUND

This budgetary statement represents a modified General Fund. Certain other funds are combined with the General Fund for financial reporting purposes. For managerial purposes, the City treats the General Fund and State Tort Fund separately. However, the latter does not meet the criteria of a major fund as set forth by GASB and for reporting purposes is presented in combination with the General Fund in order to comply with GAAP. However, the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual compares the General Fund and State Tort Fund as adopted in the budget along with the related revenues and expenditures. It does not separately reflect the budget or actual data for other individual funds captured within the General Fund. The table below shows the combination of the General Fund and the State Tort Fund.

	General Fund	State Tort Claims Fund	Eliminations	Combined General Fund
REVENUES				
General property taxes	\$ 62,468,873	\$ -	\$ -	\$ 62,468,873
Franchise taxes	7,509,904	-	-	7,509,904
Licenses and permits	1,587,072	-	-	1,587,072
Intergovernmental	36,042,112	-	-	36,042,112
Fines and forfeitures	1,752,950	-	-	1,752,950
Admissions, fees, rentals and concessions	4,627,712	-	-	4,627,712
Interest	142,541	58,636	-	201,177
Other	3,060,282	-	-	3,060,282
Total revenues	117,191,446	58,636	-	117,250,082
EXPENDITURES				
Current:				
General government	26,940,250	566,984	-	27,507,234
Public safety	55,122,786	-	-	55,122,786
Public works	9,795,470	-	-	9,795,470
Human and Cultural services	3,723,791	-	-	3,723,791
Debt Service:				
Principal	3,677,703	-	-	3,677,703
Interest and service charges	426,862	-	-	426,862
Capital outlay:				
General government	235,785	-	-	235,785
Public works	21,906	-	-	21,906
Public safety	1,360,250	-	-	1,360,250
Total expenditures	101,304,803	566,984	-	101,871,787
Excess (deficiency) of revenues over (under) expenditures	15,886,643	(508,348)	-	15,378,295
OTHER FINANCING SOURCES (USES)				
Transfers in	-	500,000	(500,000)	-
Transfers out	(9,674,537)	-	500,000	(9,174,537)
Proceeds from long-term debt	1,056,237	-	-	1,056,237
Sale of capital assets	579,178	-	-	579,178
Total other financing sources (uses)	(8,039,122)	500,000	-	(7,539,122)
Net change in fund balances	7,847,521	(8,348)	-	7,839,173
Fund balances at beginning of year	23,212,811	4,801,217	-	28,014,028
Fund balances at end of year - GAAP basis	31,060,332	4,792,869	-	35,853,201
Reconciliation of Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual				
Amounts reported for general fund activities under the budgetary basis are different from the amounts reported under the GAAP basis because:				
Revenues recognized on the budgetary basis for the general fund are recognized when cash is received				
	(7,395,823)			(7,395,823)
Fund balances at end of year - budgetary basis	\$ 23,664,509	\$ 4,792,869	\$ -	\$ 28,457,378



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City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

Smith Robertson Museum - Admissions	4,086	4,086	7,104	3,018
Smith Robertson Mus - Room Rent	2,645	2,645	6,025	3,380
Senior Center Reservation	2,162	2,162	1,984	(178)
Smith Robertson - Gift Shop	632	632	556	(76)
Arts CTR - Concessions	9,208	9,208	8,418	(790)
Arts CTR - Rent on Community	470	470	-	(470)
Planetarium - Admission Tax Ex.	16,750	16,750	9,279	(7,471)
Planetarium - Admissions	16,505	16,505	(757)	(17,262)
Planetarium - Misc. Income	150	150	-	(150)
Planetarium - Special Programs	3,809	3,809	1,150	(2,659)
Planetarium - Discovery Shop	648	648	(221)	(869)
Carnival Inspection Fee	10	10	50	40
Daycare Fire Inspection-AF	5,916	5,916	5,110	(806)
Fire Water Flow Test Fee	2,150	2,150	3,400	1,250
Fire Reports & etc.	10,706	10,706	15,400	4,694
Accident Report Fee	111,301	111,301	97,615	(13,686)
Background Check Fee	8,481	8,481	13,460	4,979
Bail Bondsman Mug Shot Fee	33	33	-	(33)
Bail Bondsman ID Card Fee	233	233	-	(233)
Fingerprinting	15,580	15,580	27,485	11,905
Verification of Record Fee	24,907	24,907	16,154	(8,753)
Bail Bondsman Applicant	90	90	135	45
Telecommunication Franchise Agreement	621,019	621,019	518,845	(102,174)
Rents and Royalties	11,096	11,096	11,100	4
Tower Rentals	3,197,970	3,197,970	3,715,569	517,599
Rent Pistol Range	3,564	3,564	737	(2,827)
Police Academy Rental	-	-	132	132
Sprinkler-Hydro Static-Pump	456	456	780	324
Fire Alarm Acceptance Test	306	306	600	294
Fire Re-Inspection	1,510	1,510	500	(1,010)
Fire Knox Box	15	15	-	(15)
Fire Gas Line & Tank Accp	12	12	-	(12)
Fire Suppression System Test	168	168	870	702
Outdoor Advertising	12,169	12,169	11,970	(199)
Rental Fee - Fire Museum	32	32	250	218
School Tours Fee - Fire Museum	154	154	1,833	1,679
Total Admissions, Fees and Rentals	4,434,310	4,434,310	4,827,725	393,415
Interest Revenues:				
Interest Earned on Investments	1,267	1,763	3,220	1,457
Interest Earned on Repos	43,049	49,249	139,323	90,074
Total Interest Earned on Investments	44,316	51,012	142,543	91,531

Revenues

Miscellaneous Income:

Public Utility Franchise Fee	4,465,894	4,465,894	4,789,640	323,746
Franchise Cable Television	1,492,669	1,492,669	1,228,885	(263,784)
Nuclear Power Plants	1,608,915	1,608,915	1,604,810	(4,105)
In-Lieu- Of Property Tax	-	-	77,083	77,083
IRS Refund - 941	-	-	1,326	1,326
Water/Sewer Franchise Fee	844,440	844,440	972,534	128,094
Time Warner-PA/GA Operation Fund	100,667	100,667	78,561	(22,106)
Sale of Land	51,694	51,694	117,609	65,915

City of Jackson
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
POLICE				
EXPENDITURES				
Personnel Services	\$ 26,705,790	\$ 30,340,925	\$ 28,946,585	\$ (1,394,340)
Supplies	2,149,946	2,545,871	2,221,268	(324,603)
Other Services & Charges	3,166,009	3,254,612	2,855,662	(398,950)
Capital Outlay	2,186,652	2,368,652	1,360,250	(1,008,402)
Debt Services	-	-	921,089	921,089
Total Expenditures	34,208,397	38,510,060	36,304,854	(2,205,206)

FIRE				
EXPENDITURES				
Personnel Services	17,588,168	20,560,092	19,898,904	(661,188)
Supplies	641,426	704,366	561,151	(143,215)
Other Services & Charges	1,055,136	1,113,050	639,216	(473,834)
Capital Outlay	904,322	904,322	-	(904,322)
Debt Services	-	-	845,992	845,992
Total Expenditures	20,189,052	23,281,830	21,945,263	(1,336,567)

PUBLIC WORKS				
EXPENDITURES				
Personnel Services	6,570,619	7,269,125	6,157,240	(1,111,885)
Supplies	1,665,116	1,667,984	1,360,488	(307,496)
Other Services & Charges	2,602,883	2,602,287	2,277,742	(324,545)
Capital Outlay	1,845,042	1,845,042	21,906	(1,823,136)
Debt Services	-	-	889,920	889,920
Total Expenditures	12,683,660	13,384,438	10,707,296	(2,677,142)

PLANNING & DEVELOPMENT				
EXPENDITURES				
Personnel Services	1,768,770	2,053,501	1,768,507	(284,994)
Supplies	53,598	74,619	47,952	(26,667)
Other Services & Charges	7,466,468	6,720,265	6,372,052	(348,213)
Capital Outlay	-	31,582	23,003	(8,579)
Total Expenditures	9,288,836	8,879,967	8,211,514	(668,453)

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
SENIOR AIDES FUND (012)				
REVENUES				
NCSC Senior Aides	\$ 453,734	\$ 475,119	\$ 445,425	(29,694)
Interest on Investments	-	26	26	-
Transfer In/From General Fund	58,477	79,579	79,085	(494)
Beginning Fund Balance	-	-	(93,370)	(93,370)
Total Revenues and Beginning Fund Balance	\$ 512,211	\$ 554,724	\$ 431,166	(123,558)
EXPENDITURES				
Personnel Services	\$ 493,871	\$ 545,764	\$ 533,077	(12,687)
Supplies	7,031	4,499	4,172	(327)
Other Services and Charges	7,029	4,000	3,084	(916)
Capital Outlay	4,280	461	-	(461)
Ending Fund Balance	-	-	(109,167)	(109,167)
Total Expenditures and Ending Fund Balance	\$ 512,211	\$ 554,724	\$ 431,166	(123,558)
FEDERAL GRANT FUND (019, 063, 069, 083, 084, 087, 103, 106, 117, 119, 139, 360)				
REVENUES				
Interest Income	\$ -	\$ -	\$ 361	361
Transfers from other Funds	-	-	322,500	322,500
Beginning Fund Balance	-	-	1,075,651	1,075,651
Total Revenues and Beginning Fund Balance	\$ -	\$ -	\$ 1,398,512	1,398,512
EXPENDITURES				
Ending Fund Balance	-	-	1,398,512	1,398,512
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 1,398,512	1,398,512
EDI - FARISH STREET HISTORIC - MEDGAR EVERS (067)				
REVENUES				
EDI- Farish Street	\$ 697,945	\$ -	\$ -	-
Total Revenues	\$ 697,945	\$ -	\$ -	-
EXPENDITURES				
Other Services and Charges	\$ 210,345	\$ -	\$ -	-
Capital Outlay	487,600	-	-	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 697,945	\$ -	\$ -	-

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
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COPS TECHNOLOGY GRANT (072)

REVENUES

Cops Technology Grant	\$ 83,404	\$ 83,404	\$ 80,073	(3,331)
Total Revenues	\$ 83,404	\$ 83,404	\$ 80,073	(3,331)

EXPENDITURES

Supplies	\$ -	\$ -	\$ 80,073	\$ 80,073
Capital Outlay	83,404	83,404	-	(83,404)
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 83,404	\$ 83,404	\$ 80,073	\$ (3,331)

EARLY CHILDHOOD FUND (081)

REVENUES

USDA Food Revenue (Daycare)	\$ 263,500	\$ 245,223	\$ 203,711	(41,512)
OCY- Partnership	868,302	868,302	655,069	(213,233)
Interest on Investments	-	941	1,539	598
Other Revenues	109,000	109,000	129,017	20,017
Operating In/From General Fund	241,416	412,681	404,601	(8,080)
Beginning Fund Balance	-	-	348,449	348,449
Total Revenues and Beginning Fund Balance	\$ 1,482,218	\$ 1,636,147	\$ 1,742,386	106,239

EXPENDITURES

Personal Services	\$ 1,233,064	\$ 1,404,329	\$ 1,247,704	(156,625)
Supplies	163,190	160,854	127,292	(33,562)
Other Services and Charges	84,614	66,614	49,331	(17,283)
Capital Outlay	1,350	4,350	-	(4,350)
Ending Fund Balance	-	-	318,059	318,059
Total Expenditures and Ending Fund Balance	\$ 1,482,218	\$ 1,636,147	\$ 1,742,386	106,239

CDBG FUND (085)

REVENUES

Transfer In from General Fund	\$ -	\$ 41,968	\$ 40,095	(1,873)
CDBG - Housing & Community Development Grant	3,848,915	4,270,854	1,388,812	(2,882,042)
City Matching Funds	-	487,377	-	(487,377)
Lead Based Hazard Grant	-	1,375,088	202,822	(1,172,266)
Interest on Investments	-	13,128	5,122	(8,006)
Program Income/Other Department	-	29,811.00	24,642	(5,169)
Beginning Fund Balance	-	-	(487,867)	(487,867)
Total Revenues and Beginning Fund Balance	\$ 3,848,915	\$ 6,218,226	\$ 1,173,626	(5,044,600)

EXPENDITURES

Personal Services	\$ 613,542	\$ 825,724	\$ 604,239	(221,485)
Supplies	18,138	78,358	4,696	(73,662)
Other Services and Charges	3,212,036	5,308,945	702,542	(4,606,403)
Capital Outlay	5,199	5,199	33,187	27,988
Ending Fund Balance	-	-	(171,038)	(171,038)
Total Expenditures and Ending Fund Balance	\$ 3,848,915	\$ 6,218,226	\$ 1,173,626	(5,044,600)

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
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EMERGENCY SHELTER GRANT (086)

REVENUES

Emergency Shelter Grant	\$ 173,534	\$ 376,634	\$ 225,093	(151,541)
Interest Earned on Repo	-	8	8	-
Beginning Fund Balance	-	-	(76,579)	(76,579)
Total Revenues and Beginning Fund Balance	\$ 173,534	\$ 376,642	\$ 148,522	(228,120)

EXPENDITURES

Personal Services	\$ 31,386	\$ 31,386	\$ 16,789	(14,597)
Other Services and Charges	142,148	345,256	157,764	(187,492)
Ending Fund Balance	-	-	(26,031)	(26,031)
Total Expenditures and Ending Fund Balance	\$ 173,534	\$ 376,642	\$ 148,522	(228,120)

METRO MEDICAL RESPONSE SYSTEM (093)

REVENUES

DHHS - MMRS	\$ -	\$ -	\$ -	-
MMRS Grant-Metro Med Response	67,198	25,198	-	(25,198)
Interest on Investment	-	57	95	38
Beginning Fund Balance	-	-	20	20
Total Revenues and Beginning Fund Balance	\$ 67,198	\$ 25,255	\$ 115	(25,140)

EXPENDITURES

Supplies	\$ 105	\$ 105	\$ -	(105)
Other Services and Charges	66,445	24,445	-	(24,445)
Capital Outlay	648	705	-	(705)
Ending Fund Balance	-	-	115	115
Total Expenditures and Ending Fund Balance	\$ 67,198	\$ 25,255	\$ 115	(25,140)

HOME PROGRAM (120)

REVENUES

Home Program	\$ 2,237,507	\$ 2,237,507	\$ 451,651	(1,785,856)
Interest Earned on Investments	-	74	109	35
Other Revenue	-	7,200	7,200	-
Beginning Fund Balance	-	-	(181,831)	(181,831)
Total Revenues and Beginning Fund Balance	\$ 2,237,507	\$ 2,244,781	\$ 277,129	(1,967,652)

EXPENDITURES

Personnel Services	\$ 118,265	\$ 118,265	\$ 99,990	(18,275)
Supplies	4,800	17,074	901	(16,173)
Other Services and charges	2,114,442	2,109,442	161,255	(1,948,187)
Capital Outlay	-	-	-	-
Ending Fund Balance	-	-	14,983	14,983
Total Expenditures and Ending Fund Balance	\$ 2,237,507	\$ 2,244,781	\$ 277,129	(1,967,652)

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City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
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HOPWA GRANT FUND (122)

REVENUES

HOPWA Grant-Dept. of HUD	\$ 5,400,888	\$ 5,400,888	\$ 2,549,989	(2,850,899)
Beginning Fund Balance	-	-	(211,044)	(211,044)
Total Revenues and Beginning Fund Balance	\$ 5,400,888	\$ 5,400,888	\$ 2,338,945	(3,061,943)

EXPENDITURES

Personnel Services	\$ 137,474	\$ 137,474	\$ 54,365	(83,109)
Supplies	3,000	3,000	386	(2,614)
Other Services and charges	5,260,414	5,260,414	2,536,405	(2,724,009)
Ending Fund Balance	-	-	(252,211)	(252,211)
Total Expenditures and Ending Fund Balance	\$ 5,400,888	\$ 5,400,888	\$ 2,338,945	(3,061,943)

TITLE III AGING (125)

REVENUES

Title IIIB Outreach	\$ 10,000	\$ 10,000	\$ 10,000	-
Title IIIB Transportation	125,115	125,115	125,115	-
Title III Congregate Meals	80,666	80,666	80,666	-
SSBG Title XX Home Delivery	262,200	262,200	263,727	1,527
Interest Earned on Repos	-	2,737	4,621	1,884
Senior Citizens Special Events	-	-	5,316	5,316
Title III Congregate Donation	5,000	5,000	4,026	(974)
Other	-	-	3,879	3,879
Title XX-Transportation Donation P.I.	3,000	3,000	632	(2,368)
Transfer In/From General Fund	325,637	417,733	415,938	(1,795)
Beginning Fund Balance	-	-	1,105,204	1,105,204
Total Revenues and Beginning Fund Balance	\$ 811,618	\$ 906,451	\$ 2,019,124	1,112,673

EXPENDITURES

Personnel Services	\$ 140,475	\$ 163,814	\$ 159,660	(4,154)
Supplies	345,938	417,432	406,776	(10,656)
Other Services and charges	325,205	325,205	325,183	(22)
Ending Fund Balance	-	-	1,127,505	1,127,505
Total Expenditures and Ending Fund Balance	\$ 811,618	\$ 906,451	\$ 2,019,124	1,112,673

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
AMERICORPS (134)				
REVENUES				
AmeriCorps Capital City Rebuild	-	-	16,900	16,900
Interest Earned on Investment	-	-	341	341
Other	-	-	23,682	23,682
Transfer In/From General Fund	-	-	-	-
Transfer IN/From CDBG	-	-	-	-
Beginning Fund Balance	-	-	52,147	52,147
Total Revenues and Beginning Fund Balance	\$ -	\$ -	\$ 93,070	93,070
EXPENDITURES				
Ending Fund Balance	-	-	93,070	93,070
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 93,070	93,070

EDI - SPECIAL PROJECT (185)

REVENUES				
EDI-Special Project	\$ 82,958	\$ -	\$ -	-
Total Revenues	\$ 82,958	\$ -	\$ -	-
EXPENDITURES				
Other Services and Charges	\$ 82,958	\$ -	\$ -	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	\$ 82,958	\$ -	\$ -	-

ED BYRNE MEMORIAL GRANT FUND (353, 356, 359)

REVENUES				
Edward Byrne Mem Justice Grant	\$ 684,451	\$ 684,451	\$ 264,534	(419,917)
Total Revenues	\$ 684,451	\$ 684,451	\$ 264,534	(419,917)
EXPENDITURES				
Supplies	\$ 33,600	\$ 33,600	\$ 132,288	98,688
Other Services and charges	174,286	174,286	157,828	(16,458)
Capital Outlay	476,565	476,565	132,246	(344,319)
Ending Fund Balance	-	-	(157,828)	(157,828)
Total Expenditures and Ending Fund Balance	\$ 684,451	\$ 684,451	\$ 264,534	(419,917)

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
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KABOOM GRANT-PLAYGROUND EQUIPMENT (354)

REVENUES

KABOOM-Playground Equipment	\$ 102,632	\$ 38,151	\$ -	(38,151)
Beginning Fund Balance	-	-	29,887	29,887
Total Revenues and Beginning Fund Balance	\$ 102,632	\$ 38,151	\$ 29,887	(8,264)

EXPENDITURES

Other Services and Charges	102,632	38,151	-	(38,151)
Ending Fund Balance	-	-	29,887	29,887
Total Expenditures and Ending Fund Balance	\$ 102,632	\$ 38,151	\$ 29,887	(8,264)

SAMHSA - 1 U79 SMO61630-01 (355)

REVENUES

Transfers In from General Fund	\$ -	\$ 7,036	\$ 6,914	(122)
City Matching Funds	848,162	848,162	848,179	17
SAMHSA - 1 U79 SMO61630-01	848,162	848,162	849,136	974
Beginning Fund Balance	-	-	(5,183)	(5,183)
Total Revenues and Beginning Fund Balance	\$ 1,696,324	\$ 1,703,360	\$ 1,699,046	(4,314)

EXPENDITURES

Personnel	\$ 79,189	\$ 86,225	\$ 83,070	(3,155)
Supplies	2,180	2,180	2,039	(141)
Other Services and Charges	1,614,955	1,614,955	1,607,674	(7,281)
Ending Fund Balance	-	-	6,263	6,263
Total Expenditures and Ending Fund Balance	\$ 1,696,324	\$ 1,703,360	\$ 1,699,046	(4,314)

TIGER GRANT (357)

REVENUES

Tiger Grant	\$ 15,832,084	\$ 18,832,084	\$ 5,855,538	(12,976,546)
Interest Earned on Investment	-	87	435	348
Beginning Fund Balance	-	-	(263,578)	(263,578)
Total Revenues and Beginning Fund Balance	\$ 15,832,084	\$ 18,832,171	\$ 5,592,395	(13,239,776)

EXPENDITURES

Other Services and Charges	\$ 15,832,084	\$ 18,832,171	\$ -	(18,832,171)
Capital Outlay	-	-	6,610,385	6,610,385
Ending Fund Balance	-	-	(1,017,990)	(1,017,990)
Total Expenditures and Ending Fund Balance	\$ 15,832,084	\$ 18,832,171	\$ 5,592,395	(13,239,776)

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

For managerial and budgeting purposes, the City maintains multiple special revenue funds for federal grants that it treats separately. However, these separate federal grant funds do not meet the criteria for separate fund presentation as set forth by GASB and for reporting purposes are presented together as a single Federal Grants Special Revenue Fund in order to comply with GAAP. The Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual compares the budgets adopted for various separate federal grant funds with the related revenues and expenditures of these separate funds. Following is a reconciliation of the ending budgetary basis fund balances of the separate federal grant funds to the ending GAAP basis fund balance of the Federal Grants Special Revenue Fund.

