CITY OF JACKSON, TENNESSEE

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2016

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INTRODUCTORY SECTION

JERRY GIST
MAYOR

ALAN L. LAFFOON
CITY RECORDER

December 28, 2016

The Honorable Mayor, City Council and Citizens of Jackson:

The Financial Statements and Supplementary Information of the City of Jackson for the fiscal year ending June 30, 2016 are hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we whereby issue the financial statements and supplementary information of the City of Jackson.

Several years ago the Governmental Accounting Standards Board (GASB) established a new financial reporting model for state and local governments in GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.* The requirements of GASB 34 represented a significant change in the financial reporting model previously used by the City. In addition to fund financial statements, the City is now required to report government-wide financial statements prepared using the accrual basis of accounting and the economic measurement focus for all funds. Other changes included the establishment of new fund types, the elimination of account groups, a focus on major funds in the basic financial statements, the reporting of infrastructure, the preparation of cash flow statements using the direct method and the inclusion of Management's Discussion and Analysis (MD&A). All relative aspects of GASB 34 have been implemented in the City's MD&A.

On June 20, 2011, GASB adopted Statement #54 Fund Balance Reporting and Governmental Fund Type Definitions. The City and its auditors, ATA, implemented the subject Fund Balance Reporting on the FY 13 audit in the Balance Sheet of Governmental Funds statements.

The Governmental Financial Statements for FY 15 include the adoption of GASB 68 reflecting the long term liabilities for both TCRS and the Old City Pension. This adoption had a $23.08 million negative effect on the Net Position in period ending June 30, 2015, which is the beginning Net Position for FY 16, so no additional provision is required for FY 16.

This continuing presentation provides users of the Financial Statements and Other Supplementary Information with additional information to assist in their review of financial position and results of operations. The objectives of the Statements were to enhance the understandability and usefulness of the general-purpose external financial reports of state and local government to the citizenry, legislative and oversight bodies, and investors and creditors.

The City fully implemented the GASB 34 requirements in FY 2003 and the results were reflected in the subsequent FY 2003 Audit Report. During the FY 2004 review/update process on Infrastructure, additional data pertaining to the FY 2003 reported Infrastructure numbers was identified. The time frame required to complete the review was of a magnitude that resulted in City Management's decision not to report Infrastructure numbers on the FY 2004 Statement of Net Assets. Any/all updates and/or corrections were reported in FY 2005 and in all subsequent years the Infrastructure numbers have been reported accordingly.

This report consists of management's representation concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformance with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Alexander Thompson Arnold PLLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Jackson for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; in assessing the accounting principles used, and evaluating the overall financial statement presentation.

The independent auditor concludes, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Jackson's financial statement for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Jackson's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government:

The City of Jackson is located in heart of western Tennessee, approximately 80 miles east of Memphis/Shelby County and approximately 120 miles west of Nashville/Davidson County. During the last several years, west Tennessee has been one of the growth areas within the state. Although growing less rapidly than the middle section of Tennessee, our more methodical growth has occurred at a rate that has allowed for development of infrastructure at an affordable pace.

The City of Jackson occupies a land area of 59 square miles and serves a population of 66,739. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body. The City has undertaken the annexation of seventeen square miles and 6,635 new residents in the city limits since 1994. The City annexed 30 sub-areas of land (Northwest Annexation), encompassing 3,704 acres and adding 1,528 new residents in May 2011.

The City was established in 1822 and incorporated in 1845. The Charter of the City is a private act of the State Legislature, which established the governing body of the City as a nine member Council who serves four-year terms of office. Members are elected by district. The CEO of the City is the Mayor, who is elected by all the voters. The Mayor is the presiding officer at City Council meetings. The Mayor has no vote on Council issues, but has veto power, which can be overridden by a 2/3 vote of Council.

The Council is responsible, among other things, for passing ordinances, adopting the budget, ratifying committee and board appointments, and electing a Treasurer and Vice Mayor from the Council, and a City Recorder, from outside the Council. The Mayor is responsible for carrying out the policies and ordinances of the council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City provides a wide range of services characteristic of similar jurisdictions in the State, including public safety, highways and streets, recreation, library, public works, improvements, planning and zoning, and general administrative services. The City also provides garbage collection and disposal services through a business-type activity fund that has been included as an integral part of the City of Jackson's financial statements. Electric power, natural gas, and water and sewer operations are provided by the Jackson Energy Authority (JEA), which in 2001 was established by act of the TN legislature as an independent authority.

The annual budget serves as the foundation for the City of Jackson's financial planning and control. The budget preparation process begins in January when City departments begin preparation of their long-range capital improvement requests. During the subsequent months, the

finance and accounting staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. By April, the Accounting Department compiles a draft capital plan, which is submitted to the Mayor for review, refinement, and approval. A Budget Committee, consisting of (3) Council members and (2) community leaders has been established to work with the Director of Finance, City Recorder, and Mayor's Assistant to work on the FY 18 budget.

During March, City departments begin assessing resource needs for the coming year relative to their operating budgets. Work sessions are held within departments and divisions, under the review of the heads of major departments. By April, the consolidated requests are submitted to the Accounting Department for consolidation and review. The product of that review is refined in meetings with the Mayor and the Finance staff. The Mayor presents a finished budget, adjusted for balance between expenditure and revenue projections and updated with current year results, to the Council in June.

Budget hearings are held to allow public comment. The hearings provide formal citizens' input to the City Council on decisions and issues related to the Budget. The hearings also provide the Council with access to those department heads directly involved in budget preparation. The Council, after review of all information and after making final adjustments or amendments, passes the budget by ordinance after two readings. The budget is then submitted to the State Comptroller for review within 15 days of Council approval.

Amendments may be made by resolution to the original appropriations ordinance at any time during a current fiscal year. Transfers between funds occur only as budgeted and approved by Council and are normally related to Debt Service and Capital. Increases in overall appropriations can be made only with Council approval. Beginning FY 17, General Fund cost allocations to Health & Sanitation are included in the monthly financials.

Budget-to-actual comparisons are provided in this report for each major fund for which an appropriated annual budget has been adopted.

Factors Affecting Financial Condition:

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jackson operates.

While the per capita income is less than some of the wealthier "bedroom communities" that surround the metropolitan cities Jackson serves as the cultural, economic, and entertainment hub of West Tennessee.

The City's population grew by almost 10% between 2000 and 2010 according to the U.S. Census reports.

While the recent slowdown in the national economy commencing in the fourth quarter of calendar year 2008 has affected Jackson's economy, the local economy remains relatively strong compared to other communities. Local Option Sales Tax collections in FY 16 were up 5.6% from FY 15. In fiscal year 2016, Jackson had a total appraised value of property of $4.965 billion and an assessed value of $1.567 billion.

Jackson has a well-diversified manufacturing base, with over 8,000 manufacturing jobs. Not dependent on a single, large employer, the Top 10 Manufacturing Companies averaged 505 employees each. There are approximately 30 manufacturing locations in Jackson. Among Non-Manufacturing employers, West Tennessee Healthcare was the leader with over 5,661 jobs.

Jackson is the regional or corporate headquarters for Kellogg's Pringles division, Delta Faucet, Pinnacle Foods, Gerdau Ameristeel, and several other companies. In 2003, the Bodine division of Toyota Motor Company selected Jackson as the site for its newest engine plant and has undertaken significant expansion in production equipment and volume. Although Maytag/Whirlpool did move its dishwasher operations from Jackson to Iowa, the subject 300K square foot facility was immediately occupied by Carlisle Tire & Wheel Company.

Jackson is the healthcare center for West Tennessee, boasting two major hospitals with a combined number of beds in excess of 800. The larger of the two issued $85 million in new bonds for a major expansion which was completed in FY 09 and one large medical office building which was completed in FY 10, plus a new physical therapy facility to be completed in FY 17. There are also 44 medical clinics, 19 retirement or nursing homes and more than 480 practicing physicians. West Tennessee Healthcare has recently constructed the Kirkland Cancer Center. The 84,000 square foot LIFT center which houses a full fitness facility, indoor climbing wall, full-size basketball court, two indoor pools and hot tub, spacious locker rooms, medical clinic, an indoor walking track, and a healthy café was opened in January, 2013.

The expansion of retail, manufacturing and healthcare delivery services have broadened the tax base of the city and made Jackson less dependent on property tax alone. Prior to the FY 2003-2004 fiscal year, the City of Jackson had provided continuing and expanded services for nineteen years without a rate increase in property tax. For FY 2004, the public exhibited the willingness to accept the increase in the property tax rate from $1.98 to $2.22. The six-year reappraisal process resulted in the 2005 Tax Rate being decreased to $2.10 and subsequently reduced to $1.9619 as a result of the 2013 reappraisal. Thus Jackson has held the property tax rate effect constant for 12 straight years.

Major Initiatives for the Year:

Jackson Walk, a major downtown development including apartments, homes, retail, and the LIFT Wellness Center detailed above, opened in FY 13. Jackson Walk, excluding the LIFT Wellness Center constructed by West Tennessee Healthcare, is a major private investor backed downtown development projected to amount to $20 million upon completion. The aim of this major project was to improve the image of downtown Jackson and enhance the tax revenues accordingly. The LIFT is an 80,000 square foot facility that includes an impressive range of fitness options, a complete medical clinic, plus classrooms for overall health education, with 3,950 memberships currently. The Jackson Walk development won the 2015 EPA National Award for Smart Growth Achievement in Neighborhood Revitalization.

The thrust for current and future fiscal years continues to be the rebuilding of the downtown and East Jackson areas damaged in the tornadoes of May 4, 2003. The Urban Land Institute study will serve as a guide to the redevelopment of the storm-blighted areas. FY 2006 saw the completion of the West Tennessee Healthcare Sportsplex, a $13.4 million seventeen-field baseball/softball complex for both traveling teams and local leagues. This facility is anticipated to bring in approximately $8 million in tourism dollars annually after the initial start-up years. FY 16 team registrations totaled over 1,400 and included teams from fourteen surrounding states. The original $9.2 million Debt Service was reduced to less than $3 million after the first eleven years of operation. The total turnstile attendance for the initial eleven years of operation was in excess of 1.5 million.

The City initiated a major Debt Service Refunding/Restructure in FY 09 totaling $58 million, taking advantage of the low interest rates. This enabled the City to spread the current Debt Service payments at an equal amount over the next 15 years roughly equal to less than 23% of Property Tax collections. The City did guarantee a $3 million HUD Section 108 loan in FY 11, to be repaid through CDBG funds. This loan is for District 1 & 2 projects managed by the Jackson CRA (Community Redevelopment Agency). The City received a $15.3 million variable rate TMBF loan in 2013, with subsequent monthly interest rates varying from 1% to 1.5% based on the monthly SIFMA rate. Another $1.7 million variable rate TMBF loan was obtained in 2015, with the same monthly rates varying from 1% to 1.5%. The City's total debt through 2024 is now $88 million but will be reduced to approximately $74-75 million by FY 19, only $2 million in excess of the $72 million at the start of the current mayor's (3) four-year terms. The City maintains a AA rating received from Standard & Poor's in 2014.

After a review of the FY 12 and FY 13 financial operating and debt service results, plus our current debt service structure, S&P has upgraded the City of Jackson from AA- to a AA Bond Rating.

Acknowledgements:

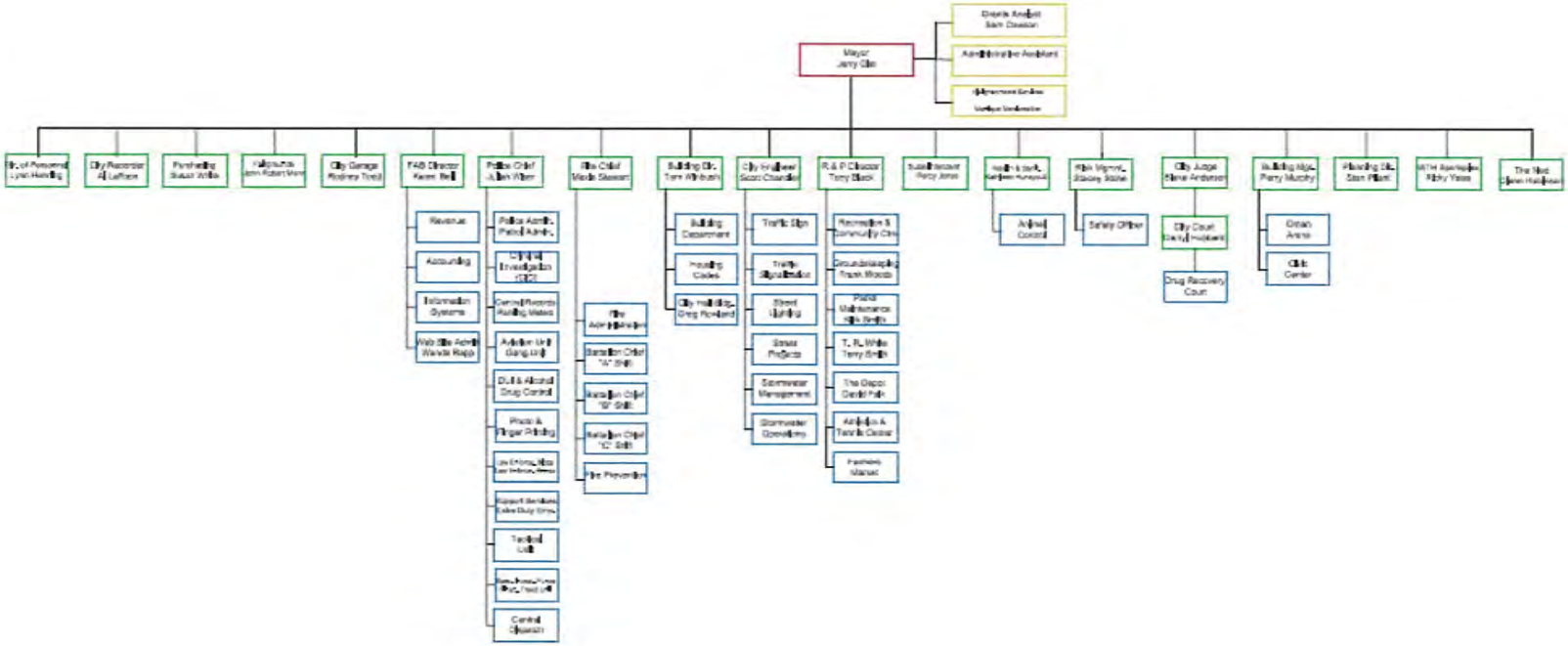
The efforts of the members of the Finance department staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to the Director of Finance, Audit, and Budgeting, Karen Bell, and her staff for their preparation and thoroughness throughout the audit process.

Also, the City is indebted to the staff of Alexander Thompson Arnold PLLC, and specifically Matt Wood, for their valuable guidance and assistance. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standard of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,

Alan L. Lafloon
City Recorder

CITY OF JACKSON - ORGANIZATIONAL STRUCTURE 2016



CITY OF JACKSON, TENNESSEE
June 30, 2016

Mayor and City Council

Jerry Gist, Mayor
Harvey Buchanan, Vice-Mayor/Council Member
Randy Wallace, Treasurer/Council Member
Charles Bray, Council Member
Scott Conger, Council Member
David Cisco, Council Member
Ernest Brooks, II, Council Member
Johnny Lee Dodd, Council Member
Vicky Foote, Council Member
Charles Rahm, Council Member

Management Team

Al Laffoon, City Recorder
Karen Bell, Director of Finance, Audit, and Budgeting, CMFO
Christopher Wiser, Police Chief
Max Stewart, Fire Chief
Lynn Henning, Director of Personnel

Counsel

Lewis Cobb, City Attorney

FINANCIAL SECTION

Members of:
American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

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Independent Auditor's Report

Honorable Jerry Gist, Mayor
Members of the Council
City of Jackson, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee, (the City) as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Jackson Transit Authority (JTA), which is both a major fund and 28 percent, 33 percent, and 42 percent, respectively, of the assets, net position, and revenues of the business-type activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for JTA, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee, as of June 30, 2016, and respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general and solid waste collection funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 7 to the financial statements, in 2016 the City changed its revenue recognition policy from 60 days for grant revenue to a one year collection period. 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 on pages as listed in the table of contents and the required supplementary information related to pensions and other post-employment benefits on pages as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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 supplementary and other information section, including the schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200,* Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the historical and other miscellaneous information section – unaudited and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information section, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates 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. In our opinion, supplementary and other information section, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The historical and other miscellaneous information section – unaudited and the introductory section 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 December 28, 2016 on our consideration of the City of Jackson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the City of Jackson's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 28, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Jackson, Tennessee (the "City" or the "City of Jackson"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. The City of Jackson implemented the Government Accounting Standards Board (GASB) Statement 34 during FY 2003.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (pages 1-7) and the City's financial statements (beginning on page 24).

FINANCIAL HIGHLIGHTS

➢ As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of $28.7 million. Approximately 51% of this total amount, $14.7 million, is available for spending at the government's direction (unassigned fund balance). The $14.7 million is net of the $3.2 million "provision for subsequent year's budget" that was recognized to be in compliance with GASB Statement No. 54.

➢ At the end of the current fiscal year, unassigned fund balance for the General Fund was $14.7 million, or 22.5% of total general fund expenditures. The General Fund reflected a $1.2 million decrease at June 30, 2016 as the result of $.9 million Excess Expense over Revenue and $.3 million in Transfers to Other Funds, which would have resulted in an $18 million unassigned fund balance had it not been for assignment of next year's budget deficit being required.

➢ The City of Jackson's total debt increased by $6 million or 7.5% during the current fiscal year. The $6 million decrease is the net result of principal payments and issuance of long-term debt. $1 million remaining in 12-Year Capital Outlay Notes to finance the Sportsplex, a 17-field baseball/softball complex, was reduced by $.3 million in the tenth year after a double payment against the principal in the second year. The original $9 million Sportsplex debt now stands at $3.5 million after the tenth year of operation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Jackson's basic financial statements. The City of Jackson's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other 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.

There are two government-wide financial statements:

➢ Statement of Net Position - The statement of net position presents information on all of the City of Jackson's assets, liabilities, and deferred outflows/inflows of resources 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.

➢ Statement of Activities - The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account 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 years (for example, 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 (government 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, Parks and Recreation, Public Buildings, H&S, and Capital. The business-type activities of the City of Jackson include Hwy 70 Landfill, Sportsplex, Jackson Transit Authority, and Community Development.

The government-wide financial statements include not only the City itself (known as the primary government) but also two legally separate entities (known as component units). The Jackson Community Redevelopment Agency (ie: CRA) was established by a City Ordinance and now operates as a separate entity with its own board of directors and outside auditors.

The Jackson Energy Authority is also presented in the report as a discretely presented component unit due to the fact that the City has guaranteed their Telecom Bond Issue.

Fund Financial Statements. The fund financial statements provide more detailed information about the most significant funds - not the City as a whole. Some funds are required by State or Federal law or by bond covenants. Other funds are established by the City Council to help it control and manage money for designated or restricted purposes, or to show that it is meeting legal responsibilities for how certain taxes, grants and other monies are used (such as grants received from the United States Department of Housing and Urban Development).

All of the funds of the City of Jackson can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Funds.

Governmental Funds. The City's basic services are included in Governmental Funds. The focus of these funds is on how cash and other financial assets that can readily be converted to cash when received are used, and what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not include the additional long-term focus of the Government-Wide Statements, we provide additional information after the Governmental Fund Statements that explain the differences between the long-term view and the short-term view.

The City maintains a General Fund, multiple Special Revenue Funds, a Debt Service Fund, and a Capital Projects Fund as Governmental Funds. Information is presented separately in the governmental statement for the General Fund, Solid Waste Collection Fund, Debt Service Fund, and the Capital Projects Fund since all of these are considered major funds. Data for the other funds is combined into a single column.

The City of Jackson adopts a budget for all Governmental Funds. A budgetary comparison for the major Governmental Funds is found in the fund statements of this report. Budgetary comparisons are provided to demonstrate compliance with the budget.

Proprietary Funds. Services for which the City charges customers a fee are generally reported in Proprietary Funds. Proprietary Funds, like the Government-Wide Financial Statements, provide both long-term and short-term financial information. There are two different types of Proprietary Funds: Enterprise Funds and Internal Service Funds. The City of Jackson maintains only Enterprise Funds.

Enterprise Funds are the same as business-type activities in the Government-Wide Financial Statements but provide more detail and additional information, such as cash flows. The Sportsplex, Jackson Transit Authority, Community Development, and Solid Waste (ie: Old City Landfill) are considered major funds.

Internal Service Funds provide services for other City activities. The City of Jackson could choose to account for maintenance of City vehicles or self-financed health insurance through an internal Service Fund. Because services like these benefit predominantly governmental rather than business-type functions, the City has chosen to include those activities in the Governmental Funds.

Fiduciary Funds. Fiduciary Funds provide information about the financial relationships where the City acts solely as a trustee or fiduciary for the benefit of others to whom the resources belong. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes. These activities are excluded from the City's Government-Wide Financial Statements because the City cannot use these assets to finance City operations. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Position and changes in fiduciary net position in the Fund Financial Statements.

Note to the financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The additional information contained in these notes is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information about the City's progress in funding its obligation to provide pension benefits and other post-employment benefits to its employees.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Position

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 of resources exceed liabilities and deferred inflows of resources by $66.5 million as of June 30, 2016.

An additional portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include $1.1 million for mandatory State and Council restrictions.

In order to provide a complete picture of the net position of the City, information is provided separately, in the table below, for the net position of governmental and business-type activities.

NET POSITION - PRIMARY GOVERNMENT

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	$ 66,143,980	$ 63,222,516	$ 12,300,247	$ 2,669,553	$ 78,444,227	$ 65,892,069
Capital assets	131,190,445	130,268,905	2,049,530	13,427,746	133,239,975	143,696,651
Total assets	$ 197,334,425	$ 193,491,421	$ 14,349,777	$ 16,097,299	$ 211,684,202	$ 209,588,720
Deferred Outflows of Resources	8,225,367	8,751,937	410,902	414,499	8,636,269	9,166,436
Other liabilities	$ 5,107,843	$ 5,805,977	$ 594,447	$ 525	$ 5,702,290	$ 5,806,502
Long-term liabilities	109,722,692	100,958,372	4,356,138	5,005,347	114,078,830	105,963,719
Total liabilities	114,830,535	106,764,349	4,950,585	5,005,872	119,781,120	111,770,221
Deferred Inflows of Resources	33,846,320	39,345,632	163,977	452,939	34,010,297	39,798,571
Net position:						
Net investment in capital assets	63,901,448	57,159,718	9,008,707	9,526,134	72,910,155	66,685,852
Restricted	1,101,742	822,131	-	-	1,101,742	822,131
Unrestricted	(8,120,253)	(1,848,472)	637,410	1,002,880	(7,482,843)	(845,592)
Total net position	$ 56,882,937	$ 56,133,377	$ 9,646,117	$ 10,529,014	$ 66,529,054	$ 66,662,391

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	$19,111,393	$ 18,158,458	$ 3,187,894	$ 3,162,841	$22,299,287	$21,321,299
Operating grants and contributions	4,440,305	6,112,059	1,534,302	2,736,795	5,974,607	8,848,854
Capital grants and contributions	2,503,563	1,142,853	587,716	587,716	3,091,279	1,730,569
General revenues:						
Property taxes	36,400,054	35,918,592	-	-	36,400,054	35,918,592
Other taxes	25,658,091	24,380,039	-	-	25,658,091	24,380,039
Other sources	1,058,104	596,803	1,920	9,158	1,060,024	605,961
Total revenues	89,171,510	86,308,804	5,311,832	6,496,510	94,483,342	92,805,314
Expenses:						
General government	$25,322,132	$ 24,781,907	$ -	$ -	$25,322,132	$24,781,907
Public safety	35,638,253	35,902,248	-	-	35,638,253	35,902,248
Public works	14,999,426	10,767,419	-	-	14,999,426	10,767,419
Public welfare and community service	8,244,911	8,641,898	-	-	8,244,911	8,641,898
Other	117,470	88,134	-	-	117,470	88,134
Interest on debt	2,461,835	2,474,298	-	-	2,461,835	2,474,298
Solid waste	-	-	4,930	35,647	4,930	35,647
Jackson Transit Authority	-	-	4,459,746	4,306,766	4,459,746	4,306,766
Community development	-	-	110,063	-	110,063	-
Sportsplex	-	-	2,204,200	2,304,555	2,204,200	2,304,555
Total expenses	86,784,027	82,655,904	6,778,939	6,646,968	93,562,966	89,302,872

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Increase (decrease) in net position before transfers	2,387,483	3,652,900	(1,467,107)	(150,458)	920,376	3,502,442
Transfers in (out)	(584,210)	(547,863)	584,210	547,863	-	-
Increase (decrease) in net position	**1,803,273**	**3,105,037**	**(882,897)**	**397,405**	**920,376**	**3,502,442**
Net position - beginning	56,133,377	79,079,407	10,529,014	11,165,315	66,662,391	90,244,722
Prior period restatement/adjustment	(1,053,713)	(26,051,067)	-	(1,033,706)	(1,053,713)	(27,084,773)
Net position - beginning - restated	55,079,664	53,028,340	10,529,014	10,131,609	65,608,678	63,159,949
Net position - ending	$56,882,937	$ 56,133,377	$ 9,646,117	$10,529,014	$66,529,054	$66,662,391

Changes in Net Position

Net Position of the City's governmental activities increased by $750 thousand versus last year's decrease of $26.4 million in Unrestricted Net Position related to the City's adoption of GASB 68 for non-current pension liabilities of $17.3 million for TCRS and $5.6 million for Old City Pension.

During the same period, the net position of the City's business-type activities decreased by $883 thousand, mainly resulting from normal depreciation in Capital Assets.

FINANCIAL ANALYSIS OF THE CITY'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.

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of $28.7 million, a net increase of $3.8 million in comparison with the prior year. However, the $3.8 million increase is the result of borrowed funds (ie: draw-downs) on the $17.4 million TMBF 2015 loan, so it does not reflect a true increase. Approximately 51% or $14.7 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either considered nonspendable, restricted, committed or assigned, to indicate that it is not available for new spending, as it has already been committed for debt service, capital projects, public works, or other purposes.

Information about selected major Governmental Funds is presented below.

General Fund. This 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 $14.7 million. A measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 22.5% of total general fund expenditures of $65.6 million. The 22.5% is of real concern, since it is down from last year's 28.7%.

Capital Projects Fund. This fund focuses on project-to-date costs for many projects within the City. At the end of the year, the Capital Projects Fund had a positive fund balance of $1.7 million which

consists of unspent funds from the $7.6 million TMBF loan draw in FY 15, against the total $15.3 million TMBF variable rate loan.

- The City spent $9.8 million on capital expenditures, primarily from proceeds of the $7.6 million draw against the total $15.3 million 2015 TMBF variable rate loan.

- Current year expenditures included $4.0 million for Public Works projects, $174 thousand for General Government, $4.1 million for Public Safety, and $1.5 million for Public Welfare and Community Services.

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.

As the City completed the fiscal year, its proprietary funds had combined Net Position of $9.6 million. Of this amount, $637 thousand was available to meet on-going obligations with the remainder invested in capital assets. Key factors within the major enterprise funds are presented below:

- Net Position of the Solid Waste Disposal Fund were zero at FY 07 year-end, as a result of the $11.5 million transfer to the General Fund for the sale of the Aaron Long Road landfill. This fund remains open only to cover the post-closure expense of the "Old Highway 70 Landfill".

- The other major factor in the Proprietary Funds category was the introduction of the Sportsplex Fund, an Enterprise Fund for the City's (17) field baseball/softball complex for "Travel Ball". Subject complex was under construction at the end of FY06 and opening tournaments started in August of FY07. The total capital cost of the subject complex came in under the $14.0 million budget at $13.4 million. The Sportsplex has now operated successfully for eleven full seasons with over 1.5 million people attending the park for a combination of travel ball, Dixie Youth ball, men's softball, and special needs games.

General Fund & Debt Service Fund Budgetary Highlights

Revenues

- Property Taxes were $580 thousand under budget at $30.6 million, primarily due to appeals and bankruptcies/foreclosures.

- Licenses and Permits were $218 thousand over budget at $4.9 million.

- Tax equivalents were $381 thousand over budget at $4.8 million due to increased electric department revenue from JEA.

- Fines, Interest & Penalties were only $105 thousand under budget at $1.3 million.

- Local Option Sales Tax collections were $13 million, which is $105 thousand or .8% over budget.

- State-Shared Sales Tax to the City was $5.3 million, which is $80 thousand or 1.5% over budget.

- Total State-Shared Revenues were $9.7 million, which is $224 thousand over budget.

Expenditures

➢ Health insurance claims came in at $8.1 million versus a $7.1 million budget. This marks the second straight year of a significant overrun in claims.

➢ Total General Government expenditures of $13.3 million were $587 thousand under budget.

➢ Public Safety expenditures of $37.2 million were $329 thousand or .9% over the revised budget, or $3.4 million, or 5.0% over the original budget, primarily due to Police and Fire Department. Overtime was the most significant overrun.

➢ Public Works expenditures of $7.5 million were $51 thousand under budget.

➢ Debt Service expenditures of $7.9 million were $312 thousand under budget, primarily due to extremely low variable rate interest percentages of approximately 1.0% to 1.2% on the $15.3 million TMBF variable rate loan.

CITY OF JACKSON, TENNESSEE
OUTSTANDING DEBT
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	$ 49,645	$ 54,451	$ 2,190	$ 2,405	$ 51,835	$ 56,856
Variable Rate Local Gov't Loan Program	27,339	15,300			27,339	15,300
Section 108 HUD Loan	2,691	2,817	-	-	2,691	2,817
Mixed Drink Tax Repayment	1,577	1,774			1,577	1,774
Capital Outlay Notes	-	-	1,102	1,497	1,102	1,497
JMCGH Note	400	450	-	-	400	450
Total Outstanding Debt	$ 81,652	$ 74,792	$ 3,292	$ 3,902	$ 84,944	$ 78,694

The City of Jackson's **total** long-term debt increased by $6.2 million, while Business-Type debt (i.e.: Sportsplex) decreased by $.7 million. General Obligation Bonds decreased by $4.8 million, but Variable Rate Local Government Loan Program (TMBF) increased by $12 million due to drawn-downs on the new 2015 Loan Program, which is a total program of $17.4 million.

The City of Jackson continues to hold the AA rating achieved in 2014 from Standard & Poor's.