Ending budgetary basis fund balance:

Senior Aides Fund	\$ (109,167)
Federal Grant Fund	1,398,512
EDI - Farish Street Historic- Medgar Evers Fund	-
COPS Technology Grant Fund	-
Early Childhood Fund	318,059
CDBG Fund	(171,038)
Emergency Shelter Grant Fund	(26,031)
Metro Medical Response System Fund	115
Home Program Fund	14,983
HOPWA Grant Fund	(252,211)
Title III Aging Fund	1,127,505
Americorps Fund	93,070
EDI-Special Project Fund	-
Ed Byrne Memorial Grant Fund	(157,828)
Kaboom Grant- Playground Equipment Fund	29,887
SAMHSA - 1 U79 SMO61630-01 Fund	6,263
TIGER Grant Fund	(1,017,990)
	<u>1,254,129</u>

Amounts reported are different under GAAP basis because:

Revenues under the budgetary basis are recognized	
when cash is received	1,725,554
Ending GAAP basis fund balance	<u>\$ 2,979,683</u>

City of Jackson
1% Infrastructure Tax
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
1% INFRASTRUCTURE TAX (173)				
REVENUES				
General Property Taxes	\$ -	\$ -	\$ -	-
Interest Earned	-	-	34,767	34,767
Transfer In	16,821,947	27,514,637	23,858	(27,490,779)
Beginning Fund Balance	-	-	-	-
Total Revenues and Beginning Fund Balance	\$ 16,821,947	\$ 27,514,637	\$ 58,625	\$ (27,456,012)
EXPENDITURES				
Other Services and Charges	\$ 16,611,860	\$ 27,304,550	\$ 2,773,089	(24,531,461)
Capital Outlay	210,087	210,087	8,565,033	8,354,946
Ending Fund Balance	-	-	(11,279,497)	(11,279,497)
Total Expenditures and Ending Fund Balance	\$ 16,821,947	\$ 27,514,637	\$ 58,625	(27,456,012)

Nonmajor Governmental Funds

Parks and Recreation Special Revenue 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.

Disability and Relief Special Revenue Fund

To account for the receipt of revenues, principally tax levies, for the pensions of retired and disabled police and fireman employed prior to April 1, 1976.

State Grant Special Revenue Fund

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

Improvement Special Revenue Fund

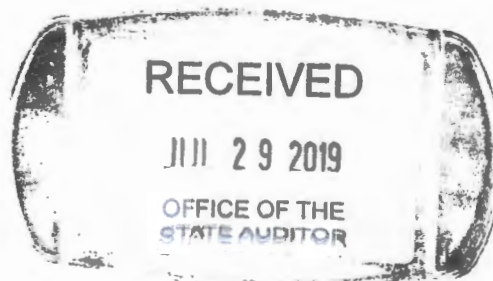
This fund is used to account for revenues that are restricted for improvements and major repairs to City facilities. The revenues are provided primarily by external grantors.

Library Special Revenue Fund

To account for receipt of revenues, principally tax levies, for the support, upkeep, and maintenance of the Jackson-Hinds Library System (JHLS). Additionally, this fund is used to account for certain lease & maintenance costs related to city owned/leased buildings utilized by JHLS.

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.



Nonmajor Governmental Funds (Cont.)

1998 General Obligation Bond Capital Project Fund

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.

2009 General Obligation Bond Capital Project Fund

To account for proceeds of general obligation bonds of \$26,210,000 issued to pay the costs of constructing, improving and paving streets, sidewalks, driveways, parkways and public parking facilities.

Capitol Street 2 – Way Capital Project Fund

To account for revenues restricted for improvements to Capitol Street.

2012 General Obligation Note Capital Project Fund

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

2017 Tax Increment Financing Capital Project Fund

To account for proceeds of tax increment financing revenue bond of \$4,447,000 issued to finance and/or reimburse infrastructure and site improvements to the District Project located between the City's Eastover and Fondren neighborhoods, adjacent to the I-55 corridor and the University of Mississippi Medical Center, and pay costs of issuance of the Loan Obligation.

Thalia Mara Hall Capital Project Fund

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

Museum to Market Capital Project Fund

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

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City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
As of September 30, 2018

	Special Revenue Funds					
	Parks and Recreation	Disability and Relief	State Grant	Improvement Fund	Library	Total
ASSETS						
Cash and cash equivalents	\$ 1,178,076	\$ 555,822	\$ 117,245	\$ 5,778,963	\$ 148,272	\$ 7,778,378
Receivables	2,347,413	4,816,150	19,990	1,413,914	2,066,105	10,663,572
Total current assets	<u>\$ 3,525,489</u>	<u>\$ 5,371,972</u>	<u>\$ 137,235</u>	<u>\$ 7,192,877</u>	<u>\$ 2,214,377</u>	<u>\$ 18,441,950</u>
LIABILITIES						
Current Liabilities:						
Accounts payable	\$ 96,730	\$ 564,716	\$ -	\$ 885,991	\$ -	\$ 1,547,437
Other liabilities	22,416	-	-	-	-	22,416
Due to other funds	-	-	-	-	220,416	220,416
Total liabilities	<u>119,146</u>	<u>564,716</u>	<u>-</u>	<u>885,991</u>	<u>220,416</u>	<u>1,790,269</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes levied for subsequent year	2,317,037	4,749,926	-	1,095,463	2,038,993	10,201,419
Total deferred inflows of resources	<u>2,317,037</u>	<u>4,749,926</u>	<u>-</u>	<u>1,095,463</u>	<u>2,038,993</u>	<u>10,201,419</u>
FUND BALANCES						
Restricted	451,925	-	137,235	-	-	589,160
Committed	637,381	57,330	-	5,211,423	-	5,906,134
Unassigned	-	-	-	-	(45,032)	(45,032)
Total fund balance	<u>1,089,306</u>	<u>57,330</u>	<u>137,235</u>	<u>5,211,423</u>	<u>(45,032)</u>	<u>6,450,262</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 3,525,489</u>	<u>\$ 5,371,972</u>	<u>\$ 137,235</u>	<u>\$ 7,192,877</u>	<u>\$ 2,214,377</u>	<u>\$ 18,441,950</u>

(Continued)

Capital Project Funds

Debt Service	1998 GO Bond	2009 GO Bond	Capitol Street 2-way	2012 GO Note	2017 TIF Capital Fund	Thalia Mara Hall Renovation	Museum To Market Project	Total	Total Nonmajor Governmental Funds
\$ 6,900,011	\$ 10,541	\$ 167,614	\$ 1,789,123	\$ 734,553	\$ -	\$ 114	\$ -	\$ 2,701,945	\$ 17,380,334
7,728,434	-	-	-	-	-	-	-	-	18,392,006
<u>\$ 14,628,445</u>	<u>\$ 10,541</u>	<u>\$ 167,614</u>	<u>\$ 1,789,123</u>	<u>\$ 734,553</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 2,701,945</u>	<u>\$ 35,772,340</u>
\$ -	\$ -	\$ 19,225	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,225	\$ 1,566,662
-	-	-	-	-	-	-	-	-	22,416
-	-	-	-	-	-	-	-	-	220,416
-	-	19,225	-	-	-	-	-	19,225	1,809,494
7,657,808	-	-	-	-	-	-	-	-	17,859,227
7,657,808	-	-	-	-	-	-	-	-	17,859,227
6,970,637	10,541	148,389	1,789,123	734,553	-	114	-	2,682,720	10,242,517
-	-	-	-	-	-	-	-	-	5,906,134
-	-	-	-	-	-	-	-	-	(45,032)
6,970,637	10,541	148,389	1,789,123	734,553	-	114	-	2,682,720	16,103,619
<u>\$ 14,628,445</u>	<u>\$ 10,541</u>	<u>\$ 167,614</u>	<u>\$ 1,789,123</u>	<u>\$ 734,553</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 2,701,945</u>	<u>35,772,340</u>

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2018

	Special Revenue Funds					
	Parks and Recreation	Disability and Relief	State Grant	Improvement Fund	Library	Total
REVENUES						
General property taxes	\$ 2,382,574	\$ 5,311,572	\$ -	\$ 1,013,202	\$ 2,141,346	\$ 10,848,694
Intergovernmental	68,457	152,638	72,423	3,240,187	60,577	3,594,282
Admissions, fees, rentals and concessions	242,630	-	-	-	-	242,630
Interest	3,344	2,125	213	26,950	-	32,632
Other	23,742	-	-	5,000	-	28,742
Total revenues	<u>2,720,747</u>	<u>5,466,335</u>	<u>72,636</u>	<u>4,285,339</u>	<u>2,201,923</u>	<u>14,746,980</u>
EXPENDITURES						
Current Operations:						
Personnel services	3,365,065	-	-	-	-	3,365,065
Supplies	457,669	-	38,861	27,662	-	524,192
Other services and charges	1,178,687	5,464,210	50	1,018,073	2,053,416	9,714,436
Capital outlay	333,162	-	31,032	5,732,451	-	6,096,645
Debt Service:						
Principal	114,314	-	-	-	-	114,314
Interest and service charges	14,963	-	-	-	-	14,963
Total expenditures	<u>5,463,860</u>	<u>5,464,210</u>	<u>69,943</u>	<u>6,778,186</u>	<u>2,053,416</u>	<u>19,829,615</u>
Excess (deficiency) of revenues over expenditures	<u>(2,743,113)</u>	<u>2,125</u>	<u>2,693</u>	<u>(2,492,847)</u>	<u>148,507</u>	<u>(5,082,635)</u>
OTHER FINANCING SOURCES						
Transfers in	2,700,449	-	-	1,147,210	-	3,847,659
Transfers out	-	-	-	-	-	-
Proceeds from long term debt	388,522	-	-	-	-	388,522
Total other financing sources	<u>3,088,971</u>	<u>-</u>	<u>-</u>	<u>1,147,210</u>	<u>-</u>	<u>388,522</u>
Net change in fund balances	<u>345,858</u>	<u>2,125</u>	<u>2,693</u>	<u>(1,345,637)</u>	<u>148,507</u>	<u>(846,454)</u>
Fund balances at beginning of year	<u>743,448</u>	<u>55,205</u>	<u>134,542</u>	<u>6,557,060</u>	<u>(193,539)</u>	<u>7,296,716</u>
Fund balances at end of year	<u>\$ 1,089,306</u>	<u>\$ 57,330</u>	<u>\$ 137,235</u>	<u>\$ 5,211,423</u>	<u>\$ (45,032)</u>	<u>\$ 6,450,262</u>

Capital Project Funds

Debt Service	1998 GO Bond	2009 GO Bond	Capitol Street 2-way	2012 GO Note	2017 TIF Capital Fund	Thalia Mara Hall Renovation	Museum To Market Project	Total	Total Nonmajor Governmental Funds
\$ 4,761,846	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,610,540
4,392,635	-	114,704	-	-	-	-	-	114,704	8,101,621
-	-	-	-	-	-	-	-	-	242,630
37,920	134	1,240	7,138	2,978	-	-	-	11,490	82,042
3,874	-	-	-	-	-	-	-	-	32,616
<u>9,196,275</u>	<u>134</u>	<u>115,944</u>	<u>7,138</u>	<u>2,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,194</u>	<u>24,069,449</u>
-	-	-	-	-	-	-	-	-	3,365,065
-	-	-	-	-	-	-	-	-	524,192
-	-	-	-	-	3,861,106	-	-	3,861,106	13,575,542
-	79,565	310,720	1,420	-	-	-	814	392,519	6,489,164
3,549,090	-	-	-	-	-	-	-	-	3,663,404
5,062,151	-	-	-	-	192,378	-	-	192,378	5,269,492
<u>8,611,241</u>	<u>79,565</u>	<u>310,720</u>	<u>1,420</u>	<u>-</u>	<u>4,053,484</u>	<u>-</u>	<u>814</u>	<u>4,446,003</u>	<u>32,886,859</u>
585,034	(79,431)	(194,776)	5,718	2,978	(4,053,484)	-	(814)	(4,319,809)	(8,817,410)
393,516	-	-	-	-	-	-	814	814	4,241,989
-	-	-	-	-	(393,516)	-	-	(393,516)	(393,516)
-	-	-	-	-	4,447,000	-	-	4,447,000	4,835,522
<u>393,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,053,484</u>	<u>-</u>	<u>814</u>	<u>4,054,298</u>	<u>8,683,995</u>
978,550	(79,431)	(194,776)	5,718	2,978	-	-	-	(265,511)	(133,415)
5,992,087	89,972	343,165	1,783,405	731,575	-	114	-	2,948,231	16,237,034
<u>\$ 6,970,637</u>	<u>\$ 10,541</u>	<u>\$ 148,389</u>	<u>\$ 1,789,123</u>	<u>\$ 734,553</u>	<u>\$ -</u>	<u>\$ 114</u>	<u>\$ -</u>	<u>\$ 2,682,720</u>	<u>\$ 16,103,619</u>

City of Jackson
Parks and Recreation Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
REVENUES				
Aircraft Registration	\$ 500	\$ 500	\$ 500	-
Homestead Exemption	65,000	65,000	67,308	2,308
Homestead Exemption Chargeback	-	629	649	20
Grove Park Green Fees	-	56	54	(2)
Grove Park Electric Golf Cart Rent	-	47	1,183	1,136
Sonny Guy Green Fees	47,000	47,000	9,448	(37,552)
Sonny Guy Electric Golf Cart Rent	30,000	30,000	13,328	(16,672)
Range Balls	-	45	44	(1)
Buddy Butts Fields/Driving RG	1,500	1,500.00	-	(1,500)
Swimming Fees	60,000	60,000	9,667	(50,333)
Athletic Fees	55,000	55,000	28,160	(26,840)
Gym User Fees	30,000	30,000	17,578	(12,422)
Parks Building Rentals	40,000	40,000	16,815	(23,185)
Park Field Rentals	5,000	5,000	5,435	435
Parks Concessions	1,000	1,000	40	(960)
Parks Programs Registration	21,500	21,500	6,270	(15,230)
Jones Center Rentals	7,000	7,000	15,427	8,427
Dance, Karate & Aerobics	1,500	1,500	501	(999)
Parks- Other	192,000	192,000	1,317	(190,683)
TennisFees-Battiefield Park	500	500	-	(500)
Vendor Fees - Par	4,000	4,000	3,195	(805)
Admissions/Summer Festivals	-	38,105	80,942	42,837
Mynelle Garden - Photography	2,550	2,550	1,000	(1,550)
Mynelle Garden - Garden Admissions	5,000	5,000	3,783	(1,217)
Mynelle Garden - Garden Rentals	800	800	200	(600)
Mynelle Garden - Garden Weddings	2,500	2,500	2,912	412
Mynelle Garden - Garden Gift Shop Sales	300	300	50	(250)
Donations-Summer Festivals	-	17,655	17,550	(105)
Rents & Royalties	30,000	30,000	19,548	(10,452)
Interest on Investments	-	-	-	-
Interest on Repos	-	1,765	3,344	1,579
Sale of Fixed Assets	-	305	305	-
Grants & Donation	-	87,911	1,438	(86,473)
Other Department	-	-	4,449	4,449
Cemeteries Openings and Closings	61,000	61,000	8,100	(52,900)
Settlement of Insurance Claims	-	-	-	-
Proceeds of Long Term Debt	800,000	800,000	388,522	(411,478)
Beginning Fund Balance	-	22,957	712,206	689,249
Transfers In/From General Fund	1,919,765	2,721,251	2,700,449	(20,802)
Total Revenue from Sources other than Taxation	3,383,415	4,354,376	4,141,717	(212,659)
Taxes				
Real Property	1,430,212	1,430,212	1,416,402	(13,810)
Personal Property	584,385	584,385	628,345	43,960
Delinquent Real	15,693	15,693	43,479	27,786
Delinquent Personal	1,800	1,800	1,946	146
Automotive	279,823	279,823	290,900	11,077
Total Taxes	2,311,913	2,311,913	2,381,073	69,160
Total Beginning Fund Balance and Anticipated Revenue from all Sources	\$ 5,695,328	\$ 6,666,289	\$ 6,522,790	(143,499)
EXPENDITURES				
Personnel Services	\$ 2,920,707	\$ 3,082,465	\$ 3,365,065	282,600
Supplies	498,327	498,827	457,669	(41,158)
Other Services and Charges	1,399,351	1,522,822	1,178,687	(344,135)
Capital Outlay	878,943	986,643	333,162	(653,481)
Debt Service	-	-	129,277	129,277
Ending Fund Balance	-	575,532	1,058,930	483,398
Total Expenditures and Ending Fund Balance	\$ 5,695,328	\$ 6,665,289	\$ 6,522,790	(143,499)

City of Jackson
Disability and Relief Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
DISABILITY AND RELIEF FUND (055)				
REVENUES				
Real Property	\$ 3,253,464	\$ 3,185,570	\$ 3,106,112	(79,458)
Personal Property	1,289,900	1,402,453	1,402,088	(365)
Delinquent Realty	-	90,737	86,343	(4,394)
Delinquent Personal	-	3,996	4,129	133
Automotive	629,123	629,123	645,582	16,459
Aircraft Registration	-	1,094	1,094	-
Homestead Exemption	67,508	151,545	152,638	1,093
Interest Income	-	1,825	2,125	300
Employee Contributions	-	-	-	-
Beginning Fund Balance	-	-	55,205	55,205
Total Revenues and Beginning Fund Balance	\$ 5,239,995	\$ 5,466,343	\$ 5,455,316	(11,027)
EXPENDITURES				
Other Services and Charges	\$ 5,239,995	\$ 5,466,343	\$ 5,464,210	(2,133)
Ending Fund Balance	-	-	(8,894)	(8,894)
Total Expenditures and Ending Fund Balance	\$ 5,239,995	\$ 5,466,343	\$ 5,455,316	(11,027)

City of Jackson
Disability and Relief Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
DISABILITY AND RELIEF FUND (055)				
REVENUES				
Real Property	\$ 3,253,464	\$ 3,185,570	\$ 3,106,112	(79,458)
Personal Property	1,289,900	1,402,453	1,402,088	(365)
Delinquent Realty	-	90,737	86,343	(4,394)
Delinquent Personal	-	3,996	4,129	133
Automotive	629,123	629,123	645,582	16,459
Aircraft Registration	-	1,094	1,094	-
Homestead Exemption	67,508	151,545	152,638	1,093
Interest Income	-	1,825	2,125	300
Employee Contributions	-	-	-	-
Beginning Fund Balance	-	-	55,205	55,205
Total Revenues and Beginning Fund Balance	\$ 5,239,995	\$ 5,466,343	\$ 5,455,316	(11,027)
EXPENDITURES				
Other Services and Charges	\$ 5,239,995	\$ 5,466,343	\$ 5,464,210	(2,133)
Ending Fund Balance	-	-	(8,894)	(8,894)
Total Expenditures and Ending Fund Balance	\$ 5,239,995	\$ 5,466,343	\$ 5,455,316	(11,027)

City of Jackson
State Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
STATE GRANTS FUNDS (073,109,123,179,180)				
REVENUES				
Intergovernmental Revenue-THALIA MARA HALL	\$ -	\$ -	\$ -	-
Intergovernmental Revenue-MEMA	30,000	135,323	52,433	(82,890)
Interest	-	-	213	213
Beginning Fund Balance	-	-	134,542	134,542
Total Revenues and Beginning Fund Balance	\$ 30,000	\$ 135,323	\$ 187,188	51,865
EXPENDITURES				
Supplies	\$ -	\$ 15,573	\$ 38,861	23,288
Other Services and Charges	-	27,464	50	(27,414)
Capital Outlay	30,000	92,286	31,032	(61,254)
Ending Fund Balance	-	-	117,245	117,245
Total Expenditures and Ending Fund Balance	\$ 30,000	\$ 135,323	\$ 187,188	51,865

City of Jackson
Improvement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
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BUSINESS IMPROVEMENT TAX ASSESSMENT (007)

REVENUES

Real Property Taxes	\$ 1,109,667	\$ 1,109,667	\$ 1,013,202	(96,465)
Interest on Investment	-	16	16	-
Beginning Fund Balance	-	-	15,268	15,268
Total Revenues and Beginning Fund Balance	\$ 1,109,667	\$ 1,109,683	\$ 1,028,486	(81,197)

EXPENDITURES

Other Services and Charges	\$ 1,109,667	\$ 1,109,683	\$ 1,013,475	(96,208)
Ending Fund Balance	-	-	15,011	15,011
Total Expenditures and Ending Fund Balance	\$ 1,109,667	\$ 1,109,683	\$ 1,028,486	(81,197)

CAPITAL IMPROVEMENT FUND (047, 213, 214,215, 216, 217, 223)

REVENUES

Interest Earned	\$ -	\$ -	\$ 26,924	26,924
Intergovernmental-Federal- (USDA Soil Conservation)	23,625	-	150,975	150,975
Intergovernmental-Federal- (MDOT)	248,908	-	250,347	250,347
Intergovernmental Federal- MEMA/FEMA	-	27,428	1,731,214	1,703,786
Intergovernmental-State - (MDOT)(TRAFFIC)	1,156,277	1,029,722	-	(1,029,722)
Intergovernmental-State - (MDOT)	500,000	500,000	530,662	30,662
Intergovernmental-State- Forden Enhancement Proj	2,037,314	2,000,000	1,885,296	(114,704)
Intergovernmental-State - (DFA Thalia Mara)	-	248,908	-	(248,908)
Intergovernmental-State - (DFA Parham Bridges)	100,000	99,951	-	(99,951)
Intergovernmental State- MDA	475	-	-	-
Intergovernmental-Local - (Street Resurfacing)	650,000	650,000	548,682	(101,318)
Other Revenue	-	-	-	-
Interest on Investments	-	-	-	-
Grants and Donations	-	-	5,000	5,000
Proceeds of Long Term Debt	496,800	496,800	-	(496,800)
Beginning Fund Balance	7,123,681	7,171,306	4,363,726	(2,807,580)
Transfer In/From General Fund	1,147,189	1,162,211	1,147,210	(15,001)
Total Revenues and Beginning Fund Balance	\$ 13,484,269	\$ 13,386,326	\$ 10,640,036	(2,746,290)

EXPENDITURES

Supplies	\$ 646,274	\$ 646,034	\$ 27,662	(618,372)
Other Services and Charges	12,778,619	12,680,916	4,598	(12,676,318)
Capital Outlay	59,376	59,376	5,732,450	5,673,074
Ending Fund Balance	-	-	4,875,326	4,875,326
Total Expenditures and Ending Fund Balance	\$ 13,484,269	\$ 13,386,326	\$ 10,640,036	(2,746,290)

City of Jackson
Improvement Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
GRAND GULF EMERGENCY PLANNING (365)				
REVENUES				
Interest	\$ -	\$ 7	\$ 10	3
Nuclear Power Plant	160,788	160,788	-	(160,788)
Beginning Fund Balance	-	-	2,625	2,625
Total Revenues and Beginning Fund Balance	<u>\$ 160,788</u>	<u>\$ 160,795</u>	<u>\$ 2,635</u>	<u>(158,160)</u>
EXPENDITURES				
Other Services and Charges	\$ 160,788	\$ 160,795	\$ -	(160,795)
Ending Fund Balance	-	-	2,635	2,635
Total Expenditures and Ending Fund Balance	<u>\$ 160,788</u>	<u>\$ 160,795</u>	<u>\$ 2,635</u>	<u>(158,160)</u>

City of Jackson
Library Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
LIBRARY FUND				
REVENUES				
Property Taxes	\$ -	\$ -	\$ 2,141,111	2,141,111
Intergovernmental	-	-	60,577	60,577
Beginning Fund Balance	-	-	-	-
Total Revenues and Beginning Fund Balance	\$ -	\$ -	\$ 2,201,688	\$ 2,201,688
EXPENDITURES				
Other Services and Charges	\$ -	\$ -	b	#VALUE!
Ending Fund Balance	-	-	148,272	148,272
Total Expenditures and Ending Fund Balance	\$ -	\$ -	\$ 148,272	#VALUE!