Contacting the City's Financial Management

Office of the City Recorder
101 East Main Street, Suite 203
Jackson, TN 38301
731-425-8248

BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
Assets					
Cash and cash equivalents	$ 17,124,007	$ 1,449,442	$ 18,573,449	$ 73,946,053	$ 1,733,803
Investments	6,592,739	-	6,592,739	17,397,962	-
Receivables:					
Interest	16,748	-	16,748	131,498	-
Taxes (net of allowance for uncollectible accounts)	32,461,336	-	32,461,336	-	-
Accounts (net of allowance for uncollectible accounts)	2,617,139	37,980	2,655,119	17,171,849	109,682
Grants	1,140,305	86,866	1,227,171	-	-
Intergovernmental	5,316,356	-	5,316,356	-	-
Court fines (net of allowance for uncollectible accounts)	156,386	-	156,386	-	-
Current maturities of long-term notes receivable	-	100,000	100,000	-	-
Internal balances	96,237	(96,237)	-	-	-
Inventories:					
Parts and supplies	332,926	204,561	537,487	5,679,349	-
Gasoline and diesel	27,438	-	27,438	-	-
For resale	2,192	-	2,192	-	-
Prepaid expenses	13,458	-	13,458	-	-
Other assets	-	9,118	9,118	24,632,788	-
Unamortized bond issue cost	-	-	-	1,177,417	-
Unrecovered purchased gas cost	-	-	-	693,512	-
Long-term notes receivable	246,713	257,800	504,513	-	-
Restricted assets:					
Cash and cash equivalents	-	-	-	10,177,326	-
Investments	-	-	-	45,073,804	-
Capital assets not being depreciated:					
Land	20,418,107	2,735,465	23,153,572	-	2,796,094
Construction in progress	904,063	-	904,063	46,097,724	-
Capital assets (net of accumulated depreciation):					
Buildings	29,149,593	5,112,444	34,262,037	-	854,233
Improvements other than buildings	69,793,897	2,665,191	72,459,088	-	-
Machinery and equipment	4,453,143	1,564,796	6,017,939	-	-
Furniture and fixtures	6,471,642	222,351	6,693,993	-	-
Plant in service	-	-	-	445,795,074	-
Total assets	**$ 197,334,425**	**$ 14,349,777**	**$ 211,684,202**	**$ 687,974,356**	**$ 5,493,812**
Deferred Outflows of Resources					
Pension changes in experience - TCRS	1,376,394	72,309	1,448,703	-	-
Pension contributions after measurement date - TCRS	6,272,934	338,593	6,611,527	-	-
Pension contributions after measurement date - Old City	572,207	-	572,207	-	-
Pension change in investment earnings - Old City	3,832	-	3,832	-	-
Deferred outflows related to pensions	-	-	-	13,990,804	-
Unamortized debt refunding differences	-	-	-	5,449,437	-
Interest rate swaps	-	-	-	15,002,981	-
Total deferred outflows of resources	**$ 8,225,367**	**$ 410,902**	**$ 8,636,269**	**$ 34,443,222**	**$ -**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
Liabilities					
Accounts payable	$ 2,782,526	$ 141,837	$ 2,924,363	$ 27,908,387	$ 112,314
Accrued expenses	1,436,256	188,103	1,624,359	4,050,130	-
Customer deposits	211,779	-	211,779	5,687,929	-
Accrued interest payable	677,282	4,227	681,509	-	-
Unearned revenue - Jackson Walk advance lease payment	-	-	-	-	108,888
Gas supply imbalances	-	-	-	(5,905)	-
Accrued landfill closure/postclosure costs	-	260,280	260,280	-	-
Current portion of long-term notes payable	-	-	-	1,169,842	-
Current portion of bonds payable	-	-	-	15,397	-
Current liabilities payable from restricted assets:					
Accrued revenue bond interest	-	-	-	977,088	-
Current portion - revenue bonds payable (net of discount)	-	-	-	8,234,464	-
Noncurrent liabilities:					
Due within one year	6,006,984	662,533	6,669,517	-	-
Due in more than one year	78,226,504	2,657,927	80,884,431	277,268,526	-
Net pension liability - TCRS	19,714,368	1,035,678	20,750,046	-	-
Net pension liability - Old City	5,357,363	-	5,357,363	-	-
OPEB liability	417,473	-	417,473	11,671,156	-
Total liabilities	**114,830,535**	**4,950,585**	**119,781,120**	**336,977,014**	**1,141,506**
Deferred Inflows of Resources					
Deferred property taxes	30,701,055	-	30,701,055	-	-
Unearned revenue - grants	23,913	-	23,913	-	-
Pension change in actuarial experience	1,467,031	77,070	1,544,101	-	-
Pension change in investment earnings	1,654,321	86,907	1,741,228	249,331	-
Deferred inflows from interest rate swaps	-	-	-	15,002,981	-
Total deferred inflows of resources	**33,846,320**	**163,977**	**34,010,297**	**15,252,312**	**-**
Net position					
Net investment in capital assets	63,901,448	9,008,707	72,910,155	266,409,811	3,545,013
Restricted for:					
Sex offender	39,445	-	39,445	-	-
Property fund reserve	90,674	-	90,674	-	-
Police drug	217,693	-	217,693	-	-
Metro drug	345,259	-	345,259	-	-
Grant funds	94,726	-	94,726	-	-
Solid waste collection	313,945	-	313,945	-	-
Debt service	-	-	-	54,274,042	-
Other	-	-	-	1,426,290	326,797
Unrestricted	(8,120,253)	637,410	(7,482,843)	48,078,109	480,496
Total net position	**$ 56,882,937**	**$ 9,646,117**	**$ 66,529,054**	**$ 370,188,252**	**$ 4,352,306**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Jackson Energy Authority	Component Unit: Jackson Community Redevelopment Agency
Primary government									
Governmental activities:									
General government	$ 25,322,132	$ 1,857,052	$ 1,127,418	$ 6,087	$ (22,331,575)	$ -	$ (22,331,575)	$ -	$ -
Public safety	35,638,253	2,853,105	749,471	277,800	(31,757,877)	-	(31,757,877)	-	-
Public works	14,999,426	13,484,855	2,524,467	156,714	1,166,610	-	1,166,610	-	-
Public welfare and community service	8,244,911	916,381	38,949	2,062,962	(5,226,619)	-	(5,226,619)	-	-
Other	117,470	-	-	-	(117,470)	-	(117,470)	-	-
Interest on debt	2,461,835	-	-	-	(2,461,835)	-	(2,461,835)	-	-
Total governmental activities	86,784,027	19,111,393	4,440,305	2,503,563	(60,728,766)	-	(60,728,766)	-	-
Business-type activities:									
Solid waste	4,930	-	-	-	-	(4,930)	(4,930)	-	-
Jackson Transit Authority	4,459,746	660,577	1,334,302	587,716	-	(1,877,151)	(1,877,151)	-	-
Sportsplex	2,204,200	2,560,707	200,000	-	-	556,507	556,507	-	-
Community development	110,063	(33,390)	-	-	-	(143,453)	(143,453)	-	-
Total business-type activities	6,778,939	3,187,894	1,534,302	587,716	-	(1,469,027)	(1,469,027)	-	-
Total primary government	$ 93,562,966	$ 22,299,287	$ 5,974,607	$ 3,091,279	(60,728,766)	(1,469,027)	(62,197,793)	-	-
Component unit									
Jackson Energy Authority	$ 227,567,565	$ 237,790,010	$ -	$ 1,066,105	-	-	-	11,288,550	-
Jackson Community Redevelopment Agency	$ 801,867	$ 867,770	$ -	$ -	-	-	-	-	65,903
General revenues:									
Property taxes - levied for general government					30,580,859	-	30,580,859	-	-
In lieu of property taxes					5,819,195	-	5,819,195	-	-
Sales taxes					18,448,435	-	18,448,435	-	-
Franchise and excise taxes					171,040	-	171,040	-	-
Alcoholic beverage taxes					3,039,990	-	3,039,990	-	-
Business taxes					1,934,842	-	1,934,842	-	-
Income taxes					867,920	-	867,920	-	-
TVA taxes					766,812	-	766,812	-	-
Hotel-motel taxes					429,052	-	429,052	-	-
Rental and reimbursements					664,434	-	664,434	-	-
Other sources/(uses)					350,366	-	350,366	110,454	(114,457)
Unrestricted grants and contributions					84,921	-	84,921	-	-
Unrestricted interest income					199,076	1,920	200,996	3,478,289	-
Transfers					(824,903)	584,210	(240,693)	-	149,193
Total general revenues and transfers					62,532,039	586,130	63,118,169	3,588,743	34,736
Changes in net position					1,803,273	(882,897)	920,376	14,877,293	100,639
Net position - beginning					56,133,377	10,529,014	66,662,391	355,310,959	4,251,667
Prior period adjustment					(1,053,713)	-	(1,053,713)	-	-
Net position - beginning - restated					55,079,664	10,529,014	65,608,678	355,310,959	4,251,667
Net position - ending					$ 56,882,937	$ 9,646,117	$ 66,529,054	$ 370,188,252	$ 4,352,306

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 7,482,431	$ 7,316,081	$ 1,648,047	$ -	$ 677,448	$ 17,124,007
Investments	6,592,739	-	-	-	-	6,592,739
Receivables:						
Interest	16,748	-	-	-	-	16,748
Taxes (net of allowance for uncollectible accounts)	25,238,689	7,222,647	-	-	-	32,461,336
Accounts (net of allowance for uncollectible accounts)	95,578	33,510	-	2,479,592	8,459	2,617,139
Grants	628,100	-	460,908	-	51,297	1,140,305
Intergovernmental	5,316,356	-	-	-	-	5,316,356
Court fines (net of allowance for uncollectible accounts)	129,490	-	-	-	26,896	156,386
Note	246,713	-	-	-	-	246,713
Due from other funds	1,234,324	-	-	-	-	1,234,324
Inventories:						
Parts and supplies	332,926	-	-	-	-	332,926
Gasoline and diesel	27,438	-	-	-	-	27,438
For resale	2,192	-	-	-	-	2,192
Prepaid expenses	13,458	-	-	-	-	13,458
Total assets	**$ 47,357,182**	**$ 14,572,238**	**$ 2,108,955**	**$ 2,479,592**	**$ 764,100**	**$ 67,282,067**
Liabilities						
Accounts payable	$ 1,491,489	$ 350	$ 420,180	$ 790,068	$ 80,439	$ 2,782,526
Accrued expenses	1,389,323	-	-	46,933	-	1,436,256
Due to other funds	21,220	-	-	1,116,867	-	1,138,087
Customer deposits	-	-	-	211,779	-	211,779
Total liabilities	**2,902,032**	**350**	**420,180**	**2,165,647**	**80,439**	**5,568,648**
Deferred inflows of resources						
Unavailable property taxes	25,057,126	7,226,924	-	-	-	32,284,050
Unavailable public safety revenue	141,408	-	-	-	-	141,408
Unavailable intergovernmental revenue	512,832	-	-	-	25,983	538,815
Total deferred inflows of resources	**25,711,366**	**7,226,924**	**-**	**-**	**25,983**	**32,964,273**
Fund balances						
Nonspendable:						
Inventory	362,556	-	-	-	-	362,556
Prepaids	13,458	-	-	-	-	13,458
Restricted:						
Sex offender	39,445	-	-	-	-	39,445
Property fund reserve	90,674	-	-	-	-	90,674
Police drug	-	-	-	-	217,693	217,693
Metro drug	-	-	-	-	345,259	345,259
Grant funds	-	-	-	-	94,726	94,726
Solid waste collection	-	-	-	313,945	-	313,945
Committed:						
Debt service	-	7,344,964	-	-	-	7,344,964
Assigned:						
Capital outlay	-	-	1,688,775	-	-	1,688,775
Provision for subsequent year's budget	3,239,950	-	-	-	-	3,239,950
Midnight Basketball	6,575	-	-	-	-	6,575
Federal Equitable Sharing Program	133,534	-	-	-	-	133,534
Fire training	35,596	-	-	-	-	35,596
Drug court	18,342	-	-	-	-	18,342
Scott Miracle Grow	733	-	-	-	-	733
Earth Day	9,487	-	-	-	-	9,487
JIFAF	6,025	-	-	-	-	6,025
Liberty Gardens	63,007	-	-	-	-	63,007
Jackson Idol	4,603	-	-	-	-	4,603
Unassigned	14,719,799	-	-	-	-	14,719,799
Total fund balances	18,743,784	7,344,964	1,688,775	313,945	657,678	28,749,146
Total liabilities, deferred inflows of resources, and fund balances	**$ 47,357,182**	**$ 14,572,238**	**$ 2,108,955**	**$ 2,479,592**	**$ 764,100**	**$ 67,282,067**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2016

Amounts reported for the governmental activities in the statement of net position (pages 21 - 22) are different because:

Fund balance - total governmental funds (Page 23)	$ 28,749,146
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	131,190,445
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds	2,239,305
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds	(677,282)
Deferred outflows of resources - pensions are not available to pay current expenditures and, therefore, are unavailable in the funds.	8,225,367
Deferred inflows of resources - pensions are not due in the current period and, therefore, are not reported in the funds.	(3,121,352)
Long-term liabilities, including notes and bonds payable and net pension liability are not due in the current period and, therefore, are not reported in the funds	(109,722,692)
Net position - governmental activities (Page 22)	**$ 56,882,937**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	$ 31,102,927	$ 7,294,693	$ -	$ -	$ -	$ 38,397,620
Licenses and permits	4,886,165	-	-	-	-	4,886,165
Fines, interest and penalties	1,339,609	-	-	-	126,468	1,466,077
Use of money and property	1,085,894	11,728	2,034,039	-	632	3,132,293
Intergovernmental	23,284,978	100,957	608,869	-	1,025,034	25,019,838
Sales and service charges	829,819	-	-	13,346,297	212,244	14,388,360
Other	2,118,194	-	-	-	41,685	2,159,879
Total revenues	64,647,586	7,407,378	2,642,908	13,346,297	1,406,063	89,450,232
Expenditures						
Current						
General government	13,284,884	-	174,445	-	-	13,459,329
Public safety	37,231,417	-	4,128,476	-	179,676	41,539,569
Public works	7,489,804	-	3,984,764	-	-	11,474,568
Solid waste collection	-	-	-	12,154,539	-	12,154,539
Public welfare and community services	7,553,980	-	1,388,070	-	834,834	9,776,884
Other	-	-	115,850	-	-	115,850
Capital Outlay						
Public safety	-	-	-	-	230,597	230,597
Solid waste collection	-	-	-	371,179	-	371,179
Debt Service						
Principal	-	5,559,043	-	-	176,000	5,735,043
Interest	-	2,322,715	-	-	105,885	2,428,600
Other	-	1,620	-	-	-	1,620
Total expenditures	65,560,085	7,883,378	9,791,605	12,525,718	1,526,992	97,287,778
Excess (defeciency) of revenues over (under) expenditures	(912,499)	(476,000)	(7,148,697)	820,579	(120,929)	(7,837,546)
Other financing sources (uses)						
Sale of bonds	-	12,400,000	-	-	-	12,400,000
Transfers in	631,568	-	5,900,000	65,000	281,885	6,878,453
Transfers out	(910,903)	(5,900,000)	(29,000)	(631,568)	(231,885)	(7,703,356)
Total other financing sources (uses)	(279,335)	6,500,000	5,871,000	(566,568)	50,000	11,575,097
Net changes in fund balances	(1,191,834)	6,024,000	(1,277,697)	254,011	(70,929)	3,737,551
Fund balances - beginning	19,856,708	1,320,964	2,549,774	59,934	728,607	24,515,987
Change in accounting principle	78,910	-	416,698	-	-	495,608
Fund balance - beginning - restated	19,935,618	1,320,964	2,966,472	59,934	728,607	25,011,595
Fund balances - ending	**$ 18,743,784**	**$ 7,344,964**	**$ 1,688,775**	**$ 313,945**	**$ 657,678**	**$ 28,749,146**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2016

Amounts reported for the governmental activities in the statement of activities (Page 21) are different because:

Net change in fund balances - total governmental funds (Page 24)	$ 3,737,551
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 in the current period. This is the amount by which capital outlays exceeded depreciation in the current period	1,975,253
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	(469,350)
Some expenses reported in the statement of activities, such as accrued leave, interest payable, debt premium amortization and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	
Compensated absences	129,224
Amortization of debt issuance premium	15,481
OPEB	19,095
Accrued interest payable	54,965
Some expenses reported in the statement of activities, such as pension expense, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(3,735,450)
Employer contributions to the pension plans in the current fiscal year, which was after the valuation period of the plans, are treated as a reduction of pension expense and are deferred in the statement of net position	6,845,141
The issuance of long-term debt provides current financial resources to governmental funds. These transactions do not have any effect on net position.	(12,503,680)
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position	5,735,043
Change in net position of governmental activities (Page 21)	$ 1,803,273

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

Assets	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Current assets					
Cash and cash equivalents	$ 337,684	$ 958,926	$ 12,000	$ 140,832	$ 1,449,442
Accounts receivable (net of allowance for uncollectible accounts)	-	17,021	20,959	-	37,980
Grants receivable	-	86,866	-	-	86,866
Due from other funds	-	-	-	21,220	21,220
Current maturities of long-term notes receivable	-	-	-	100,000	100,000
Inventory	-	129,780	74,781	-	204,561
Total current assets	337,684	1,192,593	107,740	262,052	1,900,069
Noncurrent assets					
Other assets					
Foreclosed property	-	-	-	9,118	9,118
Long-term notes receivable	-	-	-	257,800	257,800
Total other assets	-	-	-	266,918	266,918
Capital assets (net of accumulated depreciation):					
Land	-	352,173	2,383,292	-	2,735,465
Buildings	-	886,328	4,226,116	-	5,112,444
Improvements other than buildings	-	-	2,665,191	-	2,665,191
Machinery and equipment	-	1,564,796	-	-	1,564,796
Furniture and fixtures	-	47,064	175,287	-	222,351
Net capital assets	-	2,850,361	9,449,886	-	12,300,247
Total assets	**337,684**	**4,042,954**	**9,557,626**	**528,970**	**14,467,234**
Deferred Outflows of Resources					
Pension changes in experience	-	59,104	13,205	-	72,309
Pension contributions after measurement date	-	281,875	56,718	-	338,593
Total deferred outflows of resources	**$ -**	**$ 340,979**	**$ 69,923**	**$ -**	**$ 410,902**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2016