City of Jackson
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
BOND AND INTEREST FUND				
REVENUES				
Current Realty Taxes	\$ 2,793,894	\$ 2,803,678	\$ 2,866,151	62,473
Current Personal Taxes	1,107,694	1,120,182	1,216,735	96,553
Delinquent Realty Taxes	-	30,400	68,588	38,188
Delinquent Personal Taxes	-	3,214	3,214	-
Ad Valorem Tax on Automotive	540,256	540,256	600,289	60,033
Aircraft Registration	-	892	892	-
Homestead Exemption	-	60,792	128,895	68,103
Homestead Exemption Chargeback	-	1,204	1,242	38
Interest Earnings	-	13,450	34,175	20,725
Special Assessment	-	-	3,874	3,874
Capital City Convention Commission	-	-	3,521,771	3,521,771
Other Departments	-	-	-	-
County Taxes	59,393	64,272	64,272	-
Proceeds of Long Term Debt	-	-	-	-
Transfer In/From General Fund	-	-	-	-
Transfer In/From Water/Sewer	-	-	-	-
Transfer In/From Other Funds	8,547,780	8,637,051	8,481,883	(155,168)
Beginning Fund Balance	-	-	-	-
Total Revenue and Beginning Fund Balance	\$ 13,049,017	\$ 13,275,391	\$ 16,991,981	3,716,590
EXPENDITURES				
Other Services & Charges	\$ 4,441,844	\$ 4,638,817	\$ 4,284,549	(354,268)
Debt Service	8,607,173	8,636,574	8,611,241	(25,333)
Ending Fund Balance	-	-	4,096,191	4,096,191
Total Expenditures and Ending Fund Balance	\$ 13,049,017	\$ 13,275,391	\$ 16,991,981	3,716,590

City of Jackson
1998 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
G.O. BONDS 1998 CONSTRUCTION FUND (156)				
REVENUES				
Interest Earned on Repos	\$ -	\$ 117	\$ 134	17
Beginning Fund Balance	134,404	134,404	-	(134,404)
Total Revenues and Beginning Fund Balance	\$ 134,404	\$ 134,521	\$ 134	(134,387)
EXPENDITURES				
Other Services and Charges	\$ 134,404	\$ 134,521	\$ -	(134,521)
Capital Outlay	-	-	79,565	79,565
Ending Fund Balance	-	-	(79,431)	(79,431)
Total Expenditures and Ending Fund Balance	\$ 134,404	\$ 134,521	\$ 134	(134,387)

City of Jackson
2003 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
G.O.PUB IMPROVEMENT CONSTRUCTION BOND (148)				
REVENUES				
Intergovernmental- Federal	\$ 1,116.00	\$ 1,116	\$ -	(1,116)
Intergovernmental- State	4,252,031	4,252,031	-	(4,252,031)
Interest Earned on Investments	2,000	2,000	-	(2,000)
Transfer In from General Fund	-	-	-	-
Beginning Fund Balance	1,769,878	1,769,878	-	(1,769,878)
Total Revenues and Beginning Fund Balance	<u>\$ 6,025,025</u>	<u>\$ 6,025,025</u>	<u>\$ -</u>	<u>(6,025,025)</u>
EXPENDITURES				
Personnel Services	\$ 17,120	\$ 17,120	\$ -	(17,120)
Other Services and Charges	5,968,405	6,001,466	-	(6,001,466)
Capital Outlay	39,500	6,439	-	(6,439)
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 6,025,025</u>	<u>\$ 6,025,025</u>	<u>\$ -</u>	<u>(6,025,025)</u>

City of Jackson
2009 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
G.O. BONDS 2009 STREET CONSTRUCTION FUND (168)				
REVENUES				
Intergovernmental- State	\$ -	\$ 74,333	\$ 114,704	40,371
Interest Earned on Repos	-	781	1,240	459
Beginning Fund Balance	341,816	341,816	-	(341,816)
Total Revenues and Beginning Fund Balance	\$ 341,816	\$ 416,930	\$ 115,944	\$ (300,986)
EXPENDITURES				
Other Services and Charges	\$ 341,816	\$ 416,930	\$ -	(416,930)
Capital Outlay	-	-	310,720	310,720
Ending Fund Balance	-	-	(194,776)	(194,776)
Total Expenditures and Ending Fund Balance	\$ 341,816	\$ 416,930	\$ 115,944	\$ (300,986)

City of Jackson
 Capitol Street 2 - Way
 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
 For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
CAPITOL STREET 2-WAY PROJECT (171)				
REVENUES				
Intergovernmental- Federal	\$ -	\$ -	\$ -	-
Intergovernmental- State	1,135,107	1,135,107	-	(1,135,107)
Interest Earned on Repos	-	4,200	7,138	2,938
Beginning Fund Balance	-	-	-	-
Total Revenues and Beginning Fund Balance	<u>\$ 1,135,107</u>	<u>\$ 1,139,307</u>	<u>\$ 7,138</u>	<u>(1,132,169)</u>
EXPENDITURES				
Other Services and Charges	\$ 1,135,107	\$ 1,139,307	\$ -	(1,139,307)
Capital Outlay	-	-	1,420	1,420
Ending Fund Balance	-	-	5,718	5,718
Total Expenditures and Ending Fund Balance	<u>\$ 1,135,107</u>	<u>\$ 1,139,307</u>	<u>\$ 7,138</u>	<u>(1,132,169)</u>

City of Jackson
2012 General Obligation Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
2012 G.O. NOTE-CAPITAL PROJECT FUND (190)				
REVENUES				
Interest Earned	\$ -	\$ 1,772	\$ 2,978	1,206
Beginning Fund Balance	729,104	729,104	-	(729,104)
Total Revenues and Beginning Fund Balance	\$ 729,104	\$ 730,876	\$ 2,978	(727,898)
EXPENDITURES				
Other Services and Charges	\$ 676,598	\$ 678,370	\$ -	(678,370)
Capital Outlay	52,506	52,506	-	(52,506)
Ending Fund Balance	-	-	2,978	2,978
Total Expenditures and Ending Fund Balance	\$ 729,104	\$ 730,876	\$ 2,978	(727,898)



City of Jackson
2018 Tax Increment Fund Capital Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
2018 TIF CAPITAL FUND- EASTOVER (265)				
REVENUES				
Other Revenue	\$ -	\$ 4,447,001	\$ 4,447,000	(1)
Beginning Fund Balance	-	-	-	-
Total Revenues and Beginning Fund Balance	<u>\$ -</u>	<u>\$ 4,447,001</u>	<u>\$ 4,447,000</u>	<u>(1)</u>
EXPENDITURES				
Other Services and Charges	\$ -	\$ 4,447,001	\$ 4,447,000	(1)
Capital Outlay	-	-	-	-
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ -</u>	<u>\$ 4,447,001</u>	<u>\$ 4,447,000</u>	<u>(1)</u>

City of Jackson
Thalia Mara Hall Renovation
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
THALIA MARA HALL RENOVATION (172)				
REVENUES				
Intergovernmental- State	\$ 248,908.0	\$ 248,908	\$ -	(248,908)
Interest Earned	-	1	-	(1)
Beginning Fund Balance	-	-	-	-
Total Revenues and Beginning Fund Balance	<u>\$ 248,908</u>	<u>\$ 248,909</u>	<u>\$ -</u>	<u>(248,909)</u>
EXPENDITURES				
Other Services and Charges	\$ 248,908	\$ 248,909	\$ -	(248,909)
Ending Fund Balance	-	-	-	-
Total Expenditures and Ending Fund Balance	<u>\$ 248,908</u>	<u>\$ 248,909</u>	<u>\$ -</u>	<u>(248,909)</u>

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City of Jackson
Museum To Market Project
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2018

	Original Budget	Final Budget	Actual Amount	Variance
MUSEUM TO MARKET PROJECT (351)				
REVENUES				
Intergovernment-State	\$ 1,000,000	\$ 1,000,000	\$ -	(1,000,000)
Grants & Donation	14,636	14,636	-	(14,636)
Transfer In from General Fund	-	-	-	-
Total Revenues and Beginning Fund Balance	<u>\$ 1,014,636</u>	<u>\$ 1,014,636</u>	<u>\$ -</u>	<u>(1,014,636)</u>
EXPENDITURES				
Other Services and Charges	\$ 1,014,636	\$ 1,014,636	\$ -	(1,014,636)
Capital Outlay	-	-	814	814
Ending Fund Balance	-	-	(814)	(814)
Total Expenditures and Ending Fund Balance	<u>\$ 1,014,636</u>	<u>\$ 1,014,636</u>	<u>\$ -</u>	<u>(1,014,636)</u>

Nonmajor Proprietary Funds

Madison-Ridgeland Sewage Disposal System Fund

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

Transportation Fund

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



City of Jackson
Combining Statement of Net Position
Proprietary Funds - Nonmajor Enterprise Funds
As of September 30, 2018

	Madison- Ridgeland Sewage	Transportation	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ -	\$ 1,667,594	\$ 1,667,594
Accounts Receivable	-	615	615
Intergovernmental Receivable	-	1,729,399	1,729,399
Total Current Asset	-	3,397,608	3,397,608
Property, Plant and Equipment, at Cost			
Land	-	450,000	450,000
Buildings	-	8,655,791	8,655,791
Water plant, distribution system and equipment	587,818	655,773	1,243,591
Automotive and other equipment	5,278	14,775,088	14,780,366
	593,096	24,536,652	25,129,748
Less: accumulated depreciation	(301,962)	(10,551,658)	(10,853,620)
Net property, plant and equipment	291,134	13,984,994	14,276,128
Total Assets	291,134	17,382,602	17,673,736
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources - pension	-	255,216	255,216
Total deferred outflows of resources	-	255,216	255,216

City of Jackson
Combining Statement of Net Position
Proprietary Funds - Nonmajor Enterprise Funds
As of September 30, 2018

	Madison- Ridgeland Sewage	Transportation	Totals
LIABILITIES			
Current Liabilities:			
Accounts payable and accrued expenses	\$ 1,297	\$ 1,919,516	\$ 1,920,813
Compensated absences	-	5,077	5,077
Other Post Employment Benefits liability	-	2,681	2,681
Total current liabilities	<u>1,297</u>	<u>1,927,274</u>	<u>1,928,571</u>
Net pension liability	-	856,174	856,174
Other Post Employment Benefits liability	-	155,778	155,778
Compensated absences	-	15,398	15,398
Total long-term liabilities	<u>-</u>	<u>1,027,350</u>	<u>1,027,350</u>
Total liabilities	<u>1,297</u>	<u>2,954,624</u>	<u>2,955,921</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources - pension	-	23,921	23,921
Total deferred inflows of resources	<u>-</u>	<u>23,921</u>	<u>23,921</u>
NET POSITION			
Net investment in capital assets	291,134	13,984,994	14,276,128
Unrestricted	(1,297)	674,279	672,982
Total Net Position	<u>\$ 289,837</u>	<u>\$ 14,659,273</u>	<u>\$ 14,949,110</u>

City of Jackson
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds - Nonmajor Enterprise Funds
For the Year Ended September 30, 2018

	Madison- Ridgeland Sewage	Transportation	Totals
Operating Revenues:			
Sales to Customers	\$ 9,343	\$ 446,634	\$ 455,977
Other Revenue	-	58,930	58,930
	<u>9,343</u>	<u>505,564</u>	<u>514,907</u>
Total Operating revenues			
	<u>9,343</u>	<u>505,564</u>	<u>514,907</u>
Operating Expenses:			
Personnel Services	-	585,366	585,366
Supplies	-	597,657	597,657
Other services and charges	10,627	5,569,822	5,580,449
Depreciation	15,345	1,083,508	1,098,853
	<u>25,972</u>	<u>7,836,353</u>	<u>7,862,325</u>
Total operating expenses			
	<u>25,972</u>	<u>7,836,353</u>	<u>7,862,325</u>
Operating Income (loss)	<u>(16,629)</u>	<u>(7,330,789)</u>	<u>(7,347,418)</u>
Nonoperating Revenues (Expenses):			
Noncapital grants	-	5,295,000	5,295,000
Interest revenue	-	9,253	9,253
Interest and service charges on long term debt and capitalized lease obligations	-	(793)	(793)
Gain on sale of capital assets	-	700	700
	<u>-</u>	<u>5,304,160</u>	<u>5,304,160</u>
Total nonoperating revenues (expenses)			
	<u>-</u>	<u>5,304,160</u>	<u>5,304,160</u>
Loss before transfers	<u>(16,629)</u>	<u>(2,026,629)</u>	<u>(2,043,258)</u>
Transfers In:			
General Fund	-	2,896,608	2,896,608
	<u>-</u>	<u>2,896,608</u>	<u>2,896,608</u>
Change in Net Position	<u>(16,629)</u>	<u>869,979</u>	<u>853,350</u>
Total net position - beginning	306,466	13,816,774	14,123,240
Prior period adjustment	-	(27,480)	(27,480)
	<u>306,466</u>	<u>13,789,294</u>	<u>14,095,760</u>
Total net position - beginning, restated			
	<u>306,466</u>	<u>13,789,294</u>	<u>14,095,760</u>
Total net position - ending	<u>\$ 289,837</u>	<u>\$ 14,659,273</u>	<u>\$ 14,949,110</u>

City of Jackson
Combining Statement of Cash Flows
Proprietary Funds - Nonmajor Enterprise Funds
For the Year Ended September 30, 2018

	Madison- Ridgeland Sewage	Transportation	Totals
Cash Flows from Operating Activities			
Receipts from customers and users	\$ 9,343	\$ 446,019	\$ 455,362
Receipts from other revenue	-	58,930	58,930
Payments to suppliers	(9,343)	(5,163,592)	(5,172,935)
Payments to employees	-	(445,644)	(445,644)
Net cash used for			
Operating activities	-	(5,104,287)	(5,104,287)
Cash Flows from Noncapital Financing Activities			
Operating grants	-	4,097,161	4,097,161
Transfers In	-	2,896,608	2,896,608
Net cash provided by noncapital and related			
financing activities	-	6,993,769	6,993,769
Cash Flows from Capital and Related			
Financing Activities			
Acquisition and construction of capital assets	-	(1,954,875)	(1,954,875)
Proceeds from capital asset sales	-	700	700
Principal paid on capital debt	-	(126,131)	(126,131)
Interest paid on capital debt	-	(793)	(793)
Net cash used for capital and related			
financing activities	-	(2,081,099)	(2,081,099)
Cash Flow from Investing Activities:			
Interest on investments	-	9,253	9,253
Net cash provided by investing activities	-	9,253	9,253
Net increase (decrease) in cash and cash equivalents	-	(182,364)	(182,364)
Cash and cash equivalents at beginning of year	-	1,849,958	1,849,958
Cash and cash equivalents at end of year	\$ -	\$ 1,667,594	\$ 1,667,594
Reconciliation of Operating Loss to Net Cash			
Used for Operating Activities:			
Operating loss	\$ (16,629)	\$ (7,330,789)	\$ (7,347,418)
Depreciation expense	15,345	1,083,508	1,098,853
(Increase) decrease in accounts receivable	-	(615)	(615)
Increase (decrease) in accounts payable and accrued expenses	1,284	1,003,887	1,005,171
Increase (decrease) in compensated absences	-	2,465	2,465
Increase (decrease) in net pension liability and deferred inflows			
(outflows)	-	121,875	121,875
Increase (decrease) in other post-employment benefit liabilities	-	15,382	15,382
Total adjustments	16,629	2,226,502	2,243,131
Net cash used for operating activities	\$ -	\$ (5,104,287)	\$ (5,104,287)

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**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2018**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Assets				
Cash and cash equivalents	\$ 225,702	\$ -	\$ -	\$ 225,702
Investment at fair value:				
Certificate of deposit	-	-	32,699	32,699
Total assets	\$ <u>225,702</u>	\$ <u>-</u>	\$ <u>32,699</u>	\$ <u>258,401</u>
Liabilities and Net Position				
Liabilities:				
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:				
Held in trust for unemployment benefits and other purposes	<u>225,702</u>	<u>-</u>	<u>32,699</u>	<u>258,401</u>
Total net position	<u>225,702</u>	<u>-</u>	<u>32,699</u>	<u>258,401</u>
Total liabilities and net position	\$ <u>225,702</u>	\$ <u>-</u>	\$ <u>32,699</u>	\$ <u>258,401</u>



**CITY OF JACKSON
ALL TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	Unemployment Compensation Revolving Fund	Charitable Trust Fire and Police Fund	Mausoleum Trust Fund	Total
Additions:				
Interest	\$ 2,752	\$ 28	\$ 32	\$ 2,812
Contributions from other funds	<u>136,638</u>	<u>-</u>	<u>-</u>	<u>136,638</u>
Total additions	<u>139,390</u>	<u>28</u>	<u>32</u>	<u>139,450</u>
Deductions:				
General government:				
Other	-	9,405	-	9,405
Unemployment claims	<u>148,654</u>	<u>-</u>	<u>-</u>	<u>148,654</u>
Total deductions	<u>148,654</u>	<u>9,405</u>	<u>-</u>	<u>158,059</u>
Change in Net Position	<u>(9,264)</u>	<u>(9,377)</u>	<u>32</u>	<u>(18,609)</u>
Net position at beginning of year	<u>234,966</u>	<u>9,377</u>	<u>32,667</u>	<u>277,010</u>
Net position at end of year	<u>\$ 225,702</u>	<u>\$ -</u>	<u>\$ 32,699</u>	<u>\$ 258,401</u>

**CITY OF JACKSON
ALL AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2018**

	<u>Cash Equivalents</u>	<u>Taxes Receivable</u>	<u>Total Assets</u>	<u>Payables to Others</u>	<u>Total Liabilities</u>
Capital City Community Convention Center					
Balance at October 1, 2017	\$ 12,422	\$ 738,309	\$ 750,731	\$ 750,731	\$ 750,731
Additions	4,539,855	2,851	4,542,706	4,542,706	4,542,706
Deductions	<u>4,539,645</u>	<u>-</u>	<u>4,539,645</u>	<u>4,539,645</u>	<u>4,539,645</u>
Balance at September 30, 2018	<u>\$ 12,632</u>	<u>\$ 741,160</u>	<u>\$ 753,792</u>	<u>\$ 753,792</u>	<u>\$ 753,792</u>
Jackson Convention & Visitors Bureau					
Balance at October 1, 2017	\$ -	\$ 572,472	\$ 572,472	\$ 572,472	\$ 572,472
Additions	3,521,949	5,178	3,527,127	3,527,127	3,527,127
Deductions	<u>3,521,949</u>	<u>-</u>	<u>3,521,949</u>	<u>3,521,949</u>	<u>3,521,949</u>
Balance at September 30, 2018	<u>\$ -</u>	<u>\$ 577,650</u>	<u>\$ 577,650</u>	<u>\$ 577,650</u>	<u>\$ 577,650</u>
Jackson Municipal Separate School District					
Balance at October 1, 2017	\$ -	\$ -	\$ -	\$ -	\$ -
Additions	13,426,997	-	13,426,997	13,426,997	13,426,997
Deductions	<u>13,426,997</u>	<u>-</u>	<u>13,426,997</u>	<u>13,426,997</u>	<u>13,426,997</u>
Balance at September 30, 2018	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total - All Agency Funds:					
Balance at October 1, 2017	\$ 12,422	\$ 1,310,781	\$ 1,323,203	\$ 1,323,203	\$ 1,323,203
Additions	21,488,801	8,029	21,496,830	21,496,830	21,496,830
Deductions	<u>21,488,591</u>	<u>-</u>	<u>21,488,591</u>	<u>21,488,591</u>	<u>21,488,591</u>
Balance at September 30, 2018	<u>\$ 12,632</u>	<u>\$ 1,318,810</u>	<u>\$ 1,331,442</u>	<u>\$ 1,331,442</u>	<u>\$ 1,331,442</u>

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CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
COMPARATIVE SCHEDULES BY SOURCE (1)
SEPTEMBER 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Governmental activities capital assets:		
Land	\$ 13,720,748	\$ 13,720,748
Buildings	107,823,077	107,642,250
Automotive and equipment:	77,472,979	77,271,930
Infrastructure	322,709,133	315,705,573
Construction in progress	<u>23,035,958</u>	<u>8,323,584</u>
Total governmental activities capital assets	<u>\$ 544,761,895</u>	<u>\$ 522,664,085</u>

Investment in governmental activities capital assets by source:

Assets prior to 1985 not segregated by sources	\$ 13,720,748	\$ 13,681,448
General Fund revenues	108,724,955	104,065,794
Special Revenue Fund revenues	107,916,678	100,089,324
Special Assessment bonds	2,123,934	2,123,934
General Obligation bonds	260,947,155	251,853,988
Limited Obligation bonds	4,330,429	4,330,429
Debt Service Fund revenues	65,000	65,000
Federal grants	46,293,921	45,815,093
State grants	208,126	208,126
County grants	<u>430,949</u>	<u>430,949</u>
Total governmental activities capital assets	<u>\$ 544,761,895</u>	<u>\$ 522,664,085</u>

(1) This schedule presents only the capital asset balances (excluding accumulated depreciation) related to governmental activities.



CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION AND ACTIVITY (I)
September 30, 2018

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,636,579	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 13,681,448
General Government:						
Planning	-	330,382	658,952	491,025	-	1,480,359
Code Services	-	-	-	670,093	-	670,093
Telecommunication	-	5,907,442	39,036	157,799	-	6,104,277
Data Processing / Information System	-	42,257	167,105	6,319,106	-	6,528,468
Vehicle Pool Fund	-	-	-	1,575,817	-	1,575,817
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	146,335	-	146,335
Purchasing	-	-	-	50,452	-	50,452
Finance and Management	-	2,299,392	133,238	288,302	-	2,720,932
Personnel	-	913,546	-	225,894	-	1,139,440
Municipal Court Services	-	-	-	1,466,044	-	1,466,044
Vehicle Maintenance	-	5,816	-	655,395	-	661,211
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	100,000	9,498,835	998,331	12,178,538	-	22,775,704
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	88,078	15,044,796	243,000	80,999	-	15,456,873
Health and Welfare:						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	251,344	-	345,674	-	597,018
Day Care Services	-	281,849	16,109	256,428	-	554,386
Senior Centers/Community Centers	-	1,271,615	-	19,813	-	1,291,428
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	471,638	1,876	54,498	-	528,012
Total health and welfare	46,245	2,276,446	17,985	691,242	-	3,031,918
Public Safety:						
Fire Department	75,000	5,300,973	3,672,248	17,839,139	31,943	26,919,303
Police Department	123,992	19,362,027	10,784,134	27,059,071	59,447	57,388,671
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	27,753,728	18,958,888	45,350,032	91,390	92,353,030
Public Works:						
Cemeteries	-	8,430	-	143,318	-	151,748
Engineering	585,273	1,020,866	49,752,392	5,120,000	11,702,851	68,181,382
Traffic Engineering	-	17,215	638,701	2,219,157	384,375	3,259,448
Traffic Signals	-	-	2,355,398	221,096	-	2,576,494
Care and Maintenance of Public Buildings	-	8,366,930	8,536,528	89,982	492,948	17,486,388
Building & Ground	-	516,800	-	-	-	516,800
Custodial Services	-	-	-	34,818	-	34,818
Public Works Deputy Dir/Adm	-	-	-	41,124	-	41,124
Public Works Infrastructure Management	-	37,400	22,251,147	1,019,914	8,144,729	31,453,189
Pest Control	-	-	-	1,426	-	1,426
Streets	354,278	-	133,921,514	(372,876)	1,962,517	135,865,433
Storm Drainage	-	-	71,942,748	928,934	244,123	73,115,805
Bridges	-	-	1,787,206	-	-	1,787,206
Soil Conservation	-	120,000	112,159	-	-	232,159
Total public works	939,551	10,087,641	291,297,793	9,446,892	22,931,543	334,703,420
Culture and Recreation:						
Planetarium	-	827,314	34,963	1,342,865	-	2,205,142
Jackson Zoological Park	-	3,000,000	-	465,122	-	3,465,122
Municipal Art Building	-	5,758	29,049	5,907	-	40,714
Parks Maintenance	-	-	8,700	270,476	-	279,176
Parks and Recreation	225,820	19,425,404	8,069,927	3,390,177	13,025	31,124,353
Teen Center	-	-	-	5,293	-	5,293
Library	-	5,710,933	2,198,621	156,099	-	8,065,653
Smith Robertson Cultural Center	-	1,238,810	340,745	57,595	-	1,637,150
City Auditorium and Art Center	-	10,007,088	511,131	64,922	-	10,583,141
Total culture and recreation	225,820	40,215,307	11,193,136	5,758,456	13,025	57,405,744
Miscellaneous:						
City Council/Mayor	-	402,665	-	426,821	-	829,486
City Clerk	-	-	-	192,219	-	192,219
City Hall	-	2,526,372	-	-	-	2,526,372
Legal	-	17,287	-	246,356	-	263,643
Mayor's Action Line	-	-	-	34,862	-	34,862
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	21,692	-	21,692
Total miscellaneous	1,485,483	2,946,324	-	921,950	-	5,353,757
Total governmental funds capital assets	\$ 13,720,748	\$ 107,823,077	\$ 322,709,133	\$ 77,472,979	\$ 23,035,958	\$ 544,761,895

(I) This schedule presents capital asset balances related to governmental activities.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY (1)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Governmental Activities Capital Assets			Governmental Activities Capital Assets
	September 30, 2017	Additions	Deductions	September 30, 2018
Assets prior to 1985 not segregated by function and activity	\$ 13,681,448	\$ -	\$ -	\$ 13,681,448
General Government:				
Planning	1,484,579	23,003	27,223	1,480,359
Code Services	670,093	-	-	670,093
Telecommunication	6,077,149	27,128	-	6,104,277
Data Processing / Information System	6,361,097	167,371	-	6,528,468
Vehicle Pool Fund	1,650,523	-	74,706	1,575,817
Mayor's Office of Development Assistance	204,679	-	-	204,679
Office Services	146,335	-	-	146,335
Purchasing	50,452	-	-	50,452
Finance and Management	2,720,932	-	-	2,720,932
Personnel	1,139,440	-	-	1,139,440
Municipal Court Services	1,466,044	-	-	1,466,044
Vehicle Management	734,607	-	73,397	661,211
Minority Business Development	27,598	-	-	27,598
Total general government	22,733,528	217,502	175,326	22,775,704
Urban Development and Housing:				
Neighborhood Enhancement Task	11,125	-	-	11,125
Redevelopment Projects	157,452	-	-	157,452
Post Office Project	500	-	-	500
Union Station	15,287,796	-	-	15,287,796
Total urban development and housing	15,456,873	-	-	15,456,873
Health and Welfare:				
Public Relations/Information	14,829	-	-	14,829
Senior Services	597,018	-	-	597,018
Day Care Services	554,386	-	-	554,386
Senior Centers/Community Centers	1,291,428	-	-	1,291,428
Group Home	46,245	-	-	46,245
Human and Cultural Services	528,012	-	-	528,012
Total health and welfare	3,031,918	-	-	3,031,918
Public Safety:				
Fire Department	26,900,683	31,943	13,323	26,919,303
Police Department	56,582,183	1,607,453	800,965	57,388,671
Small Animal Control	1,384,113	-	-	1,384,113
Juvenile Justice	5,020,187	-	-	5,020,187
Emergency Management	17,914	-	-	17,914
Communication Center	1,593,782	-	-	1,593,782
Public Safety Garage	29,060	-	-	29,060
Total public safety	91,527,922	1,639,396	814,288	92,353,030
Public Works:				
Cemeteries	151,748	-	-	151,748
Engineering	56,528,605	14,317,682	2,664,905	68,181,382
Traffic Engineering	3,429,501	3,004	173,057	3,259,448
Traffic Signals	2,680,105	-	103,611	2,576,494
Care and Maintenance of Public Buildings	17,486,388	-	-	17,486,388
Building and Ground	516,800	-	-	516,800
Custodial Services	34,818	-	-	34,818
Public Works Deputy Dir/Adm	41,124	-	-	41,124
Public Works Infrastructure Management	21,486,130	14,303,003	4,335,944	31,453,189
Pest Control	1,426	-	-	1,426
Streets	136,238,309	-	372,876	135,865,433
Storm Drainage	73,179,587	-	63,783	73,115,805
Bridges	1,787,206	-	-	1,787,206
Soil Conservation	232,159	-	-	232,159
Total public works	313,793,906	28,623,690	7,714,176	334,703,420
Culture and Recreation:				
Planetarium	2,205,142	-	-	2,205,142
Jackson Zoological Park	3,465,122	-	-	3,465,122
Municipal Art Building	40,714	-	-	40,714
Parks Maintenance	-	279,176	-	279,176
Parks and Recreation	31,081,444	72,599	29,690	31,124,353
Teen Center	5,293	-	-	5,293
Library	8,065,653	-	-	8,065,653
Smith Robertson Cultural Center	1,637,150	-	-	1,637,150
City Auditorium and Art Center	10,583,141	-	-	10,583,141
Total culture and recreation	57,083,659	351,775	29,690	57,405,744
Miscellaneous:				
City Council/Mayor	830,560	12,695	13,769	829,486
City Clerk	192,219	-	-	192,219
City Hall	2,526,372	-	-	2,526,372
Legal	263,643	-	-	263,643
Mayor's Action Line	34,862	-	-	34,862
Industrial Park	1,485,483	-	-	1,485,483
Internal Audit	21,692	-	-	21,692
Total miscellaneous	5,354,831	12,695	13,769	5,353,757
Total governmental funds capital assets	\$ 522,664,085	30,845,059	8,747,249	\$ 544,761,895

(1) This schedule presents only the capital asset balances related to governmental activities.

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**CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIAL
SEPTEMBER 30, 2018**

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

Position	Coverage per each	Term of bond
All employees except City Council (7) Mayor, City Administrative Officer, Director of Administration, Chief of Police, Deputy Chief of Police, City Clerk, Deputy Clerks(10)	\$100,000	10/01/13 - Indefinite

2) Company: FCCI Insurance Group
Travelers Casualty and Surety Company of America
Old Republic Surety Group
Western Surety Company

Limits of liability: Surety Bond coverage as follows:

Position	Coverage per each	Term of bond
City Council (7)	\$100,000	12/23/14 - 12/23/18 07/03/18 - 07/03/19 07/01/18 - 07/01/19 07/06/18 - 07/06/20 07/03/18 - 07/03/19 07/03/17 - 07/03/21 07/01/18 - 07/01/19
Mayor	\$100,000	06/28/17 - 06/28/21
City Administrative Officer	\$50,000	08/15/17 - 08/15/21
City Clerk	\$50,000	05/10/18 - 05/10/19
Director of Administration	\$50,000	VACANT
Chief of Police	\$50,000	01/01/18 - 01/01/19
Assistant Police Chief	\$50,000	VACANT
Deputy Chief of Police	\$50,000	12/29/17 - 12/29/18
Assistant City Clerk	\$50,000	02/09/18 - 02/09/19
Deputy Clerks (7)	\$50,000	10/10/17 - 10/10/18 12/07/17 - 12/07/18 08/04/18 - 08/04/19 08/25/18 - 08/25/19 09/07/18 - 09/07/19 09/12/18 - 09/12/19 09/12/18 - 09/12/19

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**OFFICE OF THE
STATE AUDITOR**

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STATISTICAL SECTION (UNAUDITED)

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

Contents	Page
Financial Trends	136
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	141
These schedules contain information to help the reader assess the City of Jackson's most significant local revenue source, the property tax.	
Debt Capacity	146
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	152
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	155
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.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$ 229,661	\$210,819	\$125,653	\$121,798	\$197,641	\$179,234	\$187,511	\$180,357	\$188,172	#####
Restricted	43,488	44,637	5,961	5,926	5,726	13,446	15,040	17,469	23,585	32,587
Unrestricted	(277,805)	(276,849)	(190,475)	(173,696)	(8,168)	(45,855)	(41,290)	(36,100)	(38,882)	(32,604)
Total governmental activities net position	<u>\$ (4,656)</u>	<u>\$ (21,393)</u>	<u>\$ (58,861)</u>	<u>\$ (45,972)</u>	<u>\$ 195,199</u>	<u>\$ 146,825</u>	<u>\$ 161,261</u>	<u>\$ 161,726</u>	<u>\$ 172,875</u>	<u>#####</u>
Business-type activities										
Net investment in capital assets	\$ 242,146	\$240,550	\$218,760	\$213,137	\$192,012	\$101,011	\$184,185	\$183,735	\$176,170	#####
Restricted	3,491	8,261	-	-	-	-	-	-	-	3,861
Unrestricted	16,543	15,928	68,728	59,674	84,672	159,496	73,303	78,501	77,521	82,482
Total business-type activities net position	<u>\$ 262,180</u>	<u>\$264,739</u>	<u>\$287,488</u>	<u>\$272,811</u>	<u>\$276,684</u>	<u>\$260,507</u>	<u>\$257,488</u>	<u>\$262,236</u>	<u>\$253,691</u>	<u>#####</u>
Primary government										
Net investment in capital assets	\$ 471,807	\$451,369	\$344,413	\$334,935	\$389,653	\$371,696	\$371,696	\$364,092	\$364,342	#####
Restricted	46,979	52,898	5,961	5,926	5,726	15,041	15,040	17,469	23,585	36,448
Unrestricted	(261,262)	(260,921)	(121,747)	(114,022)	76,504	113,641	22,013	47,401	58,659	49,878
Total primary government net position	<u>\$ 257,524</u>	<u>\$243,346</u>	<u>\$228,627</u>	<u>\$226,839</u>	<u>\$471,883</u>	<u>\$500,378</u>	<u>\$418,749</u>	<u>\$428,962</u>	<u>\$446,586</u>	<u>#####</u>

Source: Statement of Net Position.

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

Expenses	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities:										
General government	\$ 35,428	\$ 31,782	\$ 40,546	\$ 40,625	\$ 15,780	\$ 40,602	\$ 29,456	\$ 29,312	\$ 32,358	\$ 44,790
Public safety	62,809	67,089	68,029	64,796	27,031	64,780	57,055	59,166	56,922	55,996
Public works	14,714	14,338	13,375	19,595	14,505	24,661	24,721	21,774	27,451	31,518
Human and cultural services	17,694	16,571	16,297	16,720	7,831	14,311	13,756	16,011	9,645	14,170
Employee benefits	-	-	6,485	1,564	8,232	7,860	8,685	8,625	8,764	2,149
Interest on long-term debt	5,236	5,570	7,825	5,912	844	8,230	7,448	5,864	8,830	5,389
Total governmental activities	<u>\$ 135,881</u>	<u>135,350</u>	<u>152,557</u>	<u>149,212</u>	<u>74,223</u>	<u>160,444</u>	<u>141,121</u>	<u>140,752</u>	<u>143,970</u>	<u>154,012</u>
Business-type activities:										
Water/Sewer	67,911	65,503	50,962	45,439	55,553	48,891	55,347	41,795	41,064	42,275
Transportation	7,837	7,054	8,200	8,213	7,995	7,554	6,970	8,713	7,956	7,990
Madison-Ridgeland Sewage	25,971	117	60	55	109	82	74	51	-	-
Sanitation	10,657	10,904	11,996	10,857	10,766	11,699	11,894	11,156	10,244	10,296
Total business-type activities	<u>86,431</u>	<u>83,578</u>	<u>71,219</u>	<u>64,564</u>	<u>74,423</u>	<u>68,226</u>	<u>74,285</u>	<u>61,715</u>	<u>59,264</u>	<u>60,561</u>
Total primary government	<u>\$ 222,312</u>	<u>\$ 218,928</u>	<u>\$ 223,776</u>	<u>\$ 213,776</u>	<u>\$ 148,646</u>	<u>\$ 228,670</u>	<u>\$ 215,406</u>	<u>\$ 202,467</u>	<u>\$ 203,234</u>	<u>\$ 214,573</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 6,028	\$ 5,601	\$ 8,439	\$ 9,281	\$ 10,875	\$ 14,204	\$ 15,019	\$ 13,075	\$ 4,951	\$ 6,334
Public Safety	2,075	2,757	288	195	1,348	823	798	367	3,241	2,824
Public Works	144	167	208	195	162	200	253	15	1,206	1,469
Human and cultural services	596	607	658	455	464	595	885	619	2,025	1,575
Operating grants contributions	9,580	10,394	13,486	11,912	8,251	12,261	10,114	11,570	17,441	16,681
Capital grants and contributions	10,075	4,190	2,697	5,200	7,016	11,291	1,970	5,025	2,226	6,188
Total governmental activities	<u>\$ 28,498</u>	<u>23,716</u>	<u>25,776</u>	<u>27,238</u>	<u>28,116</u>	<u>39,374</u>	<u>29,039</u>	<u>30,671</u>	<u>31,090</u>	<u>35,071</u>
Business-type activities:										
Charges for services:										
Water/Sewer	\$ 57,709	\$ 61,212	63,085	59,849	69,423	44,052	47,966	47,578	41,974	41,440
Transportation	506	426	406	716	710	677	589	529	431	360
Madison-Ridgeland Sewage	9	-	-	-	-	-	-	-	-	-
Sanitation	9,502	10,272	11,606	11,349	11,024	11,311	12,007	11,473	11,258	10,850
Operating grants contributions	5,312	4,977	509	570	506	582	631	706	664	694
Capital grants and contributions	-	338	6,415	2,143	2,516	4,675	2,844	2,568	4,584	1,741
Total business-type activities	<u>\$ 73,038</u>	<u>77,225</u>	<u>82,021</u>	<u>74,627</u>	<u>84,179</u>	<u>61,297</u>	<u>64,037</u>	<u>62,854</u>	<u>58,911</u>	<u>55,085</u>
Net (expense)/revenue										
Governmental activities	(107,383)	(111,634)	(126,781)	(121,974)	(46,108)	(121,070)	(112,082)	(110,081)	(112,880)	(118,941)
Business-type activities	(13,393)	(6,353)	10,802	10,063	9,756	(6,929)	(10,248)	1,139	(353)	(5,476)
Total primary government net expenses	<u>\$ (120,776)</u>	<u>\$ (117,987)</u>	<u>\$ (115,979)</u>	<u>\$ (111,911)</u>	<u>\$ (36,352)</u>	<u>\$ (127,999)</u>	<u>\$ (122,330)</u>	<u>\$ (108,942)</u>	<u>\$ (113,233)</u>	<u>\$ (124,417)</u>
General revenues:										
Governmental activities:										
Taxes:										
Property taxes	\$ 78,079	\$ 75,698	\$ 69,708	\$ 77,881	\$ 77,634	\$ 72,437	\$ 74,856	\$ 68,108	\$ 68,523	\$ 71,298
Sales taxes	14,234	14,515	36,731	31,937	32,740	32,718	32,701	31,656	31,268	33,598
Franchise taxes	7,510	7,140	8,119	8,975	9,667	8,245	8,218	7,878	8,552	9,234
Intergovernmental	39,412	38,920	-	-	-	-	-	-	-	-
Investment earnings	426	302	52	59	74	145	395	341	187	616
Gain on sale of capital assets	554	137	489	318	561	108	166	172	40	-
Miscellaneous	13	-	401	1,071	1,714	577	282	317	204	203
Transfers	(11,366)	(4,483)	(2,082)	(3,054)	(6,106)	(9,585)	(5,000)	(10,232)	(4,027)	(4,027)
Total governmental activities	<u>128,862</u>	<u>132,229</u>	<u>113,418</u>	<u>117,187</u>	<u>116,284</u>	<u>104,645</u>	<u>111,618</u>	<u>98,240</u>	<u>104,747</u>	<u>110,922</u>
Business-type activities										
Investment earnings	129	127	91	124	256	249	472	490	244	812
Gain on sale of capital assets	19	48	-	2	59	15	30	76	21	(1,332)
Miscellaneous	-	-	1,700	-	-	-	-	-	-	-
Gain on retirement bonds	-	-	-	-	-	-	-	1,275	-	-
Transfers	11,366	4,483	2,082	3,054	6,106	9,585	5,000	5,565	4,027	4,027
Total business-type activities	<u>11,514</u>	<u>4,658</u>	<u>3,873</u>	<u>3,180</u>	<u>6,421</u>	<u>9,849</u>	<u>5,502</u>	<u>7,406</u>	<u>4,292</u>	<u>3,507</u>
Total primary government	<u>\$ 140,376</u>	<u>\$ 136,887</u>	<u>\$ 117,291</u>	<u>\$ 120,367</u>	<u>\$ 122,705</u>	<u>\$ 114,494</u>	<u>\$ 117,120</u>	<u>\$ 105,646</u>	<u>\$ 109,039</u>	<u>\$ 114,429</u>
Change in net position										
Governmental activities	21,479	20,595	\$ (13,363)	\$ (4,787)	\$ 70,177	\$ (16,425)	\$ (464)	\$ (11,841)	\$ (8,133)	\$ (8,019)
Business-type activities	(1,879)	(1,695)	14,675	13,243	16,177	2,920	(4,746)	8,545	3,939	(1,969)
Total primary government	<u>\$ 19,600</u>	<u>\$ 18,900</u>	<u>\$ 1,312</u>	<u>\$ 8,456</u>	<u>\$ 86,354</u>	<u>\$ (13,505)</u>	<u>\$ (5,210)</u>	<u>\$ (3,296)</u>	<u>\$ (4,194)</u>	<u>\$ (9,988)</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	Local and State Sales Taxes	Franchise Tax	State Motor Fuel Tax	State Alcoholic Beverage Tax	Total
2018	78,079	42,742	7,510	594	331	129,256
2017	75,697	43,866	7,140	168	316	127,187
2016	69,708	36,429	8,119	44	258	114,558
2015	77,880	31,636	8,975	47	254	118,792
2014	61,797	29,440	1,552	30	270	93,089
2013	56,970	29,902	1,590	26	270	88,758
2012	55,855	29,155	1,652	30	268	86,960
2011	54,594	30,798	1,823	28	268	87,511
2010	50,483	29,995	1,890	31	262	82,661
2009	53,256	32,301	1,572	31	274	87,434