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Liabilities					
Current liabilities					
Accounts payable	$ 87	$ 104,270	$ 33,774	$ 3,706	$ 141,837
Due to other funds	-	-	117,457	-	117,457
Current maturities of long-term notes payable	28,920	-	633,613	-	662,533
Accrued expenses	-	150,754	37,349	-	188,103
Accrued interest payable	-	-	4,227	-	4,227
Total current liabilities	29,007	255,024	826,420	3,706	1,114,157
Noncurrent liabilities					
Long-term notes payable	-	-	2,657,927	-	2,657,927
Net pension liability	-	846,543	189,135	-	1,035,678
Accrued closure and post closure costs	260,280	-	-	-	260,280
Total noncurrent liabilities	260,280	846,543	2,847,062	-	3,953,885
Total liabilities	289,287	1,101,567	3,673,482	3,706	5,068,042
Deferred inflows of resources					
Pension change in actuarial experience	-	62,995	14,075	-	77,070
Pension change in investment earnings	-	71,036	15,871	-	86,907
Total deferred inflows of resources	-	134,031	29,946	-	163,977
Net position					
Net investment in capital assets	-	2,850,361	6,158,346	-	9,008,707
Unrestricted	48,397	297,974	(234,225)	525,264	637,410
Total net position	48,397	3,148,335	5,924,121	525,264	9,646,117
Total liabilities, deferred inflows of resources and net position	**$ 337,684**	**$ 4,383,933**	**$ 9,627,549**	**$ 528,970**	**$ 14,878,136**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Operating revenues					
Charges for services	$ -	$ 660,577	$ 943,435	$ -	$ 1,604,012
Sponsorships	-	-	204,395	-	204,395
Other operating revenues	-	-	1,508	2,602	4,110
Less: Bad debt expense	-	-	-	(35,992)	(35,992)
Total operating revenues	-	660,577	1,149,338	(33,390)	1,776,525
Operating expenses					
Salaries and employee benefits	-	2,396,961	863,350	-	3,260,311
Operation	4,930	454,174	845,022	110,063	1,414,189
Maintenance	-	165,082	145,336	-	310,418
General administration	-	241,388	-	-	241,388
Provision for depreciation	-	1,202,141	218,508	-	1,420,649
Total operating expenses	4,930	4,459,746	2,072,216	110,063	6,646,955
Operating income (loss)	(4,930)	(3,799,169)	(922,878)	(143,453)	(4,870,430)
Nonoperating revenues (expenses)					
Interest and other income	808	1,056	56	-	1,920
Interest expense	-	-	(131,984)	-	(131,984)
Donations	-	-	200,000	-	200,000
Local option sales tax	-	-	718,377	-	718,377
Tax revenues restricted for debt service:					
Hotel/Motel tax	-	-	692,992	-	692,992
Grant revenues	-	1,334,302	-	-	1,334,302
Total nonoperating revenues (expenses)	808	1,335,358	1,479,441	-	2,815,607
Income (loss) before transfers and capital contributions	(4,122)	(2,463,811)	556,563	(143,453)	(2,054,823)
Operating transfers					
Transfers in	-	649,210	-	-	649,210
Transfers out	(65,000)	-	-	-	(65,000)
Capital contributions	-	587,716	-	-	587,716
Total operating transfers in (out)	(65,000)	1,236,926	-	-	1,171,926
Change in net position	(69,122)	(1,226,885)	556,563	(143,453)	(882,897)
Total net position - beginning	117,519	4,375,220	5,367,558	668,717	10,529,014
Total net position - ending	**$ 48,397**	**$ 3,148,335**	**$ 5,924,121**	**$ 525,264**	**$ 9,646,117**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Cash flows from operating activities					
Cash received from consumers	$ -	$ 643,497	$ 1,201,029	$ 53,721	$ 1,898,247
Cash received from other operations	-	20,046	-	-	20,046
Cash paid to suppliers of goods and services	(37,877)	(770,161)	(963,476)	(116,488)	(1,888,002)
Cash paid to employees for services	-	(2,434,418)	(888,352)	-	(3,322,770)
Cash (paid to) received from other funds	65,000	-	64,751	6,425	136,176
Net cash provided (used) by operating activities	27,123	(2,541,036)	(586,048)	(56,342)	(3,156,303)
Cash flows from non-capital financing activities:					
Disbursements of community development loans	-	-	-	(51,119)	(51,119)
Principal collections of community development loans	-	-	-	51,119	51,119
Repayment of advance	-	-	(194,444)	-	(194,444)
Interest expense	-	-	(131,984)	-	(131,984)
Transfers out	(65,000)	-	-	-	(65,000)
Appropriations from City	-	649,210	-	-	649,210
Donations received	-	-	200,000	-	200,000
Other non-operating income	-	803	-	-	803
Cash received from grants	-	1,513,217	-	-	1,513,217
Net cash provided (used) by non-capital financing activities	(65,000)	2,163,230	(126,428)	-	1,971,802
Cash flows from capital and related financing activities					
Construction and acquisition of property and equipment	-	(45,483)	(247,670)	-	(293,153)
Principal payments on debt	-	-	(610,072)	-	(610,072)
Hotel/Motel tax	-	-	692,992	-	692,992
State sales tax	-	-	718,377	-	718,377
Capital grants received	-	587,716	-	-	587,716
Net cash provided (used) by capital and related financing activities	-	542,233	553,627	-	1,095,860
Cash flows from investing activities					
Purchase of investments	(337,684)	-	-	-	(337,684)
Investments purchased	374,753	-	-	-	374,753
Interest earned	808	253	57	2	1,120
Net cash provided (used) by investing activities	37,877	253	57	2	38,189
Net increase (decrease) in cash and cash equivalents	**-**	**164,680**	**(158,792)**	**(56,340)**	**(50,452)**
Cash and cash equivalents - beginning of year	-	794,246	170,792	197,172	1,162,210
Cash and cash equivalents - end of year	$ -	$ 958,926	$ 12,000	$ 140,832	$ 1,111,758
Cash and cash equivalents					
Unrestricted cash on hand	$ -	$ -	$ 12,000	$ -	$ 12,000
Unrestricted cash and cash equivalents on deposit	-	958,926	-	140,832	1,099,758
Total cash and cash equivalents	**$ -**	**$ 958,926**	**$ 12,000**	**$ 140,832**	**$ 1,111,758**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	$ (4,930)	$ (3,799,169)	$ (922,878)	$ (143,453)	$ (4,870,430)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	1,202,141	218,508	-	1,420,649
Change in closure/postclosure liability	(28,920)	-	-	-	(28,920)
Pension contributions subsequent to measurement date	-		56,718	-	56,718
Pension expense	-		(81,720)	-	(81,720)
Bad debt adjustment	-	-	-	35,992	35,992
(Increase) decrease in accounts receivable	-	2,966	51,691	-	54,657
(Increase) decrease in deferred outflows of resources	-	(218,321)	-	-	(218,321)
(Increase) decrease in notes receivable	-	-	-	51,119	51,119
(Increase) decrease in inventory	-	(737)	3,035	-	2,298
(Increase) decrease in due from other funds	65,000	-	-	6,425	71,425
(Increase) decrease in prepaids	-	73,346	-	-	73,346
Increase (decrease) in accounts payable and accrued expenses	(4,027)	85,473	23,847	(6,425)	98,868
Increase (decrease) in net pension liability	-	131,465	-	-	131,465
Increase (decrease) in deferred inflows of resources	-	(18,200)	-	-	(18,200)
Increase (decrease) in due to other funds	-	-	64,751	-	64,751
Net cash provided (used) by operating activities	**$ 27,123**	**$ (2,541,036)**	**$ (586,048)**	**$ (56,342)**	**$ (3,156,303)**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Deferred Compensation Trust Fund
Assets	
Investments	$ 16,966,270
Total assets	**$ 16,966,270**
Liabilities	
Deferred compensation benefits payable	$ 16,966,270
Total liabilities	16,966,270
Net position	
Net position held in trust for employee benefits	-
Total liabilities and net position	**$ 16,966,270**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Fiscal Year Ended June 30, 2016

	Deferred Compensation Trust Fund
Revenues:	
Other:	
Increase (decrease) in FMV of investments	$ 208,972
Employee contributions	740,359
Total revenues	949,331
Expenditures:	
General Government	
Employee benefits	949,331
Total expenditures	949,331
Change in net position	-
Net position - beginning	-
Net position - ending	$ -

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
Revenues	Original	Final	Actual	over (under)
Taxes	$ 31,143,156	$ 31,143,156	$ 31,102,927	$ (40,229)
Licenses and permits	4,668,354	4,668,354	4,886,165	217,811
Fines, interest and penalties	1,357,000	1,444,189	1,339,609	(104,580)
Use of money and property	1,016,513	1,016,513	1,085,894	69,381
Intergovernmental	22,887,892	23,003,395	23,284,978	281,583
Sales and service charges	691,966	709,646	829,819	120,173
Other	1,585,842	1,585,842	2,118,194	532,352
Total revenues	63,350,723	63,571,095	64,647,586	1,076,491
Expenditures				
Current:				
General government	14,197,257	13,872,310	13,284,884	587,426
Public safety	35,452,357	36,903,120	37,231,417	(328,297)
Public works	6,838,318	7,540,789	7,489,804	50,985
Public welfare and community services	7,428,240	7,618,540	7,553,980	64,560
Total expenditures	63,916,172	65,934,759	65,560,085	374,674
Excess (deficiency) of revenues over/(under) expenditures	(565,449)	(2,363,664)	(912,499)	1,451,165
Other financing sources (uses)				
Transfers in from				
Solid Waste Fund	700,000	700,000	631,568	(68,432)
Transfers out to				
CRA District	(276,145)	(276,145)	(199,193)	76,952
Jackson Transit Authority	(711,711)	(711,711)	(711,710)	1
Total other financing sources (uses)	(287,856)	(287,856)	(279,335)	8,521
Net changes in fund balance	$ (853,305)	$ (2,651,520)	(1,191,834)	$ 1,459,686
Fund balance - beginning			19,856,708	
Change in accounting principle			78,910	
Fund balance - beginning - restated			19,935,618	
Fund balance - ending			**$ 18,743,784**	

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Taxes:				
Property taxes	$ 24,854,703	$ 24,854,703	$ 24,327,924	$ (526,779)
Tax equivalents:				
IDB	286,174	286,174	347,966	61,792
Electric Department	2,512,456	2,512,456	2,497,077	(15,379)
Water Department	351,337	351,337	342,785	(8,552)
Gas Department	1,197,470	1,197,470	1,199,865	2,395
Telecom	-	-	324,201	324,201
Jackson Housing	31,116	31,116	44,132	13,016
St. Mary's Manor	5,400	5,400	9,674	4,274
Wesley	4,500	4,500	3,561	(939)
City beer tax	1,900,000	1,900,000	2,005,742	105,742
Total taxes	31,143,156	31,143,156	31,102,927	(40,229)
Licenses and permits:				
Automobile license	1,100,000	1,100,000	1,137,648	37,648
Mechanical permits	35,000	35,000	35,865	865
Building permits	255,525	255,525	340,303	84,778
Electric permits	82,000	82,000	72,430	(9,570)
Chauffeur permits	400	400	255	(145)
Development permits	6,300	6,300	6,325	25
Tradesman license fees	63,279	63,279	58,637	(4,642)
Business tax	1,950,000	1,950,000	1,934,842	(15,158)
Plumbing permits	35,000	35,000	28,378	(6,622)
Wholesale liquor tax	600,000	600,000	688,145	88,145
Beer privilege tax	33,000	33,000	49,204	16,204
Gas permits	12,000	12,000	13,283	1,283
Other review/evaluation fees	5,750	5,750	5,300	(450)
Liquor application fee	2,000	2,000	4,500	2,500
Moving permits	100	100	75	(25)
Other investigation fees	11,000	11,000	11,500	500
Mixed drink taxes	75,000	75,000	58,575	(16,425)
Sign permits	12,000	12,000	11,848	(152)
Hotel-motel tax	390,000	390,000	429,052	39,052
Total licenses and permits	$ 4,668,354	$ 4,668,354	$ 4,886,165	$ 217,811

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Fines, interest, and penalties:				
Police and city court revenue	$ 434,000	$ 521,189	$ 586,000	$ 64,811
City jail fees	10,000	10,000	484	(9,516)
Parking tickets	40,000	40,000	13,770	(26,230)
Speed enforcement	75,000	75,000	-	(75,000)
Red light tickets	80,000	80,000	89,211	9,211
City sticker tickets	15,000	15,000	-	(15,000)
Evidence awards	30,000	30,000	36,718	6,718
Drug litigation tax	95,000	95,000	111,550	16,550
Delinquent real estate taxes, interest and penalties	565,000	565,000	491,691	(73,309)
Sex offender registration	13,000	13,000	10,185	(2,815)
Total fines, interest and penalties	1,357,000	1,444,189	1,339,609	(104,580)
Use of money and property:				
Rent income	20,000	20,000	18,363	(1,637)
Recreation revenue	18,000	18,000	5,946	(12,054)
Casey Jones Museum rent	8,000	8,000	9,824	1,824
Interest on investments	133,000	133,000	177,711	44,711
T. R. White revenue	36,013	36,013	42,473	6,460
Westwood Community Center revenue	3,500	3,500	4,026	526
South Jackson Community Center revenue	1,600	1,600	-	(1,600)
Oman Arena revenue	96,100	96,100	46,293	(49,807)
Civic Center revenue	237,750	237,750	160,822	(76,928)
Carnegie Center revenue	-	-	49,500	49,500
Fairgrounds revenue	235,000	235,000	219,093	(15,907)
Ned Center revenue	89,050	89,050	116,220	27,170
Community education	2,000	2,000	26,041	24,041
Athletics revenue	70,000	70,000	37,337	(32,663)
Tennis court revenues	25,000	25,000	38,328	13,328
Farmer's Market rent	31,000	31,000	51,942	20,942
Depot rent	600	600	750	150
Theater	4,000	4,000	6,353	2,353
Concessions	600	600	64,502	63,902
Miscellaneous	4,300	4,300	11,257	6,957
Swimming pool revenue	1,000	1,000	(887)	(1,887)
Total use of money and property	$ 1,016,513	$ 1,016,513	$ 1,085,894	$ 69,381

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Intergovernmental:				
State of Tennessee:				
Excise tax	$ 115,000	$ 115,000	$ 171,040	$ 56,040
Income tax	600,000	600,000	867,920	267,920
Beer tax	45,000	45,000	31,841	(13,159)
Sales tax	5,200,000	5,200,000	5,280,047	80,047
Mixed drink tax	230,000	230,000	201,983	(28,017)
TVA tax	775,000	775,000	766,812	(8,188)
Law enforcement education supplement	128,000	128,000	126,000	(2,000)
Fire protection education supplement	102,000	102,000	102,600	600
Child and adult care food program grant	-	-	4,337	4,337
Municipal planning office grant	171,794	171,794	60,812	(110,982)
SART grant	140,000	140,000	94,371	(45,629)
Petroleum special	136,000	136,000	132,669	(3,331)
Gasoline & motor fuel tax	1,750,000	1,750,000	1,228,871	(521,129)
Gas 1989	-	-	197,490	197,490
Gas 3 cent	-	-	366,543	366,543
TDOT reimbursement	69,240	69,240	52,205	(17,035)
Madison County:				
Local sales tax apportioned	12,962,093	12,962,093	13,067,431	105,338
Federal Government:				
ACT grant	25,000	25,000	-	(25,000)
Drug court grant	70,000	70,000	69,658	(342)
Out-of-School Time Grant	20,019	20,019	19,320	(699)
Invest health grant	-	60,000	6,087	(53,913)
CRE grant	-	-	45,487	45,487
JAG	253,113	308,616	325,277	16,661
JTA grant	45,194	45,194	-	(45,194)
FEMA: 2014	-	-	34,612	34,612
MPO - SPR	50,439	50,439	31,565	(18,874)
Total intergovernmental	$ 22,887,892	$ 23,003,395	$ 23,284,978	$ 281,583

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance over (under)
Sales and service charges:				
Supply sales	$ 104,760	$ 104,760	$ 31,983	$ (72,777)
Plans review	116,000	116,000	120,736	4,736
Fire protection contracts & reports	100	100	17	(83)
Fire training fees	30,000	30,000	17,774	(12,226)
Board of Appeals fees	5,100	5,100	6,380	1,280
Accident report fees by police	10,000	10,000	7,288	(2,712)
Police security	264,000	264,000	488,268	224,268
JTA ticket sales commission	-	-	110	110
Seatbelt fees	-	17,680	-	(17,680)
Handling fees	5,000	5,000	5,133	133
Public education training fees	15,000	15,000	24,456	9,456
Planning Dept, maps and services	48,850	48,850	29,850	(19,000)
Zoning application fees	2,950	2,950	5,500	2,550
Sale of merchandise and services	29,006	29,006	51,003	21,997
Miscellaneous	61,200	61,200	41,321	(19,879)
Total sales and service charges	691,966	709,646	829,819	120,173
Other revenues:				
CATV revenues	1,040,000	1,040,000	1,057,245	17,245
Donations	20,735	20,735	84,921	64,186
Riverside Cemetery trust fund income	23,000	23,000	23,076	76
Sponsors- t-shirt uniforms	-	-	4,882	4,882
Insurance recoveries	40,000	40,000	311,823	271,823
Reimbursements	462,107	462,107	636,247	174,140
Total other revenues	1,585,842	1,585,842	2,118,194	532,352
Total revenues	**$ 63,350,723**	**$ 63,571,095**	**$ 64,647,586**	**$ 1,076,491**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
General Government Administration:				
Office of Mayor:				
Salaries	$544,927	$ 558,420	$511,669	$ 46,751
Community services	25,170	29,370	39,212	(9,842)
Operating	37,980	37,980	51,400	(13,420)
City Council:				
Salaries	113,576	115,077	119,057	(3,980)
Operating	22,538	22,538	20,074	2,464
Municipal Court:				
Salaries	789,761	807,015	815,565	(8,550)
Operating	20,400	28,400	36,681	(8,281)
Drug Treatment:				
Salaries	131,191	134,528	123,596	10,932
Operating	73,000	73,000	71,319	1,681
Legal Department:				
Operating	187,000	187,000	175,152	11,848
Planning and Zoning:				
Salaries	536,275	551,256	527,135	24,121
Operating	38,841	38,841	28,263	10,578
Code/Zoning Appeals Boards:				
Salaries and operating	300	300	-	300
Civil Service:				
Operating	1,533	1,533	-	1,533
Public buildings and services:				
Salaries - janitors	70,970	72,362	59,485	12,877
Operating	399,005	399,006	360,025	38,981
Revenue and finance:				
Salaries	409,576	419,822	414,090	5,732
Printing and binding	21,850	21,050	19,263	1,787
Publicity, subscriptions and dues	9,000	9,000	8,319	681
Auditing	68,000	68,000	63,055	4,945
Office supplies and postage	18,500	18,500	13,847	4,653
Insurance and bonding premiums	770,334	770,334	859,806	(89,472)
Travel	2,300	2,300	3,037	(737)
Other operating expenses	10,720	11,520	5,632	5,888
County Trustee/Clerk commission	151,000	151,000	166,505	(15,505)

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

General Government Administration:	Budgeted Amounts Original	Budgeted Amounts Final	Actual	Variance over (under)
Accounting:				
Salaries	$ 336,655	$ 342,658	$ 332,946	$ 9,712
Operating	12,278	12,278	11,261	1,017
Information systems:				
Salaries	540,562	554,792	524,477	30,315
Operating	72,852	72,853	32,369	40,484
Farmer's market:				
Salaries	86,392	88,443	94,123	(5,680)
Operating	78,907	78,907	48,306	30,601
Purchasing:				
Salaries	137,417	141,116	144,914	(3,798)
Operating	10,928	10,929	9,334	1,595
Building Department:				
Salaries	774,772	795,070	793,096	1,974
Operating	80,774	80,775	47,468	33,307
Risk management:				
Salaries	180,478	185,316	185,785	(469)
Operating	7,715	7,715	7,679	36
Reimbursable Planning Act:				
Operating	214,311	171,157	32,809	138,348
Housing Codes Enforcement:				
Salaries	340,328	349,383	341,496	7,887
Operating	117,647	182,648	140,981	41,667
Personnel:				
Salaries	258,124	265,215	268,381	(3,166)
Operating	16,944	16,942	17,287	(345)
Miscellaneous expenditures:				
Contributions	456,264	456,264	469,669	(13,405)
Grant expenses	50,439	50,439	193,771	(143,332)
Damage claims and court costs	50,000	50,000	20,551	29,449
Municipal development	150,000	150,000	122,783	27,217
Payroll taxes	37,000	37,000	30,637	6,363
Health claims paid	6,700,000	7,100,000	8,129,653	(1,029,653)
Employee/Employer health insurance	(6,700,000)	(6,700,000)	(7,718,219)	1,018,219
Dental insurance claims paid	338,000	338,000	359,471	(21,471)
Employee dental insurance	(338,000)	(338,000)	(402,989)	64,989
Vision insurance claims paid	86,800	86,800	79,961	6,839
Employee vision insurance	(86,800)	(86,800)	(89,214)	2,414
Group health insurance	370,000	370,000	402,231	(32,231)
Group vision insurance	105,000	105,000	123,368	(18,368)

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
General Government Administration:				
Publicity and marketing	$ 555,000	$ 555,000	$ 490,576	$ 64,424
On-the-job injury	500,000	500,000	590,296	(90,296)
Tax sales expense	150,000	350,000	316,042	33,958
City sticker collection fees	70,000	70,000	63,744	6,256
Employee education and training	32,400	32,400	13,681	18,719
Group life insurance	170,000	170,000	150,210	19,790
Employee benefits	400,100	400,100	220,488	179,612
Election expense	-	-	1,692	(1,692)
Retirement benefits	629,203	629,203	565,381	63,822
Unemployment insurance	36,906	36,906	17,661	19,245
Appropriation to Airport Authority	156,936	156,936	93,923	63,013
Appropriation to Jackson-Madison County Library	635,724	635,724	639,122	(3,398)
Appropriation to IDB	292,298	292,298	291,432	866
Appropriation to EMA	129,480	129,480	135,511	(6,031)
Appropriations to other agencies	314,913	314,913	314,648	265
Contractual services	10,000	10,000	15,610	(5,610)
Long-term disability insurance	38,798	38,798	30,202	8,596
Credit card charges	15,000	15,000	58,724	(43,724)
Sundry/other	1,120,965	32,500	29,369	3,131
Total General Government Administration	14,197,257	13,872,310	13,284,884	587,426
Public Safety:				
Police Department:				
Salaries	7,660,830	7,643,646	8,558,432	(914,786)
Operating	1,931,638	1,643,201	1,365,497	277,704
Patrol Department:				
Salaries	9,502,245	9,699,477	9,559,157	140,320
Operating	68,220	68,221	895,066	(826,845)
Police grant programs				
Salaries	711,094	877,784	447,657	430,127
Operating	332,113	1,002,589	249,452	753,137
Crime prevention				
Salaries	163,526	166,922	142,137	24,785
Operating	9,000	9,001	13,650	(4,649)
Fire Department:				
Salaries	11,993,747	12,669,126	12,398,430	270,696
Operating	658,730	738,231	977,411	(239,180)
Fire Safety & Public Education:				
Salaries	144,458	148,395	148,782	(387)
Operating	9,950	34,950	105,704	(70,754)

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Public Safety:				
Correctional administration:				
Salaries	$ 19,086	$ 19,575	$ 17,654	$ 1,921
Operating	12,568	12,568	8,360	4,208
Traffic and street crimes:				
Salaries	711,901	608,353	808,438	(200,085)
Operating	2,500	2,500	4,563	(2,063)
Central dispatch operations:				
Salaries	1,407,424	1,445,254	1,364,132	81,122
Operating	113,327	113,327	166,895	(53,568)
Total Public Safety	35,452,357	36,903,120	37,231,417	(328,297)
Public Works:				
Engineer:				
Salaries	394,318	404,486	409,316	(4,830)
Operating	67,315	67,315	47,261	20,054
State Street Aid:				
Salaries	1,578,587	1,650,065	1,504,274	145,791
Operating	343,050	313,913	400,430	(86,517)
Street lighting	2,002,723	2,002,723	2,026,549	(23,826)
Demolition and soil erosion				
Salaries	817,325	836,368	873,814	(37,446)
Operating	149,029	558,814	569,324	(10,510)
Street construction:				
Salaries	17,854	18,217	18,146	71
Operating	60,799	60,801	61,733	(932)
Street cleaning:				
Salaries	79,791	81,835	81,797	38
Operating	25,506	25,506	26,738	(1,232)
State Street Maintenance:				
Salaries	167,361	171,268	157,659	13,609
Operating	83,834	278,834	281,675	(2,841)
Jackson City Beautiful:				
Operating	15,218	15,218	16,656	(1,438)
Garage operations:				
Salaries	346,118	357,436	324,566	32,870
Operating	75,751	79,749	47,664	32,085
Traffic sign and signalization:				
Salaries	203,167	207,670	196,591	11,079
Operating	410,572	410,571	445,611	(35,040)
Total Public Works	$ 6,838,318	$ 7,540,789	$ 7,489,804	$ 50,985

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance over (under)
Public Welfare and Community Service:				
Recreation:				
Salaries	$ 736,565	$ 755,332	$ 803,278	$ (47,946)
Operating	172,131	231,772	144,952	86,820
Direct assistance recreation grants	7,500	7,500	23,925	(16,425)
Athletics:				
Salaries	227,561	233,594	226,029	7,565
Operating	110,128	110,128	85,740	24,388
Parks and public property:				
Salaries	1,880,149	1,929,633	2,017,088	(87,455)
Operating	551,755	551,754	455,175	96,579
Westwood Community Center:				
Salaries	107,766	110,240	96,539	13,701
Operating	51,337	51,338	69,862	(18,524)
South Jackson Community Center:				
Salaries	69,015	70,986	75,668	(4,682)
Operating	18,770	18,770	19,714	(944)
Pringles Park:				
Operating	583,700	583,700	623,438	(39,738)
Cypress Grove Nature Park:				
Salaries	54,100	54,399	17,740	36,659
Operating	12,700	12,701	83,242	(70,541)
Depot:				
Salaries	90,788	93,361	90,740	2,621
Operating	14,804	14,805	11,483	3,322
Liberty Gardens:				
Operating	20,000	20,000	-	20,000
Riverside Cemetery:				
Operating	21,000	21,000	18,000	3,000
Oman Arena:				
Salaries	28,879	29,691	25,788	3,903
Operating	174,068	174,068	117,367	56,701
Civic Center:				
Salaries	484,926	498,505	508,790	(10,285)
Operating	511,538	511,538	336,140	175,398
Fairgrounds:				
Salaries	290,213	297,500	290,883	6,617
Operating	162,750	162,750	184,422	(21,672)
Carnegie/Ned:				
Salaries	241,485	247,514	250,467	(2,953)
Operating	161,026	174,525	172,654	1,871

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			
	Original	Final	Actual	Variance over (under)
Public Welfare and Community Service (Cont.):				
T. R. White Sportsplex:				
Salaries	$ 385,105	$ 392,107	$ 411,791	$ (19,684)
Operating	134,547	134,546	131,007	3,539
Tennis Center:				
Salaries	38,737	39,587	35,599	3,988
Operating	26,227	26,226	34,835	(8,609)
Bemis Community Center:				
Operating	21,040	21,040	14,265	6,775
Golf Course:				
Operating	36,000	36,000	176,564	(140,564)
Treemendous projects	1,930	1,930	795	1,135
Total Public Welfare and Community Service	7,428,240	7,618,540	7,553,980	64,560
Total expenditures	**$ 63,916,172**	**$ 65,934,759**	**$ 65,560,085**	**$ 374,674**

The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, TENNESSEE
SOLID WASTE COLLECTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
Revenues	Original	Final	Actual	over (under)
Sales and service charges:				
State reimbursement	$ 150,000	$ 150,000	$ 104,809	$ (45,191)
Garbage collection revenue	12,896,166	12,896,166	13,241,488	345,322
Total revenues	13,046,166	13,046,166	13,346,297	300,131
Expenditures				
Current				
Public Works				
Salaries	1,479,852	1,479,852	1,437,079	42,773
Employee benefits	574,194	574,194	547,357	26,837
Travel and training	6,900	6,900	2,246	4,654
Materials and supplies	25,800	25,800	24,091	1,709
Motor vehicle	407,000	407,000	407,244	(244)
Mobile communication	4,000	4,000	2,592	1,408
Uniforms and clothing	8,000	8,000	6,047	1,953
Utilities and telephone	28,800	28,800	32,478	(3,678)
Professional services	2,500	2,500	7,223	(4,723)
Cola	60,000	60,000	-	60,000
Insurance	49,620	49,620	357,021	(307,401)
BFI landfill dumping	2,800,000	2,800,000	3,259,324	(459,324)
Postage	12,000	12,000	10,848	1,152
H&S landfill dumping	83,000	83,000	112,294	(29,294)
Repair and maintenance	10,500	10,500	4,993	5,507
Recycling	8,000	8,000	-	8,000
Bad Debt Expense	5,000	5,000	791	4,209
Fuel surcharges	300,000	300,000	3,905	296,095
Residential garbage charges	2,700,000	2,700,000	2,756,003	(56,003)
Commercial garbage charges	3,000,000	3,000,000	3,183,003	(183,003)
	11,565,166	11,565,166	12,154,539	(589,373)
Capital outlay	586,000	586,000	371,179	214,821
Total expenditures	12,151,166	12,151,166	12,525,718	(374,552)
Excess (deficiency) of revenues over (under) expenditures	895,000	895,000	820,579	(74,421)
Other financing sources (uses)				
Transfers from other funds	-	-	65,000	65,000
Transfers to other funds	(765,000)	(765,000)	(631,568)	133,432
	(765,000)	(765,000)	(566,568)	198,432
Change in fund balance	**$ 130,000**	**$ 130,000**	**254,011**	**$ 124,011**
Fund balance - beginning			59,934	
Fund balance - ending			**$ 313,945**	

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Jackson, Tennessee (the City), is a municipal corporation governed by an elected mayor and nine-member council and provides the following services as authorized by its charter: public safety (police and fire), building inspection, planning and zoning, street maintenance, sanitation, cemetery maintenance, health, parks and recreation, and general administrative services. As required by generally accepted accounting principles, these financial statements present the government and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The City's discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that it is legally separate from the government.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the City are described below.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statements of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being

measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. 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.

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 government considers revenues, excluding grant revenues, to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenues are considered to be available if collected within one year of the fiscal year-end. 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, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The capital outlay fund is used to account for capital asset acquisition and construction of all funds of the City except for infrastructures financed through the Sportsplex Fund.

The solid waste collection fund is a special revenue fund used to account for funds received from commercial and residential garbage collections. Use of the funds is limited to expenditures for the activities of the City's Health and Sanitation Department and the Solid Waste Fund.

The City reports the following major proprietary funds:

The solid waste fund accounts for funds received from landfill fees, solid waste related grant revenues and the reimbursement from Madison County for one-half of the operating costs of the landfill. Use of the funds is limited to expenditures for the recycling of solid waste and for providing a solid waste landfill for the disposal of solid waste.

The Sportsplex fund is used to account for the activities of the City's seventeen-field baseball/softball complex.

The community development fund is used to account for federal, state, and local funds received by the City which are restricted to developing viable living communities, providing decent housing and a suitable living environment, providing emergency shelters for the homeless and expanding economic opportunities principally for persons of low and moderate income.

Jackson Transit Authority accounts for the activities of the City's urban transit. The management of the Jackson Transit Authority is vested in a board of directors consisting of seven members, all of whom are elected by the City Council upon the Mayor's recommendation, for five year terms. Jackson Transit Authority is a blended component unit of the City.

Jackson Energy Authority is responsible for planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, gas, water, wastewater, and telecommunications utilities systems within or outside the corporate limits of the City, and other such utility systems as a municipal water, wastewater, gas, telecommunications, or electric utility is authorized by the general laws of the State of Tennessee to own or operate. On September 10, 2003, Jackson Energy Authority issued $54,300,000 in adjustable rate revenue bonds. Concurrent to this bond issue, the City issued a debt service guaranty agreement in which it unconditionally guarantees the debt of the entity in the event that the Authority defaults on the debt. Jackson Energy Authority is a discretely presented component unit of the City.

The Jackson Community Redevelopment Agency (Agency) was formed for the purpose of preserving health, safety, and welfare of the residents of the City and Madison County, to provide for affordable housing, and to inhibit and improve blighted areas. The management of the Agency is vested in a board of directors consisting of seven members. Five members are elected by the City Council upon the Mayor's recommendation, and the two remaining members are elected by the County Commission upon the recommendation of the County Mayor. There must be one member that is a serving City Council member and one that is a current County Commissioner. The Jackson Community Redevelopment Agency is a discretely presented component unit of the City.