Source: Statement of Activities

City of Jackson
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Nonspendable	\$ 781	722	\$ 1,187	\$ 875	\$ 997	\$ 2,283	\$ 2,160	\$ 1,814	\$ 1,470	\$ 1,327
Restricted	1,731	749	687	550	517	492	658	437	-	-
Committed	6,990	6,771	5,066	3,780	3,833	3,585	4,789	6,086	2,659	2,807
Assigned	1,995	1,294	1,179	2,005	2,518	49	49	33	-	-
Unassigned	24,356	18,478	6,931	5,525	16,579	26,517	26,310	24,757	26,695	24,897
Total general fund	<u>\$ 35,853</u>	<u>\$ 28,014</u>	<u>\$ 15,050</u>	<u>\$ 12,735</u>	<u>\$ 24,444</u>	<u>\$ 32,926</u>	<u>\$ 33,966</u>	<u>\$ 33,127</u>	<u>\$ 30,824</u>	<u>\$ 29,031</u>
All other governmental funds										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	43,202	43,888	8,261	7,876	8,362	7,210	4,045	3,600	4,876	7,205
Committed	5,906	7,225	8,084	8,188	10,699	13,943	11,692	19,780	21,075	27,311
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	(45)	(194)	-	(498)	(1,663)	-	-	-	-	-
Total all other governmental funds	<u>\$ 49,063</u>	<u>\$ 50,919</u>	<u>\$ 16,345</u>	<u>\$ 15,566</u>	<u>\$ 17,398</u>	<u>\$ 21,153</u>	<u>\$ 15,737</u>	<u>\$ 23,380</u>	<u>\$ 25,951</u>	<u>\$ 34,516</u>

Source: Governmental Funds - Balance Sheet

City of Jackson
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
venues										
axes	\$ 78,079	\$ 75,697	\$ 69,945	\$ 69,118	\$ 77,435	\$ 70,026	\$ 69,887	\$ 68,253	\$ 67,772	\$ 69,315
anchise taxes	7,510	7,140	-	-	-	-	-	-	-	-
enses and permits	1,587	1,403	1,448	1,973	2,006	2,291	2,676	2,873	2,541	3,453
ergovernmental	72,239	67,550	46,900	47,489	50,291	55,535	49,721	46,069	48,425	55,498
arges for services	4,760	4,689	4,581	4,695	4,092	4,152	3,693	3,499	3,314	3,324
es	1,996	2,350	2,849	3,457	3,109	3,923	4,166	4,537	4,092	4,245
vestment earnings	426	303	52	59	74	145	395	342	186	616
ecial assessments	-	-	10	21	34	2	6	8	1	19
her	4,010	3,625	18,209	18,625	18,626	18,423	16,560	15,923	14,707	13,526
tal revenues	170,607	162,757	143,994	145,437	155,667	154,497	147,104	141,504	141,038	149,996
penditures										
neral government	35,719	31,118	27,989	28,371	30,515	30,718	29,269	30,977	30,506	39,351
blic safety	60,996	60,507	53,086	54,068	54,738	52,586	57,035	52,606	51,571	53,215
lture and recreation	15,328	14,113	13,339	14,619	14,242	13,753	8,349	13,370	8,078	12,299
blic works	10,830	10,547	9,175	16,554	30,334	23,232	24,698	19,126	24,430	36,742
mployee Benefits	-	-	6,696	7,553	8,070	7,780	8,685	8,625	8,071	2,149
pital Outlay	23,820	23,838	8,658	7,546	10,463	21,090	10,539	5,749	9,982	15,311
bt service										
Principal	7,341	4,368	7,150	15,700	6,030	2,780	873	624	3,806	10,731
nterest	5,696	5,763	8,244	6,491	6,013	5,061	6,575	6,424	7,128	5,789
tal expenditures	159,730	150,254	134,337	150,902	160,405	157,000	146,023	137,501	143,572	175,587
ccess of revenues										
ver (under) expenditures	10,877	12,503	9,657	(5,465)	(4,738)	(2,503)	1,081	4,003	(2,534)	(25,591)
her financing sources (uses)										
ansfer in	5,511	5,586	6,435	9,347	15,582	10,400	4,813	7,927	7,201	7,581
ansfer out	(16,877)	(10,069)	(16,624)	(19,836)	(28,448)	(26,745)	(16,442)	(18,159)	(15,006)	(15,474)
ceeds from capital leases	5,892	-	-	2,095	4,808	12,144	3,098	172	-	-
uance of debt	-	497	-	-	-	10,185	402	9,041	27,153	38,280
les of Bonds	-	-	30,019	-	-	64,940	-	-	-	-
le of capital assets	579	137	489	318	561	108	166	-	40	-
yments to refunded bond escrow agent	-	-	(28,440)	-	-	(69,891)	-	(33)	(25,089)	(359)
scount on GO bond	-	-	(88)	-	-	-	-	-	-	-
remium on GO bond issue	-	-	1,172	-	-	5,738	-	-	1,463	430
ceeds from Tax Increment Bonds	-	-	-	-	-	-	-	-	-	2,382
tal other financing										
sources (uses)	(4,895)	(3,849)	(7,037)	(8,076)	(7,497)	6,879	(7,963)	(1,052)	(4,238)	32,840
t change in fund balances	\$ 5,982	\$ 8,654	\$ 2,620	\$ (13,541)	\$ (12,235)	\$ 4,376	\$ (6,882)	\$ 2,951	\$ (6,772)	\$ 7,249
bt service as a percentage of noncapital										
xpenditures	9.6%	8.0%	14.0%	18.3%	8.7%	5.8%	5.5%	5.7%	8.9%	11.5%

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Motor Fuel Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2018	78,079	42,742	7,510	594	331	129,256
2017	75,697	43,866	7,140	168	316	127,187
2016	69,945	30,691	8,119	44	258	109,057
2015	69,118	31,636	8,975	47	254	110,030
2014	77,435	29,440	1,552	30	270	108,727
2013	70,026	32,034	1,590	26	270	103,946
2012	69,887	29,155	1,652	30	268	100,992
2011	68,253	30,798	1,823	28	268	101,170
2010	67,772	29,995	1,890	31	262	99,950
2009	69,315	32,301	1,572	31	274	103,493

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		
2018	\$ 797,546,086	\$ 6,191,522,987	\$ 437,285,854	\$ 1,991,106,580	\$ 1,234,831,940	\$ 8,182,629,567	63.03	10%,15%,and 30%
2017	797,544,121	6,191,509,887	432,278,120	1,957,721,687	1,229,822,241	8,149,231,574	61.03	10%,15%,and 30%
2016	797,782,302	6,209,794,880	427,318,830	1,940,221,673	1,225,101,132	8,150,016,553	56.26	10%,15%,and 30%
2015	782,206,847	6,106,236,603	429,291,423	1,975,757,483	1,211,498,270	8,081,994,086	56.46	10%,15%,and 30%
2014	792,551,066	6,169,507,167	423,157,579	1,950,263,833	1,215,708,645	8,119,771,000	62.07	10%,15%,and 30%
2013	805,068,802	6,271,511,887	396,924,146	1,871,856,147	1,201,992,948	8,143,368,034	56.54	10%,15%,and 30%
2012	810,977,848	6,317,262,297	413,249,466	1,993,670,330	1,224,227,314	8,310,932,627	56.63	10%,15%,and 30%
2011	809,368,529	6,323,192,313	396,605,625	1,897,105,793	1,205,974,154	8,220,298,106	56.63	10%,15%,and 30%
2010	798,026,041	6,252,141,950	400,770,321	1,887,134,230	1,198,796,362	8,139,276,180	56.72	10%,15%,and 30%
2009	790,601,910	6,190,265,033	423,164,849	1,988,646,047	1,213,766,759	8,178,911,080	56.72	10%,15%,and 30%

(1) Ad valorem tax property assessments within the City and the Jackson Municipal Separate School District are assessed at fifteen percent (15%). 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.

(2) Includes automotive valuation.

SOURCE: Hinds, Rankin and Madison County Tax Collectors

City of Jackson
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

				Overlapping Rates					
City of Jackson				County	School District				
		Debt	Total	Debt Service		Debt	Total	Library	Total
Fiscal	Operating	Service	City	& Operating		Service	School	Special	Direct &
Year	Millage	Millage	Millage	County	Operating	Millage	Millage	District	Overlapping
				Millage	Millage				Rates
2018	57.40	3.83	61.23	41.58	65.91	18.90	84.81	1.80	189.42
2017	56.19	3.08	61.03	38.83	65.91	18.68	84.59	1.76	186.21
2016	53.28	2.98	56.26	38.33	65.91	16.76	82.67	1.77	179.03
2015	48.90	7.56	56.46	38.33	65.91	16.53	82.44	1.57	178.80
2014	56.77	5.30	62.07	38.33	64.79	7.17	71.96	1.49	173.85
2013	53.50	3.04	56.54	38.33	62.58	14.91	77.49	1.49	173.85
2012	53.43	3.20	56.63	38.33	62.66	12.33	74.99	1.40	171.35
2011	53.56	3.07	56.63	44.13	62.58	12.41	74.99	1.40	177.15
2010	50.09	6.63	56.72	39.12	68.91	6.08	74.99	1.31	172.14
2009	51.25	5.47	56.72	39.12	68.91	6.08	74.99	1.31	172.14

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

City of Jackson
Principal Property Taxpayers
Current Year and Nine Years Ago
(amounts expressed in thousands)

<u>Taxpayer</u>	2018			2009		
	<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	\$ 25,066	2	2.03%	\$ 62,077	2	5.11%
Entergy	145,497	1	11.78%	75,825	1	6.25%
Atmos Energy	15,451	5	1.25%	11,115	5	0.92%
Midcontinent Express Pipeline LLC	19,544	4	1.58%			
Parkway Properties				14,880	4	1.23%
Entergy Services Inc	15,281	6	1.24%			
Wal-Mart/Sam's Wholesale Club				6,496	7	0.54%
Jackson HMA Inc. LLC	5,957	9	0.48%	7,462	6	0.61%
Texas Eastern Transmission C	14,868	7	1.20%			
Gulf South Pipeline Co. LP	19,740	3	1.60%	25,367	3	2.09%
Delphi Auto Systems LLC				6,136	8	0.50%
FKA Illinois Central Railroad	9,358	8	0.76%	6,117	9	0.50%
Eaton Aerospace LLC	5,643	10	0.46%	5,244	10	0.43%
Totals	<u>\$ 276,405</u>		<u>22.38%</u>	<u>\$ 220,719</u>		<u>18.18%</u>

Source: Hinds County

Note: See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 142 for property assessed value data.

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>
2018	\$ 66,618	\$ 64,208	96.4	\$ 1,360	\$ 64,344	96.6
2017	64,507	62,170	96.4	1,096	63,266	98.1
2016	61,601	59,548	96.7	1,229	60,777	98.7
2015	59,436	59,314	99.8	528	59,842	100.7
2014	69,499	66,623	95.9	1,458	68,081	98.0
2013	69,069	61,147	88.5	1,106	62,253	90.1
2012	67,138	60,734	90.5	1,533	62,267	92.7
2011	-	-	-	-	-	-
2010	61,942	59,321	95.8	972	60,293	97.3
2009	61,363	59,602	97.1	376	59,978	97.7

The data was not available from Hinds County in 2011.

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

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

Governmental Activities														
Fiscal Year		General Obligation Bonds		Limited Obligation Bonds		State Revolving Loan MDA		Miss Development Bank Loan		Section 108 Loan		General Obligation Note		Capital Leases
2018	\$	128,381	\$	7,429	\$	527	\$	1,296	\$	6,750	\$	-	\$	11,223
2017		131,834		3,546		621		1,590		7,000		-		12,932
2016		125,729		4,080		217		1,884		7,000		2,300		11,640
2015		124,150		4,576		259		2,159		7,000		4,600		15,677
2014		139,280		5,111		302		2,452		6,889		6,900		17,880
2013		135,645		5,622		342		2,747		7,000		9,200		18,167
2012		131,290		6,102		383		3,040		7,000		402		17,058
2011		131,720		6,541		430		3,335		7,000		-		18,073
2010		131,720		4,231		462		2,650		7,000		-		13,520
2009		134,610		4,522		497		2,847		7,000		-		13,053

(Continued)

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

(1) See the Schedule of Demographic and Economic Statistics on page 152 for personal income and population data.

Business-Type Activities

<u>Revenue Bonds</u>	<u>State Revolving Loan (DEQ)</u>	<u>State Revolving Loan (DOH)</u>	<u>State Revolving Loan (MDA)</u>	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$ 218,811	\$ 28,364	\$ 442	\$ 3,721	\$ 2,581	\$ 409,525	7.18%	\$ 2,360
227,608	30,437	222	4,574	2,971	423,335	7.42%	2,440
222,455	27,322	-	4,363	1,169	408,159	6.81%	2,352
227,910	25,633	-	5,021	2,719	419,704	7.00%	2,419
233,660	22,534	-	3,943	4,187	443,138	7.39%	2,554
239,265	15,653	-	2,727	4,137	440,505	7.34%	2,539
154,430	12,578	-	-	3,069	335,352	5.59%	1,933
148,325	13,799	-	-	2,758	331,981	5.54%	1,914
148,920	15,428	-	-	4,704	328,635	5.26%	1,894
155,830	16,997	-	-	5,722	341,078	5.59%	1,851

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

Fiscal Year	Assessed Value	Limited Obligation Bonds	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Value of Taxable Property (1)	Per Capita (2)
2018	\$ 1,234,832	\$ 7,429	\$ 128,381	\$ 6,971	\$ 128,839	1.57%	\$ 742.53
2017	1,229,822	3,546	131,834	5,992	129,388	1.59%	745.69
2016	1,225,101	4,080	125,729	4,275	125,534	1.54%	723.48
2015	1,211,498	4,576	124,150	4,509	124,217	1.54%	715.89
2014	1,215,709	5,111	132,380	4,045	133,446	1.64%	769.08
2013	1,201,993	5,622	135,465	5,149	135,938	1.67%	783.44
2012	1,224,227	6,102	131,290	2,331	135,061	1.63%	778.39
2011	1,205,974	6,541	131,720	1,832	136,429	1.66%	786.27
2010	1,198,796	4,231	131,720	2,577	133,374	1.64%	768.66
2009	1,213,767	4,522	134,610	2,471	136,661	1.67%	741.69

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 Value of Taxable Property on page 142 for property value data.

(2) Population data can be found in the Schedule of Demographic and Economic Statistics on page 152.

City of Jackson
Direct and Overlapping Governmental Activities Debt
As of September 30, 2018
(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	\$ 85,939	76.57%	\$ 65,803
Jackson Public Schools	115,565	100.00%	<u>115,565</u>
Subtotal, overlapping debt			181,368
 City of Jackson direct debt	 155,606	 100.00%	 <u>155,606</u>
 Total direct and overlapping debt			 <u>\$ 336,974</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.

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

	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit	\$175,212	\$173,963	\$174,666	\$173,182	\$176,428	\$176,090	\$174,971	\$ 173,629	\$173,116	\$175,386
Total net debt applicable to limit	<u>115,476</u>	<u>119,440</u>	<u>107,047</u>	<u>105,717</u>	<u>100,148</u>	<u>94,548</u>	<u>73,224</u>	<u>73,261</u>	<u>70,951</u>	<u>74,132</u>
Legal debt margin	<u>\$59,736</u>	<u>\$54,523</u>	<u>\$ 67,619</u>	<u>\$ 67,465</u>	<u>\$ 76,280</u>	<u>\$ 81,542</u>	<u>\$101,747</u>	<u>\$ 100,368</u>	<u>\$102,165</u>	<u>\$101,254</u>

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

Legal Debt margin Calculation for Fiscal Year 2017

Assessed value	\$1,234,832
Less Homestead Exemption	<u>(66,749)</u>
Total assessed value	\$1,168,083
Debt limit (15% of total assessed value)	<u>175,212</u>
Debt application to limit:	
General obligation bond indebtedness	122,447
Less: Amount set aside for repayment of	
General obligation bond debt	<u>(6,971)</u>
Total net debt applicable to limit	<u>\$ 115,476</u>
Legal debt margin	<u>\$ 59,736</u>

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

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

Water / Sewer Revenue Bonds							
Fiscal Year	Water/Sewer Charges and Other		Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
					Principal	Interest	
2018	\$	57,709	\$ 39,840	\$ 17,869	\$ 8,070	\$ 11,084	0.93
2017		61,109	37,636	23,473	7,830	11,327	1.23
2016		64,673	32,249	32,424	8,569	12,144	1.57
2015		59,883	29,442	30,441	14,063	12,205	1.16
2014		69,472	34,670	34,802	9,180	11,917	1.65
2013		44,186	33,337	10,849	9,380	6,680	0.68
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

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

¹ The City of Jackson increased water/sewer rates effective November 19, 2013. The sewer rate increase was 108% and the water rate increase was 29%. Applied fund balance was used for water/sewer shortfall for fiscal year 2013 and 2018. An engineer consultant will conduct an analysis on the water/sewer system.

City of Jackson
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population (1)	Personal Income (amounts expressed in thousands)	Per Capita Personal Income (3)	Median Age (4)	Education Level in Years of Formal Schooling (2)	School Enrollment (2)	Unemployment Rate (3)
2018	173,514	5,702,711	32,866	31	12	24,000	4.1%
2017	173,514	5,702,711	32,866	31	12	26,000	4.2%
2016	173,514	5,595,827	32,250	31	12	30,000	5.1%
2015	173,514	5,739,843	33,080	31.3	12	30,000	4.8%
2014	173,514	5,675,296	32,708	31.5	12	30,000	5.9%
2013	173,514	5,801,267	33,434	31.5	12	30,000	6.7%
2012	173,514	5,997,858	34,567	31.0	12	30,000	7.3%
2011	173,514	5,995,776	34,555	32.0	12	30,600	8.4%
2010	173,514	6,247,025	36,003	31.0	12	30,600	7.8%
2009	184,256	6,104,770	33,132	31.9	12	30,600	7.9%

Data Sources

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

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
State of Mississippi	31,556	1	17.13%	31,556	1	17.13%
University of Mississippi	8,000	2	4.34%	8,000	2	4.34%
U.S. Government	5,500	3	2.98%	5,500	3	2.98%
Jackson Public School District	4,814	4	2.61%	4,814	4	2.61%
Baptist Health Systems	2,875	5	1.56%	2,875	5	1.56%
St. Dominic Health Services	2,600	6	1.41%	2,600	6	1.41%
City of Jackson, Mississippi	2,323	7	1.26%	2,323	7	1.26%
Jackson State University	1,667	8	0.90%	1,667	8	0.90%
AT&T	1,300	9	0.71%	1,300	9	0.71%
Central MS Medical Center	1,200	10	0.65%	1,200	10	0.65%
	<u>61,835</u>		<u>33.56%</u>	<u>61,835</u>		<u>33.56%</u>

Source: MetroJackson Chamber of Commerce 2018

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

Function	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General government	267	249	266	267	278	302	290	315	307	310
Public safety										
Police										
Officers	415	352	440	389	412	455	499	479	465	-
Civilians	153	208	193	245	280	267	272	261	270	-
Fire										
Firefighters and officers	314	311	338	333	345	316	337	357	342	354
Civilians	14	14	14	24	23	17	11	11	10	11
Public works	367	333	157	395	425	461	484	482	449	466
Culture and Recreation	246	184	260	273	262	318	238	303	370	319
Total	<u>1,776</u>	<u>1,651</u>	<u>1,668</u>	<u>1,926</u>	<u>2,025</u>	<u>2,136</u>	<u>2,131</u>	<u>2,208</u>	<u>2,213</u>	<u>1,460</u>

Source: City of Jackson Information System Department.

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

City of Jackson
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Parking violations	29,270	5,535	9,399	9,197	10,098	12,281	17,190	18,101	13,777	11,076
Traffic violations	63,634	17,666	30,405	44,008	41,823	52,425	60,598	57,815	56,587	47,146
Fire										
Number of calls answered (1)	17,802	15,309	716	14,567	14,025	11,825	9,403	-	-	11,577
Inspections	1,276	3,392	3,941	3,205	4,141	4,500	4,635	3,590	3,701	4,510
Highways and streets										
Street resurfacing (miles) (1)	3.87	24.8	24.8	6.2	6.1	4.2	10.6	-	-	68.3
Potholes repaired (2)	11,224	14,999	22,116	30,389	29,921	37,565	29,871	38,776	51,431	3,619
Sanitation										
Refuse collected (tons/day)	9,880	3,381	4,114	5,496	5,361	5,301	7,904	4,523	5,718	5,058
Recyclables collected (tons/day)	160.34	69.09	83.18	81.96	90.06	91.35	89.84	76.89	81.72	80.16
Culture and recreation										
Community center admissions	169	80	79	110	64	89	118	53	68	90
Water										
New connections (1)	188	121	-	-	-	-	212	-	198	670
Average daily consumption (thousands of gallons) (1)	7,189	7,008	-	-	-	-	-	24,024	-	21,080
Wastewater										
Average daily sewage treatment (thousands of gallons) (1)	7,218	43,896	-	-	-	-	-	46,650	47,170	44,650

Source: Various City of Jackson departments.