Complete financial statements of the component units discussed above can be obtained from their respective administrative offices at the following addresses:

Jackson Transit Authority	Jackson Energy Authority	Jackson Community Redevelopment Agency
241 E. Deaderick Street	119 E. College Street	111 E. Main Street
Jackson, Tennessee 38301	Jackson, Tennessee 38301	Jackson, Tennessee 38301

Additionally, the City reports the following fiduciary fund:

The deferred compensation trust fund is used to account for assets held for employees in accordance with the provisions of Internal Revenue Service Code Section 457.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utility divisions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expense from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, and sewer funds are charges for sales to customers for sales and service. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months. Cash resources of all governmental funds are pooled and are invested to the extent possible in certificates of deposit. All interest earned on this pool is allocated to the General Fund except where legal restrictions require the earnings to be allocated to the source from which the cash originated.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements and the state's investment pool.

Investments for the City, as well as for its component units, are reported at fair value.

Receivables and payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future.

The allowances for uncollectible customer accounts recorded in the proprietary funds are based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary funds are recorded by the direct write-off method.

Property taxes are levied annually on October 1 and the tax bills are mailed the same date. The taxes are due and payable from the following October through February in the year of the tax levy. An unperfected lien attaches by statute to property on January 1 for unpaid taxes from the prior year's levy. Taxes uncollected by March 1, the year after due are considered delinquent and may be submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

All trade receivables are shown net of an allowance for uncollectibles if management's evaluation of credit risk determined such an allowance was necessary.

Inventories and prepaid items
Inventories in the governmental funds are valued at cost, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Inventories in the proprietary funds are valued at the lower of average cost or market using the FIFO method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital assets
Capital assets, which include property, plant, and equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 (amount not rounded) and an estimated useful life in excess of two years. All land, construction in progress, and works of art will be included. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the City, as well as the component units, are depreciated using the straight line method over the following useful lives:

Buildings	15 - 40 years	Infrastructure	12 - 40 years
Improvements other than buildings	20 years	Furniture and fixtures	5 - 15 years
Machinery and equipment	3 - 20 years		

Compensated absences
It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. Compensated absences are accrued when incurred in proprietary funds and reported as a fund liability. Compensated absences that are expected to be liquidated with expendable available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay them.

Employees of the City may accumulate up to 22 1/2 days of annual leave, which is fully vested, and 75 days of sick leave, which is not vested. Sick leave time accumulated over 75 days is paid to the employees at the rate of 50% regular pay upon normal retirement. Employees leaving the employment of the City for any reason other than retirement have no vested interest in sick leave over 75 days.

Employees of the Jackson Transit Authority (JTA) may accumulate up to 30 days of annual leave based on longevity of service which is fully vested. The sick leave policy was changed in November 1995 to allow all salaried employees who leave in good standing with JTA and who give a minimum of two weeks notice to receive 80 hours of sick leave at full pay plus one-half of all their sick leave over 80 hours.

Accrued compensated absences at June 30, 2016, are:

City of Jackson	$2,472,003

Long-term obligations
In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions
For purposes measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in their single employer defined benefit pension plan, and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the retirement plan. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources
In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The items that qualify for reporting as a deferred outflow of resources are disclosed on pages 20 and 27.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The items that qualify for reporting as a deferred inflow of resources are disclosed on pages 21, 23, and 28.

The City reports unavailable property taxes, unavailable intergovernmental revenues, and unavailable public safety revenue as deferred inflows of resources in the governmental fund balance sheet. In the statement of net position, unavailable property taxes related to the subsequent tax year are reported as well as multiple deferred outflows and inflows of resources that are pension-related accounts. Deferred outflows/inflows of resources are also reported on the Statement of Net Position in the government-wide statements and the proprietary fund statements.

Impact of Recently Issued Accounting Pronouncements
In February 2015, the GASB issued Statement No. 72 – *Fair Value Measurement and Application*, effective for fiscal years beginning after June 15, 2015, provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. This Statement did not have an impact on the City in the current year.

In June 2015, the GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, effective for financial statements for periods beginning after June 15, 2015. This Statement carries all of the requirements of Statement 68 to all pensions. It also requires that information similar to that required by Statement 68 be included in notes to financial statements and required supplementary information by employers. This Statement did not have an effect on the City due to the City's pension plans falling under GASB Statement No. 68.

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* effective for financial statements for periods beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the financial reports of state and local governmental OPEB plans for making decisions

and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement 43, and Statement No. 50, *Pension Disclosures.* The scope of this Statement includes OPEB plans – defined benefit and defined contribution – administered through trusts that meet the following criteria: 1) Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable, 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms, and 3) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members. Management is currently evaluating the impact that this Statement will have on the City's financial statements.

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. Management is currently evaluating the impact that this Statement will have on the City's financial statements.

In August 2015, the GASB issued Statement No. 77 – *Tax Abatement Disclosures,* effective for reporting periods beginning after December 15, 2015. The objective of this Statement was to provide financial statement users with information about certain limitations on a government's ability to raise resources. This includes limitations on revenue-raising capacity resulting from government programs that use tax abatements to induce behavior by individuals and entities that is beneficial to the government or its citizens. Tax abatements are widely used by state and local governments, particularly to encourage economic development. For financial reporting purposes,

this Statement defines a tax abatement as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires governments that enter into tax abatement agreements to disclose the following information about the agreements: 1) Brief descriptive information, such as the tax being abated, the authority under which tax abatements are provided, eligibility criteria, the mechanism by which taxes are abated, provisions for recapturing abated taxes, and the types of commitments made by tax abatement recipients, 2) The gross dollar amount of taxes abated during the period, and 3) Commitments made by a government, other than to abate taxes, as part of a tax abatement agreement. Management is currently evaluating the impact that this Statement will have on the City's financial statements.

Net Position Flow Assumption
Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund equity
As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for governmental funds can consist of the following:

Nonspendable – consists of funds that cannot be spent due to their form or funds that legally or contractually must be maintained intact.

Restricted – consists of funds that are mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

Committed – consists of funds that are set aside for a specific purpose as approved by the City Council. Formal action must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned – consists of funds that are set aside with the intent to be used for a specific purpose by the City Council or the City Recorder that has been given the authority to assign funds by the City Council. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned – consists of excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

In accordance with this GASB Statement No. 54, the City adopted a Fund Balance Policy with the following major provisions –

Order and Use of Restricted and Unrestricted Funds
When both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When committed, assigned, and unassigned funds are available for expenditure, committed funds should be spent first, assigned funds second, and unassigned funds last.

Authority to Commit Funds
The City's governing body has the authority to set aside funds for a specific purpose. Any funds set aside as committed fund balance requires the passage of an ordinance by a simple majority vote. The passage of an ordinance must take place prior to June 30 of the applicable fiscal year. If the actual amount of the commitment is not available by June 30, the ordinance must state the process or formula necessary to calculate the actual amount as soon as information is available. In the event the governing body wished to lift the committed status of funds so that they may be used for general purposes, a formal action equal to that which originally committed the funds must be taken.

Authority to Assign Funds
The City's governing body has the authority to set aside funds for the intended use of a specific purpose. Any funds set aside as assigned fund balance requires a simple majority vote and must be recorded in the minutes. The same action is required to change or remove the assignment. Upon passage of a budget ordinance where fund balance is used as a source to balance the budget, the Finance Director shall record the amount as assigned fund balance.

Unassigned Fund Balance
Unassigned fund balance is the residual amount of fund balance in the general fund. It represents the resources available for future spending. An appropriate level of unassigned fund balance should be maintained in the general fund in order to cover unexpected expenditures and revenue shortfalls.

Fund Balance Flow Assumption
Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Net Position
Restricted net position are assets less liabilities reported in the government-wide statement of net position that have limitations imposed on their use through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, contributors, legislation, or the other governments.

Net investment in Capital Assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of debt issued to finance the acquisition, improvement, or construction of those assets.

Estimates
The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Assets

The reconciliation of the balance sheet of governmental funds to the statement of net position includes reconciliation between fund balance - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including notes and bonds payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds." The details of this ($109,722,692) are as follows:

Bonds payable	$ 76,983,939
Notes payable	4,667,922
OPEB liability	417,473
Net pension liability	25,071,731
Premium on debt issuance	109,624
Compensated absences payable	2,472,003
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	$ 109,722,692

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes 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 in the current period." The details of this $1,975,253 difference are as follows:

Capital outlay, net change	$ 8,821,658
Donated assets	434,514
Book value of assets removed	(24,514)
Depreciation expense	(7,256,405)
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ 1,975,253

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this ($469,350) difference are as follows:

Change in deferred court fine revenue	$ 41,326
Change in property taxes	(483,515)
Change in parking tickets revenue	(27,161)
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (469,350)

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general, special revenue, debt service, and capital project funds, and certain proprietary funds. As an extension of the budget process, City Council may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. All annual appropriations lapse at fiscal year end. Legal level of budgetary control exists at the major function level in the General Fund and at the fund level for all other funds.

Encumbrances, when present, represent commitments related to unperformed contracts for goods or services. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2016, investments of the City consisted of the following:

	Weighted Average Maturity (Months)	Fair Value or Carrying Amount
Certificates of deposit	7-35	$ 6,592,739
Deferred Compensation Fund	N/A	16,966,270
		$ 23,559,009

Interest rate risk
As a means of limiting its exposure to fair value losses arising from interest rate risks, the City generally limits its investments to those with maturities of one year or less. The City's investment portfolio did not experience a significant fluctuation in fair value during the year.

Custodial credit risk
The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2016, all bank deposits were fully collateralized or insured.

Credit risk
The City's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. At June 30, 2016, the City's investments in U.S. Government agency securities include Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Agriculture Mortgage Corporation bonds, which were rated AAA by Standard & Poor's or Aaa by Moody's Investor Services.

B. Receivables

Receivables as of the year end for the government's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Debt Service	Capital Outlay	Solid Waste Collection	Sportsplex	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:								
Taxes	$26,439,746	$7,530,236	$ -	$ -	$ -	$ -	$ -	$33,969,982
Interest	16,748	-	-	-	-	-	-	16,748
Accounts	95,578	33,510	-	2,479,592	20,959	17,021	8,459	2,655,119
Grants	628,100	-	460,908	-	-	86,866	51,297	1,227,171
Intergovernmental	5,316,356	-	-	-	-	-	-	5,316,356
Court fines	507,555	-	-	-	-	-	102,754	610,309
Note	246,713	-	-	-	-	-	357,800	604,513
Gross receivables	33,250,796	7,563,746	460,908	2,479,592	20,959	103,887	520,310	44,400,198
Less: Allowance for uncollectibles	(1,579,122)	(307,589)	-	-	-	-	(75,858)	(1,962,569)
Net total receivables	$31,671,674	$7,256,157	$460,908	$2,479,592	$ 20,959	$103,887	$444,452	$42,437,629

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of deferred inflows of resources reported in the governmental funds were as follows:

2016 property tax assessment	$ 30,701,055
Delinquent property taxes	1,582,995
Grant revenues considered to be unavailable revenues	538,815
Court fines receivable	141,408
Total deferred revenue for governmental funds	$ 32,964,273

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, is as follows:

Receivable Fund	Payable Fund	Amount
Community Development	General	$ (21,220)
General	Sportsplex	117,457
General	Solid Waste Collection	1,116,867
Total		1,213,104
Governmental activities eliminated		(1,116,867)
Total		$ 96,237

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund transfers were consummated within the normal operations of the City. The City's intention is to repay all interfund liabilities within the next fiscal year. However, due to the significant amount of the solid waste collection funds' interfund liability to the general fund, settlement within the next fiscal year is not a certainty.

Interfund transfers are used to 1) move revenues from the funds with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs. In fiscal year 2016, a transfer was made from the solid waste collection fund to the general fund for the allocation of direct costs by general government employees.

Interfund transfers during the year ended June 30, 2016, were as follows:

	Transfer In						
Transfer Out	General	Capital Outlay	CRA District	Jackson Transit Authority	Solid Waste Collection	Nonmajor Governmental Funds	Total
General	$ -	$ -	$199,193	$711,710	$ -	$ -	$ 910,903
Debt Service	-	5,900,000	-	-	-	-	5,900,000
Solid Waste Collection	631,568	-	-	-	-	-	631,568
Solid Waste	-	-	-	-	65,000	-	65,000
Capital Outlay	-	-	-	29,000	-	-	29,000
CRA District	-	-	-	-	-	50,000	50,000
Nonmajor Governmental	-	-	-	-	-	231,885	231,885
	$ 631,568	$5,900,000	$199,193	$740,710	$65,000	$ 281,885	$ 7,818,356

The descriptions of the transfers are as follows:

- The transfer from the Solid Waste Collection fund to the General fund was done in the current year due to an indirect cost allocation performed by the City.
- The transfer from the Debt Service fund to the Capital Outlay fund is for capital outlay needs in the current year that were funded from long-term debt proceeds issued in the debt service fund.
- The transfers from the General fund and Capital Projects fund to the Jackson Transit Authority were for the City's portion of operating assistance and capital assistance provided to the Transit Authority annually.
- The transfer from the Solid Waste fund to the Solid Waste Collection fund was done to repay the prior year transfer that was considered unnecessary due to the Landfill being closed and less assistance needed going forward. The Solid Waste Collection fund will continue to transfer the amount needed to cover expenses in the future years.
- The transfer from the Grant Fund #1 CDBG to the CRA fund was for loan payments made related to Section 108.
- The transfers from the General Fund to the CRA District is for the CRA's portion of TIF income. The difference between the governmental fund transfers of $199,193, which represents the TIF income, and the government-wide transfer amount of $149,193 is a $50,000 transfer from the CRA to the general fund that is a long-term debt payment on one of the City's debt payments, so it was combined together for the Statement of Activities presentation.

D. Capital Assets

Capital asset activity for the year ended June 30, 2016, was as follows:

Governmental activities:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, not being depreciated					
Land	$ 20,418,107		$ -	$ -	$ 20,418,107
Construction in progress	296,440	607,623	-	-	904,063
Total capital assets, not being depreciated	20,714,547	607,623	-	-	21,322,170
Capital assets, being depreciated					
Buildings	68,170,799	276,845	-	-	68,447,644
Improvements other than buildings	3,768,886	1,162,473	-	-	4,931,359
Machinery and equipment	31,522,369	4,760,879	346,897	552,896	36,489,247
Infrastructure	113,284,754	2,448,352	-	(1,448,932)	114,284,174
Total capital assets, being depreciated	216,746,808	8,648,549	346,897	(896,036)	224,152,424
Less accumulated depreciation for:					
Buildings	37,801,379	1,496,672	-	-	39,298,051
Improvements other than buildings	841,117	172,218	-	-	1,013,335
Machinery and equipment	23,968,486	1,918,359	322,383	-	25,564,462
Infrastructure	44,581,468	3,669,156	-	157,677	48,408,301
Total accumulated depreciation	107,192,450	7,256,405	322,383	157,677	114,284,149
Total capital assets, being depreciated, net	109,554,358	1,392,144	24,514	(1,053,713)	109,868,275
Governmental activities capital assets, net	$ 130,268,905	$ 1,999,767	$ 24,514	$ (1,053,713)	$ 131,190,445

Business-type activities:	Beginning Balance	Increases	Decreases	Reclass/ Adjustments	Ending Balance
Capital assets, not being depreciated					
Land	$ 2,735,465	$ -	$ -	$ -	$ 2,735,465
Total capital assets not being depreciated	2,735,465	-	-	-	2,735,465
Capital assets, being depreciated					
Land improvements	2,957,909	163,442	-	-	3,121,351
Buildings	11,179,677	26,377	-	96,890	11,302,944
Machinery and equipment	7,399,472	45,483	-	(101,200)	7,343,755
Furniture and fixtures	1,182,981	57,851	-	4,310	1,245,142
Total capital assets being depreciated	22,720,039	293,153	-	-	23,013,192
Less accumulated deprecation for:					
Land improvements	451,863	4,297	-	-	456,160
Buildings	5,271,231	936,574	-	(17,305)	6,190,500
Machinery and equipment	5,393,436	466,754	-	(81,231)	5,778,959
Furniture and fixtures	911,228	13,024	-	98,539	1,022,791
Total accumulated depreciation	12,027,758	1,420,649	-	3	13,448,410
Total capital assets, being depreciated, net	10,692,281	(1,127,496)	-	(3)	9,564,782
Business-type activities capital assets, net	$ 13,427,746	$(1,127,496)	$ -	$ (3)	$ 12,300,247

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	$ 428,605
Public safety	1,563,681
Public works	4,221,896
Public welfare and community service	1,042,223
Total depreciation expense - governmental activities	$7,256,405
Business-type activities:	
Sportsplex	$ 218,508
Jackson Transit Authority	1,202,141
Total depreciation expense - business-type activities	$1,420,649

E. Operating Leases

The future minimum lease payments are as follows:

Year Ending June 30	Amount
2017	$ 31,624
2018	27,691
Total	$ 59,315

F. Note Receivable

During the year ended June 30, 2006, the City entered into a Joint Development Agreement with a local real estate developer to develop acreage adjacent to the baseball/softball complex under construction. Under the terms of this agreement, the City holds a note receivable in the amount of $1,000,000, which was initiated to reimburse the City for road construction and improvements in the area around the Sportsplex. The note holds a maturity date of December 15, 2020, and is to be paid at the rate of $21,250 per acre for each acre that is subsequently developed and sold by the local developer. The balance of this note receivable at June 30, 2016, was $246,713.

G. Long-term Debt

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation debt at June 30, 2016, is comprised of the following bonds and notes payable:

General Obligation Bonds, Series 2009, original issue was $6,000,000 due in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.00% depending on CUSIP issue	$ 3,555,000
General Obligation Refunding Bonds, Series 2009, original issue was $58,535,000, payable in annual installments	

beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.50% depending on CUSIP issue	39,415,000
General Obligation Loan Program Bonds, Series 2013, original issue was $15,300,000, payable in annual installments beginning 2016 through 2033, variable rates of interest ranging from 3.00% to 3.25% depending on CUSIP issue	14,835,000
General Obligation Loan Program Bonds, Series 2015, original issue will total $17,400,000, payable in annual installments beginning 2018 through 2031, variable rates of interest ranging from 3.00% to 3.25% depending on CUSIP issue	12,503,680
General Obligation Refunding Bonds, Series 2011, Original issue was $10,000,000, payable in annual installments beginning 2015 through 2027, fixed rates of interest ranging from 3.00% to 3.50% depending on CUSIP issue	8,865,000
Note Payable, Jackson-Madison County General Hospital District, original issue was $650,000, payable in annual installments beginning 2012 through 2024, interest-free	400,000
Note Payable to Madison County for repayment of mixed drink taxes owed, interest free, payable in annual installments beginning 2015 through 2024	1,576,922
Note Payable, Department of Housing & Urban Development, original issue was $3,165,000, payable in annual installments beginning 2012 through 2030, fixed interest rate of 3.56%	2,691,000
General Obligation Capital Outlay Note Series 2006, original issue was $1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	332,405
General Obligation Capital Outlay Note Series 2006-A, original issue was $1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	331,894
General Obligation Capital Outlay Note Series 2014, original issue was $500,000, payable in annual installments beginning 2016 through 2023, variable interest rate ranging from a high of 5.39% to a low of 2.75% during current year, interest rate of 2.75% at year end	437,500
	$84,943,401

The annual requirements to amortize all general long-term debt, except compensated absences and accrued closure and post-closure costs, at June 30, 2016, including interest payments of $13,741,646 are as follows:

Fiscal Year	Notes		General Obligation Bonds		Totals	
Ending	Principal	Interest	Principal	Interest	Principal	Interest
2017	$ 773,115	$ 123,388	$ 5,752,000	$ 2,277,831	$ 6,525,115	$ 2,401,219
2018	778,414	107,413	6,833,000	2,090,314	7,611,414	2,197,727
2019	452,615	92,285	7,048,000	1,883,891	7,500,615	1,976,176
2020	458,615	85,370	7,274,000	1,655,015	7,732,615	1,740,385
2021	465,615	78,432	7,541,000	1,388,886	8,006,615	1,467,318
2022-2026	1,749,347	280,795	30,508,000	3,026,799	32,257,347	3,307,594
2027-2031	1,092,000	100,441	11,812,680	522,911	12,904,680	623,352
2032-2033	-	-	2,405,000	27,875	2,405,000	27,875
	$ 5,769,721	$ 868,124	$ 79,173,680	$ 12,873,522	$ 84,943,401	$ 13,741,646

During the year ended June 20, 2009, the City issued $58,535,000 of general obligation refunding bonds for a current refunding of the City's previously issued 1997 General Refunding and Improvement Bonds, 2001 General Obligation Refunding and Capital Outlay Extension Notes, and the 2004 General Obligation Refunding and Capital Outlay Extension Notes. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by $292,229. This amount is being netted against the new debt and amortized over the new debt's life.

During the year ended June 30, 2010, the City issued $7,120,000 of general obligation refunding bonds for a current refunding of the City's previously issued 2003 General Obligation Refunding and Capital Outlay Extension Notes. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by $49,663. This amount is being netted against the new debt and amortized over the new debt's life.

Long-term liability activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	$ 69,842,187	$ 12,503,680	$ 5,361,928	$ 76,983,939	$ 5,513,387
Capital outlay notes	3,267,000	-	176,000	3,091,000	181,000
Notes payable	1,774,037	-	197,115	1,576,922	197,115
Premium on debt issuance	125,105	-	15,481	109,624	15,482
Compensated absences	2,601,227	-	129,224	2,472,003	100,000
	$ 77,609,556	$ 12,503,680	$ 5,879,748	$ 84,233,488	$ 6,006,984
Business-type activities:					
General obligation bonds	$ 2,404,813	$ -	$ 215,072	$ 2,189,741	$ 238,613
Capital outlay notes	1,496,799	-	395,000	1,101,799	395,000
Advance	194,444	-	194,444	-	-
Accrued closure/postclosure	318,120	-	28,920	289,200	28,920
	$ 4,414,176	$ -	$ 833,436	$ 3,580,740	$ 662,533

Within the City's governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto and bus liability, property, and errors and omissions coverage. The City joined the Tennessee Municipal League Risk Management Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for the above policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history.

It is the policy of the City to purchase commercial insurance for the risk of employee dishonesty and aviation insurance. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years.

The City self-insures its employee health, dental and vision insurance program. The City collects insurance premiums from its employees, and pays all claims made along with an administration fee to Blue Cross/Blue Shield of Tennessee, the plan administrator. The City, as a part of the plan, has purchased a reinsurance policy that pays 80% of the claims made by an individual within one year in excess of $100,000 and less than $1,000,000.

At June 30, 2016, the estimated liability for claims incurred but not paid was $268,881. Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year Liability	Adjustment	Adjusted Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2011-2012	$ (599,295)	$ -		$ 6,683,097	$ 6,668,504	$ (584,702)
2012-2013	(584,702)	-		6,793,898	6,578,886	(369,690)
2013-2014	(369,690)	-		7,155,421	6,692,967	92,764
2014-2015	92,764	-		8,279,924	6,824,932	1,547,756
2015-2016	1,547,756	(999,445)	548,311	8,231,936	8,511,366	268,881

The City is self-insured regarding workers' compensation insurance. The City's health insurance plan will pay for any medical expenses incurred by the employee if he is a member of the health plan, a group life policy is maintained that pays the beneficiary an amount equal to one year salary and the pension plan through Tennessee Consolidated Retirement System contains some provisions for disability and early retirement. All risks associated with workers' compensation insurance concerning the coverage mentioned above are assumed by the City. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

At June 30, 2016, the estimated liability for claims incurred but not paid was ($18,091).

Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year Liability	Adjustment	Adjusted Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2011-2012	$ 97,944	$ -	$ 97,944	$ 402,056	$ 611,398	$ (111,398)
2012-2013	(111,398)	-	(111,398)	611,398	596,340	(96,340)
2013-2014	(96,340)	-	(96,340)	696,340	649,493	(49,493)
2014-2015	(49,493)	-	(49,493)	649,493	557,366	42,634
2015-2016	42,634	13,621	56,255	605,000	679,346	(18,091)

No designation of assets has been made by the City to fund future claims liabilities.

B. Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the City.

The City has unconditionally guaranteed to Jackson Energy Authority (JEA), and the trustee for the beneficiaries of JEA's telecommunications debt, that the amount on deposit in the Debt Service

Reserve Account for the 2009 Term Loan Agreement will at all times equal or exceed the Debt Service Reserve Requirement. The City's guaranty is not to exceed $60 million. The outstanding balance of the debt at June 30, 2016, is $46,315,000.

C. Closure and Post-closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Red Lane and Highway 70 east landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The liability reported as landfill closure and postclosure care liability at June 30, 2015, represents the cumulative amount reported to date based on the use to date of the estimated costs of closure and postclosure care as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2015. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Closure on the Highway 70 landfill was begun in the fiscal year ended June 30, 1994, and was completed in the fiscal year ended June 30, 1996. Accrued closure and post-closure care costs at June 30, 2016, are $289,200.

During the year ended June 30, 2006, the City entered into an agreement with Allied Waste dba Madison County Development, LLC to sell the remaining landfill site to Allied Waste. Based on the terms of the agreement, the City entered into an Interim Landfill Operating Agreement with Allied Waste allowing them to assume all operations of the landfill. Under the terms of the sale, the City entered into a twenty-year fixed fee agreement for waste disposal with Allied Waste. Also, the City was released from any and all postclosure liability relating to the landfill as an additional provision of the sales agreement.

D. Other Matters

The Tennessee Department of Transportation constructed an urban interchange on Highway 45 Bypass within the city limits of the City. The cost of this project was approximately $8 million with the City being responsible for $6 million of this cost. As a part of this project the City expects to be reimbursed for most of its share of the cost by the property owners adjacent to the new interchange as their property is developed in the future. The timing of these reimbursements is dependent on the development of the land.

E. Joint Ventures

The City participates in the following joint ventures with Madison County, Tennessee:

Jackson-Madison County Airport Authority (Authority) administers the operations of the McKellar Sipes Airport. The Board of the Authority consists of five members who are alternatively appointed each year by the City and Madison County. The City provides support to the Authority through an annual appropriation. The City has certain real estate of the Authority in the amount of $842,337 included in the governmental activities section of the Statement of Net Position. The City does not have an equity interest in the Authority and has no ongoing funding obligation for its share of the costs of operations not recovered from the Authority's operating revenues.

Jackson-Madison County Community Economic Development Commission (Commission) is involved in tourism efforts. The Board of the Commission consists of five members who are alternatively appointed each year by the City and Madison County. Funding for the Commission is provided through a hotel/motel tax levied jointly by the City and Madison County. Twenty percent of the funds collected through the hotel/motel tax are allocated to the Commission pursuant to the provisions of a private act. The City assumes no ongoing financial interest or burden in regards to the Commission.

Jackson-Madison County General Hospital (Hospital) provides health care for the entire West Tennessee area. The five members of the board of the Hospital are alternately appointed each year by the City and Madison County. The City has certain real estate of the Hospital in the amount of $1,356,888 included in the governmental activities section of the Statement of Net Position. The Hospital has decided to pay a portion of its profits to the City annually. This donation has been designated by the City Council to fund capital expenditures related to tourism. For the fiscal year ended June 30, 2016, the donation was $200,000.

Jackson-Madison County Library (Library) administers the operations of the local library. The board of the Library consists of five members alternately appointed by the City and Madison County. The City has certain real estate of the Library in the amount of $412,214 included in the governmental activities section of the Statement of Net Position. The City does not have an equity interest in the Library and has no ongoing funding obligation for its share of the costs of operations not recovered from the Library's operating revenues.

Complete financial statements for the above-noted ventures can be obtained from their respective administrative offices at the following addresses:

Jackson-Madison County Airport Authority
308 Grady Montgomery Drive
Jackson, Tennessee 38301

Jackson-Madison County Community Economic Development Commission
314 E. Main Street
Jackson, Tennessee 38301

Jackson-Madison County General Hospital
708 W. Forest
Jackson, Tennessee 38301

Jackson-Madison County Library
433 E. Lafayette
Jackson, Tennessee 38301

F. Retirement Plans

State Retirement System (TCRS)

Plan description

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms

At the measurement date of June 30, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	608
Inactive employees entitled to but not yet receiving benefits	352
Active employees	725
	1,685

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Jackson makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Jackson were $6,432,498 based on a rate of 18.74 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Jackson's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Jackson's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions

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

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established 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 inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Jackson will be made at the actuarially determined

contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive 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.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/14	$ 168,453,061	$ 150,240,589	$ 18,212,472
Changes for the year:			
Service cost	2,913,921	-	2,913,921
Interest	12,556,747	-	12,556,747
Differences between expected and actual experience	(1,930,126)	-	(1,930,126)
Contributions - employer	-	6,432,498	(6,432,498)
Contributions - employee	-	3,130	(3,130)
Net investment income	-	4,604,343	(4,604,343)
Benefit payments, including refunds of employee contributions	(7,887,368)	(7,887,368)	-
Administrative expense	-	(37,025)	37,025
Net changes	5,653,174	3,115,578	2,537,596
Balance at 6/30/15	$ 174,106,235	$ 153,356,167	$ 20,750,068

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of Jackson calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is a 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5) percent) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Jackson's net pension liability (asset)	$ 43,104,632	$ 20,750,068	$ 2,072,101

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense

For the year ended June 30, 2016, Jackson recognized pension expense of $3,368,290.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2016, Jackson reported outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,448,703	$ 1,544,101
Net difference between projected and actual earnings on pension plan investments	5,286,298	7,027,526
Contributions subsequent to the measurement date of June 30, 2015	6,611,527	-
	$ 13,346,528	$ 8,571,627

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2015," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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 June 30:	
2017	$ (924,058)
2018	(924,058)
2019	(924,058)
2020	935,549
2021	-
Thereafter	-

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

City Pension Plans

Plan Description

The City previously maintained an original pension plan fund and later a second plan called the Employees Retirement System fund. The valuation is based on the arrangement commonly referred to as the City of Jackson Pension Plan. The Pension Plan actually consists of four funds, established by Tennessee State statute. They are Firemen and Policemen Pension and Retirement Fund, Water and Administrative Departments Pension Fund, Health and Sanitation Department Pension Fund, and Street Maintenance Department Pension Fund. The amount of the retirement benefit is 50% of the highest salary earned. The payment will be made monthly for life with 50% continuing to spouse upon participant's death. Benefits are increased annually in accordance with the Consumer Price Index, to a maximum of 5% per year. The adjustment is applied to base benefit only.

Membership of each plan consisted of the following at July 1, 2015:

Retirees & beneficiaries receiving benefits	42
Active plan members	0
Total	42

Contributions

Employee contributions were 3% of salary.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at July 1, 2015.

Actuarial Methods, Assumptions and Participant Data: The actuarial cost method used is the projected unit credit, at a discount rate of 4.25% per annum. Prior to July 1, 2009, the discount rate was 4.25% per annum. Compensation increases are no longer applicable and cost of living increases are 2.5% per annum. Mortality rates were determined using the RP-2000 Healthy Annuitant Mortality Table, blended male and female rates. Census data appeared reasonable for valuation purposes although it was not totally complete. When a beneficiary birth date was not available, it was assumed that the male spouse is three years older than the female. When a birth date for neither the retired participant nor beneficiary is available, the participant is assumed to be age 77. The sex of each participant was assigned by reference to the first name; doubtful individuals were assumed to be male.

The Plan has been financed on a pay-as-you-go basis. Prior to 1996, actuarial determinations of the actuarial required contribution were not made. The contribution to the Plan has equaled the benefit payments from the Plan. As a result, the net pension obligation at transition is equal to $0 as of July 1, 1996, in accordance with Statement Number 27.