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

(2) Prior years have 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									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Public safety										
Police stations	6	6	6	6	6	6	6	6	6	6
Fire stations	21	21	21	21	21	21	21	21	21	21
Highways and streets										
Streets (miles)	1,201	1,201	1,201	1,201	1,201	1,201	1,204	1,300	1,447	1,431
Traffic signals intersection	321	319	358	358	358	358	358	358	334	334
Culture and recreation										
Parks	57	57	57	57	54	54	54	54	54	54
Gymnasiums	5	5	5	5	5	5	5	5	5	5
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	9	9	10	10	10	10	10	10	10	10
Water										
Water mains (miles)	1,000	1,000	-	-	-	-	-	-	1,220	1,220
Fire hydrants	7,800	22,000	-	-	-	-	-	-	7,500	7,500
Maximum daily capacity (thousands of gallons)	18,057	17,795	-	-	-	-	-	-	25,600	25,600
Sewer										
Sanitary sewers (miles)	1,000	900	-	-	-	-	-	-	911	911
Storms sewers (miles)	9,859	3,908	-	-	-	-	-	-	460	460

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

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**INDEPENDENT AUDITORS' 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
and Honorable Members of the City Council
City of Jackson, Mississippi

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the City of Jackson, Mississippi's basic financial statements, and have issued our report thereon dated July 1, 2019. Our report includes a reference to other auditors who audited the financial statements of the City's discretely presented component units: the Capital City Convention Center Commission and the Jackson Redevelopment Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-001 through 2018-016 and 2018-018 through 2018-022 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2018-017 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Jackson, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-020 through 2018-033.

City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of This Report

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

Tam, Brown & Lewis Co.

July 1, 2019

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited the City of Jackson, Mississippi's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2018. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance requires that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the City of Jackson, Mississippi complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

Report on Internal Control Over Compliance

Management of the City of Jackson, Mississippi, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the City'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. *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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-017 that we consider to be a significant deficiency.

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

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

Tam. Brown + Assoc. Co.

July 1, 2019

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures	Current Year Expenditures to Subrecipients
U.S. Department of Agriculture				
Food and Nutrition Service (MS Department of Education - Pass Through)				
Child and Adult Care Food Program (USDA)	10.558	V0000700018	\$ 203,711	\$ -
SUBTOTAL CFDA NUMBER 10.558			203,711	-
Food Distribution Cluster:				
(Central Mississippi Planning and Development District - Pass Through)				
Commodity Supplemental Food Program (Congregate)	10.565	1198-25	33,427	-
Commodity Supplemental Food Program (Home Delivered)	10.565	1518-25	48,864	-
SUBTOTAL CFDA NUMBER 10.565			82,291	-
Direct Program:				
Emergency Watershed Protection Program	10.923		150,975	-
SUBTOTAL CFDA NUMBER 10.923			150,975	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			436,977	-
U.S. Department of Housing and Urban Development				
Direct Programs:				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants	14.218	B-15-MC-28-0003	22,632	-
Community Development Block Grants/Entitlement Grants	14.218	B-16-MC-28-0003	310,097	-
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-28-0003	743,308	172,313
SUBTOTAL CFDA NUMBER 14.218			1,076,037	172,313
Emergency Solutions Grants Program	14.231	E-14-MC-28-0002	8,397	3,142
Emergency Solutions Grants Program	14.231	E-15-MC-28-0003	53,587	53,587
Emergency Solutions Grants Program	14.231	E-16-MC-28-0003	8,921	8,921
Emergency Solutions Grants Program	14.231	E-17-MC-28-0003	103,639	92,114
SUBTOTAL CFDA NUMBER 14.231			174,544	157,764
HOME Investment Partnerships Program	14.239	M-14-MC-28-0200	14,799	-
HOME Investment Partnerships Program	14.239	M-15-MC-28-0200	10,555	2,119
HOME Investment Partnerships Program	14.239	M-16-MC-28-0200	207,416	127,482
HOME Investment Partnerships Program	14.239	M-17-MC-28-0200	21,417	21,417
SUBTOTAL CFDA NUMBER 14.239			254,187	151,018
Housing Opportunities for Persons with AIDS	14.241	MS-H13-F001	375,566	365,991
Housing Opportunities for Persons with AIDS	14.241	MS-H14-F001	1,042,338	1,004,721
Housing Opportunities for Persons with AIDS	14.241	MS-H15-F001	885,018	877,914
Housing Opportunities for Persons with AIDS	14.241	MS-H16-F001	141,781	139,842
SUBTOTAL CFDA NUMBER 14.241			2,444,703	2,388,468
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	MSLHB0631-16	202,822	-
SUBTOTAL CFDA NUMBER 14.900			202,822	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			4,152,293	2,869,563
U.S. Department of the Interior				
(Mississippi Department of Archives and History - Pass-Through)				
Historic Preservation Fund Grants-In-Aid	15.904		11,745	-
SUBTOTAL CFDA NUMBER 15.904			11,745	-
TOTAL U.S. DEPARTMENT OF THE INTERIOR			11,745	-
U.S. Department of Justice				
Direct Programs:				
Public Safety Partnership & Community Policing Grants	16.710	2008CKWX0439	80,073	-
SUBTOTAL CFDA NUMBER 16.710			80,073	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014DJBX0673	165,525	33,279
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2015DJBX0715	226,837	94,549
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016DJBX0490	30,000	30,000
SUBTOTAL CFDA NUMBER 16.738			422,362	157,828
Equitable Sharing Program	16.922		31,756	-
SUBTOTAL CFDA NUMBER 16.922			31,756	-
TOTAL U.S. DEPARTMENT OF JUSTICE			534,191	157,828

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures	Current Year Expenditures to Subrecipients
<u>U.S. Department of Labor</u>				
Older Americans Act (Senior Service America - Pass Through)				
Senior Community Service Employment Program (Digital Inclusion Initiative)	17.235	AD-304-57-17-55-A-24	322,945	-
Senior Community Service Employment Program (Digital Inclusion Initiative)	17.235	AD-318-08-17-55-A-24	106,130	-
SUBTOTAL CFDA NUMBER 17.235			429,075	-
TOTAL U.S. DEPARTMENT OF LABOR			429,075	-
<u>U.S. Department of Transportation</u>				
(Mississippi Department of Transportation-Pass Through) Highway Planning and Construction Cluster:				
Highway Planning and Construction (Lynch Street Improvements)	20.205	DHP-8276-00(003) 104587-812000	# 127,530	
Highway Planning and Construction (ADA Project)	20.205	TCSP-0250-00(046) 103924-105000	2,726	
Highway Planning and Construction (Robinson Road Bridge)	20.205	ER-7288-00(002) 107259-701000	109,642	
Highway Planning and Construction (West Street Bridge)	20.205	LER-7254-00(005) 10738-701000	250,347	
Highway Planning and Construction (Mill Street Rehabilitation-Hinds County)	20.205	STP-7621-00(01) 107313-711000	164,990	
Highway Planning and Construction (Pavement Rehabilitation & Sidewalk Improvement Terry Road)	20.205	STP-7286-00(003) 106995-701000	548,682	
Highway Planning and Construction (Fondren Sidealk and Landscape Improvement)	20.205	STP-0200-00(038) 106056-701000	2,000,000	
SUBTOTAL CFDA NUMBER 20.205			3,203,917	-
Federal Transit Administration Direct Programs:				
Federal Transit Cluster:				
Federal Transit Formula Grants	20.507	MS-90-00-88	231,616	-
Federal Transit Formula Grants	20.507	MS-90-X092-00	832,850	-
Federal Transit Formula Grants	20.507	MS-90-0081-01	287,188	-
Federal Transit Formula Grants	20.507	MS-34-0003	377,797	-
Federal Transit Formula Grants	20.507	MS-2016-010-00	2,091,437	-
Federal Transit Formula Grants	20.507	MS-2017-005-01	790,124	-
Federal Transit Formula Grants	20.507	MS-2018-004-00	203,988	-
SUBTOTAL CFDA NUMBER 20.507			4,815,000	-
(Mississippi Department of Transportation-Pass Through) National Infrastructure Investments (Tiger Grant)	20.933	STP-0250-00(047) 107200/811000	6,610,385	
SUBTOTAL CFDA NUMBER 20.933			6,610,385	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			14,629,302	-
<u>U.S. Department of Health and Human Services</u>				
Aging Cluster:				
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	1038-25	10,000	
SUBTOTAL CFDA NUMBER 93.044			10,000	-
Special Programs for the Aging Title III, Part C, Nutrition Services (Central MS Planning and Development District - Pass Through) Congregate Nutrition Program (Non-cash)	93.045	1198-25	47,239	
SUBTOTAL CFDA NUMBER 93.045			47,239	-
TOTAL AGING CLUSTER			57,239	0
Substance Abuse and Mental Health Services Administration Direct Program:				

City of Jackson
Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

Federal Agency/Program	Federal CFDA Number	Pass Through Grantor Number	Current Year Federal Expenditures	Current Year Expenditures to Subrecipients
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED) (SAMHSA) SUBTOTAL CFDA NUMBER 93.104	93.104	14SM61630A	843,952 843,952	523,675 523,675
(State of MS Office of Child Nutrition - Pass Through) CCDF Cluster:				
Child Care Development Block Grant (OCY-QRS)	93.575	6012933	117	-
Child Care Development Block Grant (OCY-QRS)	93.575	6013951	203	-
Child Care Development Block Grant (OCY-Slots)	93.575	6012931	252,776	-
Child Care Development Block Grant (OCY-Slots)	93.575	6013950	389,098	-
SUBTOTAL CFDA NUMBER 93.575			642,194	-
(Central MS Planning and Development District - Pass Through)				
Social Services Block Grant (Transportation)	93.667	1538-25	125,115	-
Social Services Block Grant (Home Delivered Meals) (Non-cash)	93.667	1518-25	212,131	-
SUBTOTAL CFDA NUMBER 93.667			337,246	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,880,631	523,675
<u>Executive Office of the President</u>				
Direct Program:				
High Intensity Drug Trafficking Area Program	95.001		23,093	-
SUBTOTAL CFDA NUMBER 95.001			23,093	-
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			23,093	-
<u>U.S. Department of Homeland Security</u>				
(Mississippi Department of Public Safety Pass-Through)				
Homeland Security Grant Program	97.067	15LE221	25,322	-
Homeland Security Grant Program	97.067	B16LE221	27,111	-
Homeland Security Grant Program	97.067	17LE221	19,990	-
SUBTOTAL CFDA NUMBER 97.067			72,423	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			72,423	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 22,169,730	\$ 3,551,066

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

CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Jackson under programs of the federal government for the year ended September 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Jackson, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City of Jackson.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - 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 Uniform Guidance. 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 4 – LOAN AND LOAN GUARANTEES

In accordance with the Uniform Guidance, loans and loan guarantees include new loans made during the year, plus prior year loans for which the federal government imposes continuing compliance requirements.

NOTE 5 – INDIRECT COSTS

The City did not elect to use the 10% de minimus indirect cost rate.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended September 30, 2018

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the City were prepared in accordance with GAAP.
2. Material weaknesses were disclosed during the audit of the financial statements and are reported in this schedule. A significant deficiency that is not considered to be material weakness was disclosed during the audit of the financial statements and is reported in this schedule.
3. Instances of noncompliance material to the financial statements were reported.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in this schedule. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs for the City expresses an unmodified opinion on all major federal programs.
6. No audit findings were required to be reported in accordance with 2 CFR section 200.516(a).
7. The programs tested as major programs were:
 - CDBG-Entitlement Grants Cluster
 - Highway Planning and Construction Cluster
 - Federal Transit Cluster
 - 14.241 Housing Opportunities for Persons with AIDS
 - 20.933 National Infrastructure Investments
 - 93.104 Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Organization did not qualify as a low-risk auditee.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED Year Ended September 30, 2018

FINDINGS – FINANCIAL STATEMENT AUDIT

2018-001 Material Weakness – Financial Reporting (Repeated finding. See finding 2017-001)

- Criteria:** The City's comprehensive annual financial report (CAFR) is the responsibility of the City's management. Therefore, a proper system of internal control over financial reporting is essential in order to prevent, detect, and correct misstatements in the CAFR.
- Condition:** We assisted the City's management with drafting portions of the CAFR because the City did not have adequate internal resources to prepare the CAFR in accordance with generally accepted accounting principles (GAAP).
- Cause:** The City determined that it was more cost efficient to utilize the expertise of the auditor to assist with preparing the CAFR during the audit process as opposed to hiring an employee with comparable experience.
- Effect:** While we have implemented controls within our CPA firm, our controls cannot be considered as part of the City's controls over the CAFR preparation process. Accordingly, a material weakness in the City's internal controls exists in the CAFR reporting function.
- Recommendation:** We recommend that appropriate training be made available to the City's finance department personnel involved in the CAFR preparation process. The Government Finance Officers Association (GFOA) and similar organizations have continuing education training opportunities available in various formats.
- Response:** The City's response is reflected in the accompanying corrective action plan.

2018-002 Material Weakness – Financial Reporting (Repeated finding. See finding 2017-002)

- Criteria:** The City's management approves the audit adjustments prior to issuance of the CAFR each year, so the audit adjustments should be recorded in the City's accounting system in order for internal financial reports to be consistent with the audited CAFR and to reflect accurate fund balances in the new year.
- Condition:** The previous year's audit adjustments weren't properly recorded in the City's accounting system.
- Cause:** The continuing effects of some audit adjustments were not apparent to the City's finance department.
- Effect:** Internal financial reports were not accurate because of the misposted or unposted audit adjustments.
- Recommendation:** We recommend that the finance department post all audit adjustments to the appropriate accounts in the City's accounting system upon completion of the annual audit process.
- Response:** The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

2018-003 Material Weakness – Financial Reporting

- Criteria: Reliable internal financial reports from the accounting system are necessary to provide management and the governing body with accurate financial information for monitoring and decision-making purposes.
- Condition: The year-end financial reports generated from the accounting system had unreconciled differences within certain funds.
- Cause: Certain reports from the accounting system did not properly reflect some of the accounts within the funds.
- Effect: Internal financial reports were not accurate because of the reports did not reflect all accounts.
- Recommendation: We recommend that procedures be developed to ensure that the internal financial reports accurately reflect all accounts and that each fund's accounts balance (debits equal credits) in the reports.
- Response: The City's response is reflected in the accompanying corrective action plan.

2018-004 Material Weakness – Cash (Repeated finding. See finding 2017-004)

- Criteria: Reconciliation of the bank accounts to the accounting system is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
- Condition: The operating bank account reconciliations did not agree with the general ledger balances, and discrepancies were not researched and reconciled in a timely manner. Trust bank accounts were not reconciled monthly, and the city was several months behind in recording activity in the accounts.
- Cause: The City has had difficulties in reconciling the collections activity within the Water/Sewer billing system, and changes in personnel during the year appears to have delayed the trust account reconciliation process.
- Effect: The City's internal financial reports did not accurately reflect cash balances and activity.
- Recommendation: We recommend that procedures be implemented to reconcile all bank accounts to the accounting system on a monthly basis. Any differences should be investigated and resolved in a timely manner.
- Response: The City's response is reflected in the accompanying corrective action plan.

2018-005 Material Weakness – Receivables (Repeated finding. See finding 2017-005)

- Criteria: Reconciliation of accounts receivable totals in the accounting system to detailed reports reflecting the individual customer accounts or other detailed balance information is a primary control procedure to ensure that transactions are properly recorded in the accounting system.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED Year Ended September 30, 2018

- Condition:** Water, sewer, and garbage customer receivable balances and various other receivable balances in the accounting system weren't periodically reconciled to the detailed supporting records of balances actually owed to the City by individuals and others. In addition, the system utilized to monitor the water, sewer, and garbage customers' balances owed under payment arrangements for past-due accounts was not properly adjusting the payment arrangement balances for the monthly installments.
- Cause:** The City has had difficulties in reconciling the activity within the water/sewer billing system, and procedures did not appear to be in place to reconcile other receivable balances to the underlying individual accounts of those who owe the City.
- Effect:** The City's internal financial reports did not accurately reflect receivable balances owed to the City and the related revenues.
- Recommendation:** We recommend that procedures be implemented to reconcile all receivable balances in the accounting system to the underlying balances owed by individuals and others on a monthly basis. Any differences should be investigated and resolved in a timely manner.
- Response:** The City's response is reflected in the accompanying corrective action plan.

2018-006 Material Weakness – Receivables (Repeated finding. See finding 2017-006)

- Criteria:** Generally accepted accounting principles require that receivable balances and the related revenues be reflected net of an allowance for amounts estimated to be uncollectible.
- Condition:** The City's water, sewer, and garbage customer accounts receivables balances have continued to increase dramatically over the past several years, and the allowances for uncollectible amounts were not adequately adjusted based on the past-due status of the receivables and other factors affecting collectability.
- Cause:** As a result of difficulties experienced with the billing system, the City had delayed the evaluation of the collectability of receivable balances.
- Effect:** Without appropriate allowances for uncollectible amounts, the internal financial reports overstated both the receivables asset balances and the related revenues.
- Recommendation:** We recommend that procedures be implemented to periodically review and adjust the allowances for uncollectible accounts.
- Response:** The City's response is reflected in the accompanying corrective action plan.

2018-007 Material Weakness – Inventories

- Criteria:** Reconciliation of supplies inventory account totals in the accounting system to detailed reports reflecting the actual inventory on hand is a primary control procedure to ensure that transactions are properly recorded in the accounting system.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

Condition: The inventory count of the water meters supply on hand at the warehouse was not performed and reconciled to the accounting system.
Cause: Procedures were not in place to periodically reconcile the actual water meters supply on hand to the inventory balances reflected in the accounting system.
Effect: The City's accounting system did not properly reflect the water meter supply inventory.
Recommendation: We recommend that procedures be implemented to reconcile the water meters supply inventory on hand to the accounting system at least annually.
Response: The City's response is reflected in the accompanying corrective action plan.

2018-008 Material Weakness – Liabilities (Repeated finding. See finding 2017-009)

Criteria: Reconciliation of liability account totals in the accounting system to detailed reports reflecting the individual vendor accounts or other detailed balance information is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
Condition: Vouchers payable, accounts payable and other liability detailed reports weren't reconciled to the accounting system.
Cause: Procedures were not in place to periodically reconcile the underlying amounts owed to individuals and entities with the liability balances reflected in the accounting system.
Effect: The City's accounting system did not properly reflect the balances owed by the City.
Recommendation: We recommend that procedures be implemented to reconcile the liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.
Response: The City's response is reflected in the accompanying corrective action plan.

2018-009 Material Weakness – Liabilities (Repeated finding. See finding 2017-010)

Criteria: Reconciliation of payroll liability account totals in the accounting system to detailed reports reflecting the individual balances owed is a primary control procedure to ensure that transactions are properly recorded in the accounting system.
Condition: Payroll liability accounts for payroll taxes, retirement contributions, group insurance premiums, and garnishment withholdings weren't reconciled to ensure that all payroll withholdings and the City's related share of costs were properly reflected and remitted to the appropriate entities in a timely manner.
Cause: Procedures were not in place to periodically reconcile the underlying amounts owed to the liability balances reflected in the accounting system.
Effect: The City's accounting system did not properly reflect the balances owed by the City.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

Recommendation: We recommend that procedures be implemented to reconcile the payroll liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-010 Material Weakness – Liabilities (Repeated finding. See finding 2017-011)

Criteria: Reconciliation of liability account totals in the accounting system to detailed reports reflecting the individual balances making up the total is a primary control procedure to ensure that transactions are properly recorded in the accounting system.

Condition: The detailed report of the individual customer meter deposits held by the City was not periodically reconciled to the accounting system.

Cause: Because of difficulties experienced with the water/sewer billing system, the City was delayed in developing a report from the water/sewer billing system to reflect the details of customer meter deposits held by the City.

Effect: The customer meter deposits liability reflected in the accounting system was not periodically reconciled to the individual customer meter deposit amounts reflected in the billing system.

Recommendation: We recommend that the City implement procedures to reconcile the customer meter deposits report to the balance in the accounting system on a monthly basis.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-011 Material Weakness – Liabilities (Repeated finding. See finding 2017-012)

Criteria: Reconciliation of liability account totals in the accounting system to detailed reports reflecting the individual balances making up the total is a primary control procedure to ensure that transactions are properly recorded in the accounting system.

Condition: A detailed report of the individual amounts of police seized and forfeited cash held by the City pending court action was not available.

Cause: A comprehensive system was not in place to track the seized and forfeited balances held by the City pending court decisions on whether the funds will be retained as city revenue or returned to defendants.

Effect: The police seized and forfeited cash liability reflected in the accounting system was not reconciled to the individual cases pending.

Recommendation: We recommend that the City develop a report reflecting the individual amounts held by the City pending court action and implement procedures to reconcile the individual amounts to the balance in the accounting system on a monthly basis.

Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

2018-012 Material Weakness – Fund Balances (Repeated finding. See finding 2017-015)

- Criteria: Revenues and expense are required by GAAP to be separately reflected (rather than netting them), and donations received with restrictions on their use are required to be reflected as restricted fund balances until utilized for intended purpose.
- Condition: Restricted fund balances for special programs were incorrectly reflected as “other liabilities” and some transactions were improperly netted within the liability accounts rather than being reflected as revenues and expenses.
- Cause: Liability accounts were not monitored to ensure that liability account usage was appropriate.
- Effect: The City’s liabilities were overstated and revenues, expenses and restricted fund balances were understated.
- Recommendation: We recommend that liability accounts be periodically reviewed to ensure that usage of liability accounts is appropriate. In addition, restricted fund balances should be monitored to ensure that the restricted fund balance is released to unrestricted fund balance upon utilization for the intended purpose.
- Response: The City’s response is reflected in the accompanying corrective action plan.

2018-013 Material Weakness – Revenues (Repeated finding. See finding 2017-017)

- Criteria: Proper identification of revenues is a primary control to ensure that usage restrictions are adequately monitored and amounts are properly reported in the accounting system.
- Condition: Some federal grants, state grants, state loan proceeds, tax forfeiture land sales, and other types of sporadically received revenues were not properly identified and posted to the appropriate accounts in the accounting system.
- Cause: Procedures were not in place to review the posting of revenues for appropriateness.
- Effect: Revenues were not properly classified in the internal financial reports and some state loan proceeds were not reflected in the long-term debt schedules.
- Recommendation: We recommend that procedures for identifying and recording infrequently received types of revenues be reviewed and revised as necessary to ensure that the financial reports correctly reflect the various types of revenues received by the City.
- Response: The City’s response is reflected in the accompanying corrective action plan.

2018-014 Material Weakness – Revenues (Repeated finding. See finding 2017-018)

- Criteria: Monitoring of lease agreements and payments due from lessees is a primary control to ensure that lessees comply with lease terms and payments are received when due.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED Year Ended September 30, 2018

Condition: A tower lease agreement tracking system was not in place to monitor monthly tower lease revenue due from cellular companies or to monitor remaining lease terms, renewals, inflation adjustments, etc.

Cause: Because of the quantity and complexity of the City's tower leases, the City has primarily relied on the cellular companies to keep track of their own leases and make payments when due.

Effect: Tower leases are a significant source of revenue for the City, and the City might not be aware of lessees' underpayment of lease revenue.

Recommendation: We recommend that the City develop a tracking system for its tower leases and the payments due from the lessees.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-015 Material Weakness – Revenues (Repeated finding. See finding 2017-020)

Criteria: Generally accepted accounting principles only allows the use of agency funds in situations where funds are held in custody for remittance to another entity.

Condition: The City's 1% infrastructure sales tax revenue was incorrectly reflected in an agency fund upon receipt and was not recognized as revenue until it was spent by the related capital project fund. This treatment in an agency fund is inappropriate since the 1% tax is levied by the City, remitted to the City by the Mississippi Department of Revenue monthly as collected, held in a City bank account, restricted for use by the City for City infrastructure, will be spent by the City, and is not held in custody for remittance to another entity.

Cause: The City was unaware of the requirements for use of an agency fund.

Effect: The Infrastructure Tax Capital Project Fund's cash balance and revenues were significantly understated.

Recommendation: We recommend that the City discontinue use of the 1% Infrastructure Tax Agency Fund and instead record these infrastructure tax revenues directly in the Infrastructure Tax Capital Project Fund.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-016 Material Weakness – Revenues (Repeated finding. See finding 2017-021)

Criteria: Special revenue funds are used to monitor the receipt and expenditure of revenues that are restricted for specific purposes.

Condition: The library ad valorem tax millage was incorrectly reflected in a General Fund liability account out of which the library system was paid a set monthly funding dollar amount (as determined and budgeted by the City, and regardless of the actual tax collections), and the City also directly paid lease and maintenance costs related to City owned or leased buildings utilized by the library system out of this liability account.

Cause: The City was unaware of the appropriate treatment for these transactions.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

Effect: The City's tax collections were not reflected as revenues, and the City's payments of lease and maintenance costs and funding payments to the library system were not reflected as City expenditures. In addition, the accumulated balance in the liability account was improperly reflected with General Fund liabilities, which resulted in an overstatement of liabilities.

Recommendation: This activity should be reflected in a special revenue fund since it is a dedicated millage for the library system and related costs.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-017 Significant Deficiency – Federal Grants Cash Management

Criteria: Based on the award terms, federal awards (whether direct or passed through another entity) provide grant funds to a grantee on either a reimbursement basis for payments already made by the grantee or on an advance basis for payments to be made by the grantee within three days of receipt of the funds.

Condition: The City received several federal awards passed through the Mississippi Department of Transportation (MDOT) that were awarded on a reimbursement basis, but we noted that some grant project costs were not paid prior to requesting and receiving the reimbursements from MDOT. Of the 74 reimbursement requests selected to test, 26 of the reimbursements were received prior to the City's payment of the project costs.

Cause: The City requested reimbursements prior to paying some grant project costs.

Effect: The City received reimbursements prior to paying some costs.

Recommendation: Procedures should be implemented to ensure that grant costs are paid prior to submitting grant reimbursement requests.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-018 Material Weakness – Expenditures (Repeated finding. See finding 2017-022)

Criteria: Generally accepted accounting principles require capital outlay and debt service expenditures to be segregated from operating expenditures. In addition, debt service expenditures are required to be segregated into principal and interest portions.

Condition: Capital outlay expenditure accounts included items that should have been classified as supplies since they did not meet the City's capitalization criteria, and the Other Services and Charges expenditure accounts included amounts that should have been classified as capital outlay. In addition, debt service payments on capital leases weren't properly segregated into principal and interest expenditure accounts.

Cause: The City relied upon year-end audit adjustments to correct these mispostings.

Effect: The City's internal financial reports did not accurately reflect capital outlay and debt service expenditures.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

Recommendation: We recommend that the City's procedures for classifying and recording capital outlay and debt service expenditures be reviewed and revised as necessary to properly reflect these expenditures.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-019 Material Weakness – Expenditures (Repeated finding. See finding 2017-023)

Criteria: Generally accepted accounting principles require revenues and expenditures to be segregated rather than netted.

Condition: County fees charged for the collection of the City's ad valorem taxes were netted from tax revenues rather than being posted as contractual services expense.

Cause: The City was unaware of the requirement to segregate these expenditures from the revenue.

Effect: Both revenues and expenditures were understated.

Recommendation: We recommend that the City's procedures for recording ad valorem tax revenues be revised to ensure that the county collection fees are properly recorded as expenditures.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-020 Material Weakness and Noncompliance – Unclaimed Funds (Repeated finding. See finding 2017-026)

Criteria: Funds that have been unclaimed (i.e. uncashed checks) for more than five years are required under the Mississippi Unclaimed Property Act to be remitted to the Mississippi Treasurer's Office at least every three years if a check isn't cashed by the payee, the money is still owed, and the payee can't be located to reissue a check.

Condition: Approximately 5,000 old outstanding checks (older than a year) dating back as far as 2003 were still reflected as outstanding in the accounting system, and additional amounts of unclaimed payroll checks and accounts payable checks were reflected as liabilities but had not yet been remitted to the Mississippi Treasurer's Office as required.

Cause: The City was unaware of the requirement to transfer unclaimed funds to the State Treasurer's Office.

Effect: The City was not in compliance with the Mississippi Unclaimed Property Act.

Recommendation: We recommend that procedures be implemented to remit unclaimed funds to the Mississippi Treasurer's Office as required. In addition, we recommend that procedures be implemented to periodically review the outstanding checks schedule to ensure that voided checks have been properly removed from the outstanding checks schedule and any significant old outstanding checks are investigated to determine the reason they have not been cashed by the payees.

Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

2018-021 Material Weakness and Noncompliance – Budget Reporting (Repeated finding. See finding 2017-027)

- Criteria: State statutes require that the City Council be provided each month with financial reports that compare the budgeted revenue and expenditure line items with the actual year-to-date revenues received and expenditures paid by the City. In addition, state statutes require that the budget reports only reflect revenues actually received (deposited) by the period end and only reflect actual expenditures that were paid within 30 days after the period end.
- Condition: Monthly budget-to-actual financial reports were not submitted to the City Council, the quarterly budget-to-actual reports provided to the City Council didn't provide detail at the budgeted line-item level as required, and the budget-to-actual schedules were not prepared using the required statutory budget basis.
- Cause: The City was unaware of these requirements.
- Effect: The City Council was not provided with the required monthly financial reports necessary for them to fulfill their oversight responsibilities, and the budget-to-actual reports prepared by the City were not accurate.
- Recommendation: We recommend that the City revise its financial reporting procedures in order to prepare the budget-to-actual financial reports in accordance with the statutory budget basis requirements and to provide complete monthly financial reports to the City Council as required.
- Response: The City's response is reflected in the accompanying corrective action plan.

2018-022 Material Weakness and Noncompliance – Budgeting (Repeated finding. See finding 2017-028)

- Criteria: The Mississippi State Auditor's Office (OSA) prescribes requirements for municipalities' financial accounting practices and procedures in its Municipal Audit and Accounting Guide. One of these requirements is that debt service, grants/subsidies/allocations to others, and interfund transfers must be budgeted separately from other types of expenditures.
- Condition: Debt service, grants/subsidies/allocations, and interfund transfers were not budgeted separately from other expenditures as required by the OSA but instead were included in the Other Services and Charges and Capital Outlay budget line items.
- Cause: The City was unaware of this requirement.
- Effect: The City's budget and financial reports were not in compliance with the requirements prescribed by the OSA.
- Recommendation: We recommend that the City revise its budgeting and financial reporting procedures to comply with the requirements of the Municipal Audit and Accounting Guide.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

2018-023 Noncompliance – Budgeting (Repeated finding. See finding 2017-029)

- Criteria: State statutes require that cumulative budget revisions exceeding 10% per department be published upon adoption in the same manner as the originally adopted budget was published along with certain additional information about the budget revisions.
- Condition: Cumulative budget revisions exceeding 10% per department were not published as required.
- Cause: The City was unaware of these requirements.
- Effect: The City was not in compliance with the state budget statutes.
- Recommendation: We recommend that the City revise its budget revision procedures to comply with state statutes.
- Response: The City's response is reflected in the accompanying corrective action plan.

2018-024 Noncompliance – Budgeting (Repeated finding. See finding 2017-030)

- Criteria: State statutes and regulations require that the City limit its expenditures to the amounts in the approved budget line items except for court-ordered or emergency purchases and capital outlay.
- Condition: Several expenditure line items in the budget were exceeded with no known applicable exception to the budget compliance requirement.
- Cause: The correction of posting errors and misclassified expenditures as well as items not separately budgeted as required resulted in actual expenditures that exceeded expenditure budget line items.
- Effect: The City was not in compliance with state statutes, and City officials could be exposed to fines for budget violations.
- Recommendation: We recommend that the City review and revise its budgeting and reporting procedures to ensure that the transactions are properly recorded and budget expenditures are adequately monitored to prevent expenditures in excess of the budgeted line items.
- Response: The City's response is reflected in the accompanying corrective action plan.

2018-025 Noncompliance – Publication (Repeated finding. See finding 2017-032)

- Criteria: State statutes require that the City annually publish Sanitation Fund information about revenues, expenses, major contractors, and the average cost per customer prior to the beginning of each fiscal year.
- Condition: The Sanitation Fund report of revenues, expenses, major contractors, and cost per customer was not published at year end as required.
- Cause: The City was not aware of these requirements.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

Effect: The City was not in compliance with state statutes, and Sanitation Fund customers were not informed as required.

Recommendation: We recommend that the City revise its publication procedures to ensure that all of the required information is published.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-026 Noncompliance – Municipal Depository (Repeated finding. See finding 2017-033)

Criteria: State statutes require that the City receive municipal depository bids every two years and approve a municipal depository to hold City funds. In addition, other banks must agree to match the approved municipal depository's bid in order to hold City funds.

Condition: In February, 2017, the City Council approved a bank as the City's municipal depository at a 0.53% interest rate for the two-year depository cycle and indicated that other banks were only to be used for investments. However, as of September 30, 2018, we noted that a bank other than the approved municipal depository still held \$12 million of the City's funds in checking accounts paying only 0.15% rather than matching the interest rate paid by the approved municipal depository.

Cause: The City was unaware of the requirement that banks other than the approved municipal depository are required to match the interest rate paid by the approved municipal depository.

Effect: The City was not in compliance with state statutes and received less interest income than it was entitled to receive.

Recommendation: We recommend that the City revise its procedures for using banks other than the approved municipal depository in order to comply with the applicable requirements.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-027 Noncompliance – Investments (Repeated finding. See finding 2017-035)

Criteria: State statutes generally restrict the types of investments that can be held by municipalities to direct investments in government securities.

Condition: The Tort Claims Reserve Fund and the Water/Sewer EPA Consent Decree Account held investments in a U.S. Treasury money market fund (rather than direct U.S. Treasury securities), but this type of investment is only allowed for debt-related trust accounts.

Cause: The City was unaware that this type of investment isn't allowed.

Effect: The City was not in compliance with state statutes.

Recommendation: We recommend that the City move these investments to an allowable type of investment.

Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED Year Ended September 30, 2018

2018-028 Noncompliance – Personnel (Repeated finding. See finding 2017-036)

Criteria: State statutes require employers in Mississippi to utilize the E-Verify online employment eligibility verification system in addition to the I-9 employment eligibility forms required by federal regulations when hiring employees.

Condition: E-Verify online employment eligibility verifications weren't completed for new employees.

Cause: The City was unaware of the requirement to use the E-Verify online system.

Effect: The City was not in compliance with state statutes.

Recommendation: We recommend that the City revise its employee hiring procedures in order to comply with the applicable employment eligibility verification requirements and to adequately document its compliance with those requirements.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-029 Noncompliance – Municipal Compliance Questionnaire (Repeated finding. See finding 2017-038)

Criteria: The Mississippi State Auditor's Office regulations require that municipalities complete and approve the annual Municipal Compliance Questionnaire at the City Council's first regular meeting after the fiscal year end as the City's certification that it has complied with applicable state statutes and regulations. The Municipal Compliance Questionnaire provides a listing of various compliance requirements along with the source of the requirements.

Condition: The City Council authorized the Mayor to complete the Municipal Compliance Questionnaire in October, 2018, but the completed Municipal Compliance Questionnaire was not included in the official minutes as required.

Cause: The City was unaware of the specific requirement to include the Municipal Compliance Questionnaire as part of the minutes.

Effect: The City was not in compliance with state regulations.

Recommendation: We recommend that the City revise its procedures for approving the Municipal Compliance Questionnaire to ensure timely compliance.

Response: The City's response is reflected in the accompanying corrective action plan.

2018-030 Noncompliance – Bond Covenants (Repeated finding. See finding 2017-039)

Criteria: Article VI of the July, 2011, revised Revenue Bond debt covenants states that "If the water system net revenues in any fiscal year, as shown by the municipality's audit, are less than 120% of the annual debt service requirement for such fiscal year or 100% of the sum of (a) the annual debt service requirement on the bonds and all subordinate indebtedness in such fiscal year, (b) the amounts required to be paid during such fiscal year into any debt service reserve fund and the contingent fund, and (c) the amount of all other charges and liens whatsoever payable out of the revenues during such fiscal year, not

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED Year Ended September 30, 2018

otherwise provided for in this subsection, then the municipality shall, as promptly as possible, request an independent consulting engineer to make recommendations as to revision of such rates, fees and charges or methods of operating the system which will result in producing the required amount in the following year.” The Water and Sewer Bond Ordinance requires the City to maintain the following restricted funds: 1/12 of the Operation and Maintenance budget as an Operation and Maintenance Fund, 1/12 of the actual debt service as a Debt Service Fund, and 2/12 of the Operation and Maintenance budget as a Contingent Fund.

Condition: The Water/Sewer Fund’s debt service fund, operation & maintenance fund, and contingent fund were below the required amounts at September 30, 2018, and the total debt coverage ratio was below the 100% level required by the bond covenants as of September 30, 2018.

Cause: Difficulties experienced by the City with its water, sewer, and garbage billing system caused a decrease in customer revenues, and increased repairs to water utility lines caused an increase in expenses.

Effect: The City was not in compliance with the bond covenants and bond ordinance.

Recommendation: We recommend that the City continue its efforts to resolve the billing system problems, enforce its customer collection policies, and replace aging water utility lines. In addition, the City should request an independent consulting engineer to make recommendations regarding revisions to the system’s rates and operations.

Response: The City’s response is reflected in the accompanying corrective action plan.

2018-031 Noncompliance – State Purchase Laws

Criteria: State statutes require municipalities to obtain competitive bids before purchasing items over \$50,000 unless the purchase is made under a vendor state contract approved by the Mississippi Department of Finance and Administration (MS DFA) or meets certain other limited exceptions to the purchase laws.

Condition: We noted that the City made three purchases of multiple buses and mini-vans totaling approximately \$770,000 under other states’ vendor contracts that were not approved as state contracts by MS DFA.

Cause: The City was not aware that the vendors’ contracts with the other states, which appeared to meet the Federal Transit Administration’s purchasing requirements under the FAST Act, did not meet Mississippi’s requirements for a state contract exemption to the bid requirements because the other states’ contracts with the vendors had not been approved by MS DFA.

Effect: The City was not in compliance with state purchase laws.

Recommendation: We recommend that the City review and revise its purchasing procedures as necessary to ensure compliance with Mississippi purchase laws.

Response: The City’s response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

2018-032 Noncompliance – Submission of Federal Award Programs Audit

- Criteria: Office of Management and Budget's (OMB) Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (the "Uniform Guidance") establishes nine months after an entity's fiscal year end as the deadline for submission of the audit reports to the Federal Audit Clearinghouse.
- Condition: The City's audit reports for the fiscal year ended September 30, 2017, were submitted to the Federal Audit Clearinghouse after the June 30, 2018, deadline.
- Cause: Delays in completion of the City's comprehensive annual financial report (CAFR) draft and corrections of errors therein delayed the completion of the audit process.
- Effect: The City was not in compliance with the Uniform Guidance and some grant reimbursements under federal awards were delayed until the Federal Audit Clearinghouse submission was completed.
- Recommendation: We recommend that the City complete the CAFR draft as soon as possible after the fiscal year end in order to allow sufficient time for completion of the audit process prior to the submission deadline.
- Response: The City's response is reflected in the accompanying corrective action plan.

2018-033 Noncompliance – Publication of Audit (Repeated finding. See finding 2017-031)

- Criteria: State statutes require that the City publish the availability of the annual audit report within 30 days of the audit report issuance.
- Condition: The audit report for the year ended September 30, 2017, was issued in July, 2018, but the City's publication of its availability was in November, 2018.
- Cause: The City was unaware of the requirement to make the publication within 30 days of the report issuance.
- Effect: The City was not in compliance with state statutes.
- Recommendation: We recommend that the City revise its procedures in order to comply with that applicable audit report publication requirements.
- Response: The City's response is reflected in the accompanying corrective action plan.

CITY OF JACKSON

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED
Year Ended September 30, 2018

FINDINGS AND QUESTIONS COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

U.S. DEPARTMENT OF TRANSPORTATION

Highway Planning and Construction Cluster
CFDA 20.205 Highway Planning and Construction
Passed through the Mississippi Department of Transportation
DHP-8276-00(003) 104587-812000
TCSP-0250-00(046) 103924-105000
ER-7288-00(002) 107259-701000
LER-7254-00(005) 10738-701000
STP-7621-00(01) 107313-711000
STP-7286-00(003) 106995-701000
STP-0200-00(038) 106056-701000

CFDA 20.933 National Infrastructure Investments
Passed through the Mississippi Department of Transportation
STP-0250-00(047) 107200/811000

The significant deficiency at finding 2018-017 applies to these federal award programs.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended September 30, 2018

2017-001 Material Weakness – Financial Reporting

Condition: We assisted the City's management with drafting portions of the CAFR because the City did not have adequate internal resources to prepare the CAFR in accordance with generally accepted accounting principles (GAAP).
Status: Not corrected. See finding 2018-001.

2017-002 Material Weakness – Financial Reporting

Condition: The previous year's audit adjustments weren't properly recorded in the City's accounting system.
Status: Not corrected. See finding 2018-002.

2017-003 Material Weakness – Financial Reporting

Condition: The 2016 CAFR was reissued in November, 2017, in order to correct an \$18 million overstatement of cash and understatement of expense. In addition, prior period adjustments were necessary during the current year audit process to correct additional material misstatements in the previous year's CAFR.
Status: Corrected.

2017-004 Material Weakness – Cash

Condition: The operating bank account reconciliations did not agree with the general ledger balances, and discrepancies were not researched and reconciled in a timely manner. Trust bank accounts were not reconciled monthly, and the city was several months behind in recording activity in the accounts.
Status: Not corrected. See finding 2018-004.

2017-005 Material Weakness – Receivables

Condition: Water, sewer, and garbage customer receivable balances and various other receivable balances in the accounting system weren't reconciled to the detailed supporting records of balances actually owed to the City by individuals and others.
Status: Not corrected. See finding 2018-005.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2018

2017-006 Material Weakness – Receivables

Condition: The City's water, sewer, and garbage customer accounts receivables balances have continued to increase dramatically over the past several years, and the allowances for uncollectible amounts were not adequately adjusted based on the past-due status of the receivables and other factors affecting collectability. In addition, long-term receivables for special assessments and minority business loans were not adequately monitored for collectability and adequacy of the allowance for uncollectible amounts.

Status: Not corrected. See finding 2018-006.

2017-007 Material Weakness – Capital Assets

Condition: Property and equipment detailed schedules and depreciation schedules weren't reconciled to the financial statement balances and many of the descriptions on the detailed schedules were not adequate to properly identify the items reflected. In addition, the depreciation schedules contained depreciation calculation errors.

Status: Corrected.

2017-008 Material Weakness – Capital Assets

Condition: When use of individual construction projects (or portions thereof) began, the projects weren't transferred from the construction-in-progress schedule to the appropriate depreciable capital asset classes in order to stop any interest capitalization on the projects and begin depreciation.

Status: Corrected.

2017-009 Material Weakness – Liabilities

Condition: Accounts payable and other liability detailed reports weren't reconciled to the accounting system.

Status: Not corrected. See finding 2018-008.

2017-010 Material Weakness – Liabilities

Condition: Payroll liability accounts for payroll taxes, retirement contributions, group insurance premiums, and garnishment withholdings weren't reconciled to ensure that all payroll withholdings and the City's related share of costs were properly reflected and remitted to the appropriate entities in a timely manner.

Status: Not corrected. See finding 2018-009.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2018

2017-011 Material Weakness – Liabilities

Condition: A detailed report of the individual customer meter deposits held by the City was not available.
Status: Not corrected. See finding 2018-010.

2017-012 Material Weakness – Liabilities

Condition: A detailed report of the individual amounts of police seized and forfeited cash held by the City pending court action was not available.
Status: Not corrected. See finding 2018-011.

2017-013 Material Weakness – Liabilities

Condition: The employee accrued leave report incorrectly reflected some former employees as still having accrued vacation hours.
Status: Corrected.

2017-014 Material Weakness – Long-Term Debt

Condition: A building capital lease-purchase wasn't reflected as long-term debt or as a capital asset in the City's accounting system.
Status: Corrected.

2017-015 Material Weakness – Fund Balances

Condition: Restricted fund balances for special programs were incorrectly reflected as "other liabilities" and some transactions were improperly netted within the liability accounts rather than being reflected as revenues and expenses.
Status: Not corrected. See finding 2018-012.

2017-016 Material Weakness – Fund Balances

Condition: The Unemployment Compensation Revolving Fund's fund balance significantly exceeded the statutory balance of approximated \$235 thousand.
Status: Corrected.

2017-017 Material Weakness – Revenues

Condition: Some federal grants, state grants, state loan proceeds, tax forfeiture land sales, and other types of sporadically received revenues were not properly identified and posted to the appropriate accounts in the accounting system.
Status: Not corrected. See finding 2018-013.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2018

2017-018 Material Weakness – Revenues

Condition: A tower lease agreement tracking system did not appear to be in place to monitor monthly tower lease revenue due from cellular companies or to monitor remaining lease terms, renewals, inflation adjustments, etc.

Status: Not corrected. See finding 2018-014.

2017-019 Material Weakness – Revenues

Condition: Tax abatement agreements information wasn't available to adequately determine if tax abatement agreements exist that need to be disclosed in the CAFR.

Status: Corrected.

2017-020 Material Weakness – Revenues

Condition: The City's 1% infrastructure sales tax revenue was incorrectly reflected in an agency fund upon receipt and was not recognized as revenue until it was spent by the related capital project fund. This treatment in an agency fund is inappropriate since the 1% tax is levied by the City, remitted to the City by the Mississippi Department of Revenue monthly as collected, held in a City bank account, restricted for use by the City for City infrastructure, will be spent by the City, and is not held in custody for remittance to another entity.

Status: Not corrected. See finding 2018-015.

2017-021 Material Weakness – Revenues

Condition: The library ad valorem tax millage was incorrectly reflected in a General Fund liability account out of which the library system was paid a set monthly funding dollar amount (as determined and budgeted by the City, and regardless of the actual tax collections), and the City also directly paid lease and maintenance costs related to City owned or leased buildings utilized by the library system out of this liability account.

Status: Not corrected. See finding 2018-016.



CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2018

2017-022 Material Weakness – Expenditures

Condition: Capital outlay expenditure accounts included items that should have been classified as supplies since they did not meet the City's capitalization criteria, and the Other Services and Charges expenditure accounts included amounts that should have been classified as capital outlay. In addition, debt service payments on capital leases weren't properly segregated into principal and interest expenditure accounts.

Status: Not corrected. See finding 2018-018.

2017-023 Material Weakness – Expenditures

Condition: County fees charged for the collection of the City's ad valorem taxes were netted from tax revenues rather than being posted as contractual services expense.

Status: Not corrected. See finding 2018-019.

2017-024 Material Weakness – Operating Leases

Condition: The City was unable to locate its copies of some long-term land lease agreements under which it is making lease payments.

Status: Corrected.

2017-025 Material Weakness – Internal Service Fund

Condition: The Employees' Group Benefit Fund's insurance premiums charged to employees and other funds only covered 42% of the internal service fund's costs, and, as in prior years, the City transferred funds from the General Fund to cover the remaining costs without reflecting the General Fund transfer as group insurance expense in the benefitting funds where the employees' other personnel costs are reflected.

Status: Corrected.

2017-026 Material Weakness and Noncompliance – Unclaimed Funds

Condition: Approximately 5,000 old outstanding checks (older than a year) dating back as far as 2003 were still reflected as outstanding in the accounting system, and additional amounts of unclaimed payroll checks and accounts payable checks were reflected as liabilities but had not yet been remitted to the Mississippi Treasurer's Office as required.

Status: Not corrected. See finding 2018-020.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2018

2017-027 Material Weakness and Noncompliance – Budget Reporting

Condition: Monthly budget-to-actual financial reports were not submitted to the City Council, the quarterly budget-to-actual reports provided to the City Council didn't provide detail at the budgeted line-item level as required, and the budget-to-actual schedules were not prepared using the required statutory budget basis.

Status: Not corrected. See finding 2018-021.

2017-028 Material Weakness and Noncompliance – Budgeting

Condition: Debt service expenditures and interfund transfers were not separately budgeted as required by the OSA but instead were included in the Other Services and Charges and Capital Outlay budget line items.

Status: Not corrected. See finding 2018-022.

2017-029 Noncompliance – Budgeting

Condition: Cumulative budget revisions exceeding 10% per department were not published as required, and the budget was revised more than once in the first quarter of the new City Council's term.

Status: Not corrected. See finding 2018-023.

2017-030 Noncompliance – Budgeting

Condition: Several expenditure line items in the budget were exceeded with no known applicable exception to the budget compliance requirement.

Status: Not corrected. See finding 2018-024.

2017-031 Noncompliance – Publication

Condition: The City's 2016 Comprehensive Annual Financial Report (CAFR) was reissued in November, 2017, to correct an \$18 million overstatement of cash and understatement of expenditures but was not publicized or sent to the OSA or EMMA as required.

Status: Not corrected. See finding 2018-033.

2017-032 Noncompliance – Publication

Condition: The Sanitation Fund report of revenues, expenses, major contractors, and cost per customer was not published at year end as required.

Status: Not corrected. See finding 2018-025.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED Year Ended September 30, 2018

2017-033 Noncompliance – Municipal Depository

Condition: In February, 2017, the City Council approved a bank as the City's municipal depository at a 0.53% interest rate for the two-year depository cycle and indicated that other banks were only to be used for investments. However, as of September 30, 2017, we noted that a bank other than the approved municipal depository still held \$12 million of the City's funds in checking accounts paying only 0.15% rather than matching the interest rate paid by the approved municipal depository.

Status: Not corrected. See finding 2018-026.

2017-034 Noncompliance – Investments

Condition: The City's Fire/Police Charitable Trust Fund had a financial account at a credit union, but credit unions are not eligible to hold municipal funds. In addition, the credit union account reflected a retired city employee as the joint owner of the account.

Status: Corrected.

2017-035 Noncompliance – Investments

Condition: The Tort Claims Reserve Fund held investments in a U.S. Treasury money market fund (rather than direct U.S. Treasury securities), but this type of investment is only allowed for debt-related trust accounts.

Status: Not corrected. See finding 2018-027.

2017-036 Noncompliance – Personnel

Condition: E-Verify online employment eligibility verifications weren't completed for new employees, and some payroll files didn't contain the I-9 employment eligibility forms required by federal regulations.

Status: Not corrected. See finding 2018-028.

2017-037 Noncompliance – Court Assessments

Condition: As of September 30, 2017, the August court assessments had not yet been paid to the applicable state agencies.

Status: Corrected.

CITY OF JACKSON

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – CONTINUED
Year Ended September 30, 2018

2017-038 Noncompliance – Municipal Compliance Questionnaire

Condition: The Municipal Compliance Questionnaire was approved by the City Council in January, 2018, but it should have been approved in October, 2017.

Status: Not corrected. See finding 2018-029.

2017-039 Noncompliance – Bond Covenants

Condition: The Water/Sewer Fund's debt service fund and operation & maintenance fund were below the required amounts at September 30, 2017, and the total debt coverage ratio was below the 100% level required by the bond covenants as of September 30, 2017.

Status: Not corrected. See finding 2018-030.

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**CORRECTIVE ACTION PLAN
7/1/19**

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, 2018.

Name and address of independent public accounting firm: Tann, Brown & Co., PLLC
1501 Lakeland Drive, Suite 300, Jackson, MS 39216

Audit period: Year Ended September 30, 2018

The findings from the September 30, 2018 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. FINDING- FINANCIAL STATEMENT AUDIT

Finding No. 2018-001

MATERIAL WEAKNESS- FINANCIAL REPORTING

Recommendation: We recommend that appropriate training be made available to the City's finance department personnel involved in the CAFR preparation process. The Government Finance Officers Association (GFOA) and similar organizations have continuing education training opportunities available in various formats.

Action Taken: The City of Jackson is a member of GFOA and often sends employees to training events that they sponsor. The City's plan of action is to enroll all relevant finance employees in the next available GFOA training opportunity.

Finding No. 2018-002

MATERIAL WEAKNESS- FINANCIAL REPORTING

Recommendation: We recommend that the finance department post all audit adjustments to the appropriate accounts in the City's accounting system upon completion of the annual audit process.

Action Taken: The Finance Division will review all audit adjustments upon completion of the annual audit process to ensure the accounting system is fully updated.

Finding No. 2018-003

MATERIAL WEAKNESS- FINANCIAL REPORTING

Recommendation: We recommend that procedures be developed to ensure that the internal financial reports accurately reflect all accounts and that each fund's account balance (debits equals credits) in the reports.

Action Taken: The City has purchased a new financial system to begin using in mid-FY2020. Until then, the City will closely review all reports to ensure they accurately reflect all accounts.

Finding No. 2018-004

MATERIAL WEAKNESS- CASH

Recommendation: We recommend that procedures be implemented to reconcile all bank accounts to the accounting systems on a monthly basis. Any differences should be investigated and resolved in a timely manner.

Action Taken: The procedures regarding the reconciliation of all bank accounts has been updated and the finance staff are in the process of implementing monthly reconciliations.

Finding No. 2018-005

MATERIAL WEAKNESS- RECEIVABLES

Recommendation: We recommend that procedures be implemented to reconcile all receivable balances in the accounting system to the underlying balances owed by individuals and others on a monthly basis. Any differences should be investigated and resolved in a timely manner.

Action Taken: Management intends to develop and implement procedures to reconcile water, sewer, and solid waste accounts receivable balances for customer accounts to the corresponding general ledger balances.

Finding No. 2018-006

MATERIAL WEAKNESS- RECEIVABLES

Recommendation: We recommend that procedures be implemented to periodically review and adjust the allowances for uncollectible accounts.

Action Taken: The City has created a schedule for determining the appropriate adjustments to allowances and will continue to monitor all changes to receivable balances.

Finding No. 2018-007

MATERIAL WEAKNESS- INVENTORIES

Recommendation: We recommend that procedures be implemented to periodically reconcile the water meters supply inventory on hand to the accounting system at least annually.

Action Taken: The City will reconcile the water meters supply inventory on hand to the accounting system at the time of the annual inventory audit.

Finding No. 2018-008
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that procedures be implemented to reconcile the liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.

Action Taken: The City has updated its procedures to utilize subsidiary ledgers to record detailed balance information as it relates to the outstanding liability. The City will also begin to monitor liability accounts as part of its monthly reconciliation process.

Finding No. 2018-009
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that procedures be implemented to reconcile the payroll liability balances in the accounting system to the underlying amounts owed by the City on a monthly basis.

Action Taken: The City has updated its procedures and will begin to monitor payroll liability accounts as a part of its monthly reconciliation process.

Finding No. 2018-010
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the City implement procedures reconcile the customer meter deposits report to the balance in the accounting system on a monthly basis.

Action Taken: Management intends to develop and implement procedures to reconcile individual customer meter deposits to the meter deposits liability on a monthly basis.

Finding No. 2018-011
MATERIAL WEAKNESS- LIABILITIES

Recommendation: We recommend that the City develop a report reflecting the individual amounts held by the City pending court action and implement procedures to reconcile the individual amounts to the balance in the accounting system on a monthly basis .

Action Taken: The Jackson Police Department will submit a weekly report to JPD Fiscal Affairs Division of all evidence received by noon each Friday. JPD Fiscal Affairs will generate a weekly report of all evidence which will include cash and property. JPD will submit a monthly report to Finance. City Legal will compile a quarterly report and submit it to JPD Fiscal Affairs to be submitted to Finance as well. Additionally, an annual report will be compiled and submitted to Finance.

Finding No. 2018-012

MATERIAL WEAKNESS- FUND BALANCES

Recommendation: We recommend that liability accounts be periodically reviewed to ensure that usage of liability accounts is appropriate. In addition, restricted fund balances should be monitored to ensure that the restricted fund balance is released to unrestricted fund balance upon utilization for the intended purpose.

Action Taken: The City has corrected the liability accounts that were incorrectly reflected for special programs. The City will continue to monitor liability accounts as a part of its monthly reconciliation process.

Finding No. 2018-013

MATERIAL WEAKNESS- REVENUES

Recommendation: We recommend that procedures for identifying and recording infrequently received types of revenues be reviewed and revised as necessary to ensure that the financial reports correctly reflect the various types of revenues received by the City.

Action Taken: Personnel in the Finance Division will be assigned to monitor all revenue accounts as part of its monthly reconciliation process to ensure proper classification in the internal financial reports.

Finding No. 2018-014

MATERIAL WEAKNESS- REVENUES

Recommendation: We recommend that the City develop a tracking system for its tower leases and the payments due from the lessees.

Action Taken: At its July 17, 2018 meeting, the City Council approved a contract for Baller, Stokes and Lide. A part of the scope of that contract is to review all cell tower regulations and contracts, update City ordinances as it relations to cell towers, and generate greater equity between agreements. Further, the City released an RFP on July 26, 2018 seeking proposals for a new enterprise system which, amongst other things, will allow for the electronic tracking of leases and payments. Finally, the City has engaged a consulting firm to conduct business process improvements across the City, including with the tower leases.

Finding No. 2018-015

MATERIAL WEAKNESS- REVENUES

Recommendation: We recommend that the City discontinue use of the 1% infrastructure Tax Agency Fund and instead record these infrastructure tax revenues directly in the Infrastructure tax Capital Project Fund.

Action Taken: The City has discontinued use of the agency fund and is now recording infrastructure tax revenues directly in the capital project fund. We will continue to record these revenues accordingly.

Finding No. 2018-016
MATERIAL WEAKNESS- REVENUES

Recommendation: This activity should be reflected in a special revenue fund since it is a dedicated millage for the library system and related costs.

Action Taken: The City has revised how the dedicated millage for the library system is recorded so that it is reflected as a special revenue fund.

Finding No. 2018-017
SIGNIFICANT DEFICIENCY- FEDERAL GRANTS CASH MANAGEMENT

Recommendation: Procedures should be implanted to ensure that grant costs are paid prior to submitting grant reimbursement requests.

Action Taken: The Department of Public Works will require all project managers who oversee any Federal projects that require reimbursements to hold any submittals for reimbursements until payments to the contractor have been approved on the council docket. We believe this measure should reduce any future findings regarding this matter.

Finding No. 2018-018
MATERIAL WEAKNESS- EXPENDITURES

Recommendation: We recommend that the City's procedures for classifying and recording capital outlay and debt service expenditures be reviewed and revised as necessary to properly reflect these expenditures.

Action Taken: The City will implement new policies to correctly classify and record capital outlay and debt service expenditures as required by GAAP.

Finding No. 2018-019
MATERIAL WEAKNESS- EXPENDITURES

Recommendation: We recommend that the City's procedures for recording ad valorem tax revenues be revised to ensure that the county collection fees are properly recorded as expenditures .

Action Taken: The City will revise its procedures to ensure county collection fees are properly recorded as expenditures.

Finding No. 2018-020
MATERIAL WEAKNESS AND NONCOMPLIANCE- UNCLAIMED FUNDS

Recommendation: We recommend that procedures be implanted to remit unclaimed funds to the Mississippi Treasurer's Office as required. In addition, we recommend that procedures be implemented to periodically review the outstanding checks schedule to ensure that voided checks have been properly removed from the outstanding checks schedule and any significant old

outstanding checks are investigated to determine the reason they have not been cashed by the payees.

Action Taken: The City will work with the Mississippi Treasurer's Office to ensure compliance with the Mississippi Unclaimed Property Act.

Finding No. 2018-021

MATERIAL WEAKNESS AND NONCOMPLIANCE- BUDGET REPORTING

Recommendation: We recommend that the City revise its financial reporting procedures in order to prepare the budget-to-actual financial reports in accordance with the statutory budget basis requirements and to provide complete monthly financial reports to the City Council as required.

Action Taken: The City has implemented the monthly budget-to-actual report being sent to the Clerk's office on a monthly basis which started in April 2018. The City will also have these reports emailed to ensure they are received by Council members.

Finding No. 2018-022

MATERIAL WEAKNESS AND NONCOMPLIANCE- BUDGETING

Recommendation: We recommend that the City revise its budgeting and financial reporting procedures to comply with the requirements of the Municipal Audit and Accounting Guide.

Action Taken: The City will revise its budgeting and financial reporting procedures to comply with the requirements of the Municipal Audit and Accounting Guide. More specifically, the City will incorporate these changes in its Chart of Accounts.

Finding No. 2018-023

NONCOMPLIANCE- BUDGETING

Recommendation: We recommend that the City revise its budget revision procedures to comply with state statutes.

Action Taken: The City has revised its budget revision procedures to comply with state statutes.

Finding No. 2018-024

NONCOMPLIANCE- BUDGETING

Recommendation: We recommend that the City review and revise its budgeting and reporting procedures to ensure that the transactions are properly recorded and budget expenditures are adequately monitored to prevent expenditures in excess of the budgeted line items.

Action Taken: The City is revising its budgeting and reporting procedures to ensure that transactions are properly recorded and budget expenditures are adequately monitored to prevent expenditures in excess of the budgeted line items. Efforts are underway to require the approval of budget department staff on all expenditures, prior to requests for payment being sent to accounts payable. This extra budget review will prevent expenditures in excess of the budgeted line items.

Finding No. 2018-025
NONCOMPLIANCE- PUBLICATION

Recommendation: We recommend that the City revise its publication procedures to ensure that all of the required information is published .

Action Taken: Management intends to publish the statutorily required information within the prescribed time limit.

Finding No. 2018-026
NONCOMPLIANCE- MUNICIPAL DEPOSITITORY

Recommendation: We recommend that the City revise its procedures for using banks other than the approved municipal depository in order to comply with the applicable requirements.

Action Taken: The City will implement this requirement.

Finding No. 2018-027
NONCOMPLIANCE- INVESTMENTS

Recommendation: We recommend that the City move these investments to an allowable type of investment.

Action Taken: The City has requested a change to the investment holding facility and will continue to work with them to bring the investment type into compliance with state statutes.

Finding No. 2018-028
NONCOMPLIANCE- PERSONNEL

Recommendation: We recommend that the City revise its employee hiring procedures in order to comply with the applicable employment eligibility verification requirements and to adequately document its compliance with those requirements.

Action Taken: The Personnel department will revise its employee hiring procedures in order to comply with the applicable employee eligibility verification requirements. Also I-9 forms are not kept in employee personnel files, but in a separate file.

Finding No. 2018-029
NONCOMPLIANCE- MUNICIPAL COMPLIANCE QUESTIONNAIRE

Recommendation: We recommend that the City revise its procedures for approving the Municipal Compliance Questionnaire to ensure timely compliance.

Action Taken: The City will revise its procedures to ensure the annual Municipal Compliance Questionnaire is included in the minutes of the City Council meeting.

Finding No. 2018-030
NONCOMPLIANCE- BOND COVENANTS

Recommendation: We recommend that the City continue its efforts to resolve the billing system problems, enforce its customer collection policies, and replace aging water utility lines. In addition, the City should request an independent consulting engineer to make recommendations regarding revisions to the system's rates and operations.

Action Taken: The City will continue to improve its billing and collection efforts by insuring that the modifications to the General Ledger and the billing system are completed in a timely manner and operating efficiently.

Finding No. 2018-031
NONCOMPLIANCE- STATE PURCHASE LAWS

Recommendation: We recommend that the City review and revise its purchasing procedures as necessary to ensure compliance with Mississippi purchase laws.

Action Taken: The City will obtain approval from MS DFA when using other states' contracts in its purchasing procedures to ensure compliance with Mississippi purchase laws.

Finding No. 2018-032
NONCOMPLIANCE- SUBMISSION OF FEDERAL AWARDS PROGRAMS AUDIT

Recommendation: We recommend that the City complete the CAFR draft as soon as possible after the fiscal year end in order to allow sufficient time for completion of the audit process prior to the submission deadline.

Action Taken: The City is implementing new internal deadlines in order to meet all CAFR submission deadlines.

Finding No. 2018-033
NONCOMPLIANCE- PUBLICATION OF AUDIT

Recommendation: We recommend that the City revise its procedures in order to comply with the applicable audit report publication requirements.

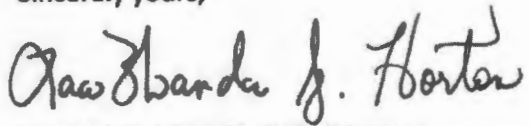
Action Taken: The City is implementing new internal deadlines in order to meet all CAFR submission deadlines.

FINDINGS AND QUESTIONED COSTS-MAJOR FEDERAL AWARD PROGRAM AUDIT

See the response to Finding 2018-017.

If the U.S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-1005.

Sincerely yours,

A handwritten signature in black ink, reading "LaaWanda J. Horton". The signature is written in a cursive, flowing style.

LaaWanda Jones-Horton, Director
Department of Administration

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CERTIFIED PUBLIC ACCOUNTANTS
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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH STATE LAWS AND REGULATIONS**

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

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2018, and have issued our report thereon dated July 1, 2019. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Mississippi Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced state laws and regulations. Providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures disclosed instances of noncompliance with state laws and regulations which are described in the accompanying schedule of findings and questioned costs as items 2018-020 through 2018-029, 2018-031, and 2018-033.

This report is intended solely for the information of the City's Mayor, City Council, the City's management, the Mississippi 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.

Tann, Brown & Russ Co.

July 1, 2019

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