Net Pension Liability (Asset)

The Plan's net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Salary increases	2.50%
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants
Actuarial cost method	Entry Age Normal

The actuarial assumptions used in the June 30, 2015 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2014 through June 30, 2015. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Discount Rate: The discount rate used to measure the total pension liability was 3.25%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. 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.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at 6/30/14	$ 5,649,311	$ 69,162	$ 5,580,149
Changes for the year:			
Service cost	-	-	-
Interest	240,196	-	240,196
Effect of economic/demographic gains or losses	(23,827)	-	(23,827)
Differences between expected and actual experience	166,523	-	166,523
Contributions - employer	-	605,568	(605,568)
Contributions - employee	-	-	-
Net investment income	-	110	(110)
Benefit payments, including refunds of employee contributions	(606,568)	(606,568)	-
Administrative expense	-	-	-
Net changes	(223,676)	(890)	(222,786)
Balance at 6/30/15	$ 5,425,635	$ 68,272	$ 5,357,363

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of the Plan calculated using the discount rate of 2.85 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that 1-percentage-point lower (1.85 percent) or 1-percentage-point higher (3.85 percent) than the current rate:

	1% Decrease (1.85%)	Current Discount Rate (2.85%)	1% Increase (3.85%)
Jackson's net pension liability (asset)	$ 5,764,359	$ 5,357,363	$ 5,002,000

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense: Under GASB 68 the annual pension expense is intended to recognize certain changes in the net pension liability compared to the previous measurement date. Changes not recorded as a pension expense will be recorded and tracked separately as deferred inflows and outflows to be recognized in a future period's pension expense. Changes in the Total Pension Liability due to differences between actual experience and assumptions are recognized over a closed period equal to the future remaining service of plan participants. Differences between actual and expected investment performance are recognized over a five year period. Any changes due to plan amendment or other benefit changes will be recognized in the year of adoption.

Pension Expense

Service cost	$ -
Interest on total pension liability	240,096
Expected investment return net of investment expenses	(2,611)
Recognition of Deferred Inflows/Outflows of Resources	
Recognition of economic/demographic gains or losses	(23,827)
Recognition of assumption changes or inputs	359,606
Recognition of investment gains or losses	1,103
Pension Expense	$ 574,367

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on pension plan investments	3,829	-
Contributions subsequent to the measurement date of June 30, 2015	572,207	-
	$ 576,036	$ -

The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2015" will be recognized as a reduction to net pension liability in the following measurement period.

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 June 30:		
2017	$	1,103
2018		1,103
2019		1,103
2020		520
2021		-
Thereafter		-

G. Other Postemployment Benefits

In addition to the retirement benefits described in Note F, the City provides postretirement health care benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Employees retiring prior to July 1, 1992, have the same benefits as active employees. There is currently 1 retiree covered under the PPO plan. The City pays 76% of individual medical and hospitalization premiums for 1 pre-Medicare retiree for the PPO plan.

Employees retiring after July 1, 1992, have limited benefits. There are currently 56 retirees under the PPO plan. Under the new PPO plan, the City pays 64% of individual medical and hospitalization premiums for 48 pre-Medicare retirees and 33% of family premiums for 8 pre-Medicare retirees.

Post 65 retirees are covered by a "Medicare carve out" plan that provides similar benefits. The City pays 74% of individual medical and hospitalization premiums for no post 65 retirees with the PPO plan.

Claims in excess of $100,000 are reinsured. The cost of retiree health care is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2016, these costs are not separable from the costs for active employees.

During the year ended June 30, 2009, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions (OPEB).* The following are required disclosures as a result of this adoption:

The City provides post-retirement life insurance benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Currently, a total of 646 retirees of the City and Jackson Transit Authority meet these eligibility requirements. The cost of the retiree's life insurance benefit is recognized as an expenditure and, for the fiscal year ended June 30, 2016, is not separable from the costs for active employees.

Funding Policy

The City intends to continue its policy of funding OPEB liabilities on a pay-as-you-go basis and to not pre-fund any unfunded annual required contribution as determined under GASB Statement No. 45.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB Obligation.

Components of Net OPEB Obligation

Annual Required Contribution	$ 1,041,300
Interest on Net OPEB Obligation	8,900
Adjustment to Annual Required Contribution	(8,900)
Annual OPEB Cost (Expense)	1,041,300
Contributions/Expense	(1,060,395)
Decrease in Net Obligation	(19,095)
Net OPEB Obligation (BOY)	436,568
Net OPEB (Asset) Obligation (EOY)	$ 417,473

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 are as follows:

Fiscal Year Ending	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6/30/2015	$ 1,041,300	101.83%	$ 417,473
6/30/2015	1,041,300	91.61%	436,568
6/30/2014	968,200	88.53%	349,229

Funded Status and Funding Progress

As of June 30, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $12,436,600 and the actuarial value of assets was $0 resulting in an unfunded actuarial accrued liability (UAAL) of $12,436,600. The covered payroll (annual payroll of active employees covered by the plan) was $32,688,552 and the ratio of the UAAL to the covered payroll was 38.0% as of the actuarial valuation date.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the June 30, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2015 was 30 years.

NOTE 6 - LITIGATION

The City is involved in legal proceedings arising in the normal course of business. In the opinion of management, after consulting with counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the City as of June 30, 2016.

NOTE 7 – PRIOR PERIOD ADJUSTMENT

As of June 30, 2016, prior period adjustments were made in the following activities for the following reasons:

- An adjustment was made in the governmental activities for $552,896 that was related to Department of Defense equipment that was acquired in the previous year.
- An adjustment was made in the governmental activities related to the East Chester project. The infrastructure related to this project was removed from the City's financial statements due to its inclusion on the State's infrastructure. The adjustment was a reduction of the asset balance of $1,448,933 and a reduction of the accumulated depreciation of $43,896.
- Also, an adjustment was made in relation to infrastructure due to assets that were behind in accumulated depreciation. This adjustment increased accumulated depreciation by $201,572.
- Also, an adjustment was made in relation to a revenue recognition policy change for grant revenues in the governmental funds. This adjustment was $78,910 in the general fund and $416,698 in the capital outlay fund.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Year Ended June 30

	2015	2014
Total pension liability		
Service cost	$ 2,913,921	$ 2,812,416
Interest	12,556,747	11,835,576
Changes in benefit terms	-	-
Differences between actual and expected experience	(1,930,126)	2,414,505
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(7,887,368)	(7,209,401)
Net change in total pension liability	5,653,174	9,853,096
Total pension liability - beginning	168,453,061	158,599,965
Total pension liability - ending (a)	$ 174,106,235	$ 168,453,061
Plan fiduciary net position		
Contributions - employer	$ 6,432,498	$ 6,552,755
Contributions - employee	3,130	-
Net investment income	4,604,343	21,401,369
Benefit payments, including refunds of employee contributions	(7,887,368)	(7,209,401)
Administrative expense	(37,025)	(33,628)
Net change in plan fiduciary net position	3,115,578	20,711,095
Plan fiduciary net position - beginning	150,240,589	129,529,496
Plan fiduciary net position - ending (b)	$ 153,356,167	$ 150,240,591
Net Pension Liability (asset)-ending (a) - (b)	$ 20,750,068	$ 18,212,470
Plan fiduciary net position as a percentage of total pension liability	88.08%	89.19%
Covered - employee payroll	$ 34,325,416	$ 34,206,282
Net pension liability (asset) as a percentage of covered-employee payroll	60.45%	53.24%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
For the Fiscal Year Ended June 30

	2016	2015	2014
Actuarially determined contribution	$ 6,329,799	$ 6,432,498	$ 6,552,755
Contributions in relation to the actuarially determined contribution	6,329,799	6,432,498	6,552,755
Contribution deficiency (excess)	$ -	$ -	$ -
Covered-employee payroll	$ 33,704,678	$ 34,325,416	$ 34,206,282
Contributions as a percentage of covered - employee payroll	18.78%	18.74%	19.16%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	12 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE CITY OF JACKSON, TENNESSEE PENSION PLAN
For the Fiscal Year Ended June 30

	2015	2014
Total pension liability		
Service cost	$ -	$ -
Interest	240,196	266,292
Changes in benefit terms	-	-
Effect of economic/demographic gains or losses	(23,827)	
Differences between actual and expected experience	166,523	386,166
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	(606,568)	(650,034)
Net change in total pension liability	(223,676)	2,424
Total pension liability - beginning	5,649,311	5,646,887
Total pension liability - ending (a)	$ 5,425,635	$ 5,649,311
Plan fiduciary net position		
Contributions - employer	$ 605,568	$ 650,934
Contributions - employee	-	-
Net investment income	110	6
Benefit payments, including refunds of employee contributions	(606,568)	(650,034)
Administrative expense	-	-
Net change in plan fiduciary net position	(890)	906
Plan fiduciary net position - beginning	69,162	68,256
Plan fiduciary net position - ending (b)	$ 68,272	$ 69,162
Net Pension Liability (asset)-ending (a) - (b)	$ 5,357,363	$ 5,580,149
Plan fiduciary net position as a percentage of total pension liability	1.26%	1.22%
Covered - employee payroll	$ -	$ -
Net pension liability (asset) as a percentage of covered-employee payroll	N/A	N/A

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will add to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE CITY OF JACKSON, TENNESSEE PENSION PLAN
For the Fiscal Year Ended June 30

	2016	2015	2014
Actuarially determined contribution	$ 696,570	$ 696,570	$ 1,090,016
Contributions in relation to the actuarially determined contribution	572,207	606,568	650,934
Contribution deficiency (excess)	$ 124,363	$ 90,002	$ 439,082
Covered-employee payroll	N/A	N/A	N/A
Contributions as a percentage of covered - employee payroll	N/A	N/A	N/A

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will added to this schedule in future fiscal years until 10 years of information is available.

Notes to Schedule

Valuation date: Actuarially determined contribution rates are calculated as of June 30.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, open (not to exceed 10 years)
Remaining amortization period	10
Asset valuation	No smoothing period
Inflation	2.50%
Salary increases	N/A
Investment rate of return	2.85%
Cost of living adjustments	2.50%
Retirement age	N/A
Mortality	RP-2000 (Healthy and Disabled) with generational projection per Scale AA for healthy participants

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FUNDING PROGRESS – EMPLOYEE RETIREMENT SYSTEM
June 30, 2016

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
Other Postemployment Benefits:						
6/30/2015	-	12,437	12,437	0.00%	32,689	38.00%
6/30/2013	-	11,923	11,923	0.00%	33,132	36.00%
6/30/2011	-	10,149	10,149	0.00%	34,364	29.53%

a. The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contributions requirements and in ratios that use the pension benefit obligations as a factor.

b. Looking at the actuarial accrued liability or the unfunded actuarial accrued liability in isolation can be misleading.

   (i.) Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the extent to which a plan is funded. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.

   (ii.) Expressing the unfunded actuarial accrued liability as a percentage of the annual covered payroll approximately adjusts for the effects of inflation and aids analysis of funding progress. Generally, the smaller the unfunded percentage, the stronger the plan.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
For the Fiscal Year Ended June 30, 2016

	City of Jackson Pension
Additions:	
Contributions:	
Employer	$ 565,381
Deductions:	
Benefits	566,648
Net increase (decrease)	(1,267)
Net assets held in trust for pension benefits, July 1	68,272
Net assets held in trust for pension benefits, June 30	**$ 67,005**

See independent auditor's report.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

CITY OF JACKSON, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2016

	Special Revenue Funds					Debt Service	
Assets	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Community Redevelopment	Totals
Cash and cash equivalents	$ 220,238	$ 357,254	$ 99,956	$ -	$ -	$ -	$ 677,448
Receivables							
Accounts (net of allowance for uncollectible accounts)	-	8,459	-	-	-	-	8,459
Grants	-	-	13,029	-	38,268	-	51,297
Court fines (net of allowance for uncollectible accounts)	14,883	12,013	-	-	-	-	26,896
Total assets	**$ 235,121**	**$ 377,726**	**$ 112,985**	**$ -**	**$ 38,268**	**$ -**	**$ 764,100**
Liabilities, deferred inflows and fund balances							
Liabilities:							
Accounts payable and accrued expenses	3,458	20,454	18,259	-	38,268	-	80,439
Deferred inflows:							
Unavailable intergovernmental revenue	13,970	12,013	-	-	-	-	25,983
Restricted	217,693	345,259	94,726	-	-	-	657,678
Total fund balances	217,693	345,259	94,726	-	-	-	657,678
Total liabilities, deferred inflows, and fund balances	**$ 235,121**	**$ 377,726**	**$ 112,985**	**$ -**	**$ 38,268**	**$ -**	**$ 764,100**

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OTHER GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2016

	Special Revenue Funds					Debt Service	
Revenues	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Community Redevelopment	Totals
Fines, interest and penalties	$ 95,162	$ 31,306	$ -	$ -	$ -	$ -	$ 126,468
Use of money and property	-	632	-	-	-	-	632
Intergovernmental	-	-	620,391	258,868	145,775	-	1,025,034
Sales and service charges	522	211,722	-	-	-	-	212,244
Other	-	-	113	41,572	-	-	41,685
Total revenues	95,684	243,660	620,504	300,440	145,775	-	1,406,063
Expenditures							
Current:							
Public safety	29,288	150,388	-	-	-	-	179,676
Public welfare and community services	-	-	388,619	300,440	145,775	-	834,834
Capital outlay							
Public safety	98,905	131,692	-	-	-	-	230,597
Debt service:							
Principal	-	-	-	-	-	176,000	176,000
Interest	-	-	-	-	-	105,885	105,885
Total expenditures	128,193	282,080	388,619	300,440	145,775	281,885	1,526,992
Excess (deficiency) of revenues over (under) expenditures	(32,509)	(38,420)	231,885	-	-	(281,885)	(120,929)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	281,885	281,885
Transfers out	-	-	(231,885)	-	-	-	(231,885)
Total other financing sources (uses)	-	-	(231,885)	-	-	281,885	50,000
Net changes in fund balances	(32,509)	(38,420)	-	-	-	-	(70,929)
Fund balances - beginning	250,202	383,679	94,726	-	-	-	728,607
Fund balances - ending	**$ 217,693**	**$ 345,259**	**$ 94,726**	**$ -**	**$ -**	**$ -**	**$ 657,678**

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Revenues:				
Fines, interest and penalties:				
Fines, forfeits and penalties	$40,000	$ 40,000	$ 95,162	$ 55,162
Use of money and property:				
Interest earned	150	150	-	(150)
Sales and service charges:				
Seized assets/unclaimed evidence	25,000	25,000	522	(24,478)
Total revenues	65,150	65,150	95,684	30,534
Expenditures				
Current:				
Public Safety:				
Contractual services	7,000	7,000	5,895	1,105
Utilities	7,000	7,000	7,605	(605)
Special investigative funds	30,000	30,000	15,226	14,774
Court clerk fees	-	-	562	(562)
Capital outlay	-	98,905	98,905	-
Total expenditures	44,000	142,905	128,193	14,712
Excess (deficiency) of revenues over (under) expenditures	**21,150**	**(77,755)**	**(32,509)**	**45,246**
Other financing sources (uses)				
Transfers to other funds	-	(21,095)	-	21,095
Net changes in fund balances	$21,150	$ (98,850)	(32,509)	$ 66,341
Fund balance - beginning			250,202	
Fund balance - ending			**$ 217,693**	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
METRO DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
Revenues	Original	Final	Actual	over (under)
Fines, interest and penalties:				
Fines, forfeits and penalties	$ 40,500	$ 40,500	$ 31,306	$ (9,194)
Use of money and property:				
Interest earned	-	-	632	632
Sales and service charges:				
Controlled substance tax	5,000	5,000	11,445	6,445
Seizures	150,000	150,000	200,277	50,277
Total revenues	195,500	195,500	243,660	48,160
Expenditures				
Current:				
Public Safety:				
Telephone	25,000	25,000	21,374	3,626
Vehicle tow-in/storage	1,000	1,000	2,438	(1,438)
Subscriptions and dues	2,000	2,000	120	1,880
Computer/IS services	7,000	7,000	9,600	(2,600)
Travel and training	20,000	20,000	19,092	908
Insurance	-	-	7,272	(7,272)
Office supplies	10,500	10,500	14,880	(4,380)
Operating expenditures	20,000	20,000	23,362	(3,362)
Rent	8,000	8,000	4,200	3,800
Court clerk fees	2,000	2,000	1,099	901
Special investigative funds	40,000	40,000	24,459	15,541
Utilities	10,000	10,000	14,069	(4,069)
Copier expense	3,000	3,000	-	3,000
Uniforms and clothing	8,000	8,000	8,423	(423)
Capital outlay	120,000	122,878	131,692	(8,814)
Total expenditures	276,500	279,378	282,080	(2,702)
Net changes in fund balances	$ (81,000)	$ (83,878)	(38,420)	$ 45,458
Fund balance - beginning			383,679	
Fund balance - ending			$ 345,259	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #1 - CDBG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			
Revenues	Original	Final	Actual	Variance over (under)
Intergovernmental:				
Block Grant - CDBG	$ 515,811	$ 515,811	$ 552,931	$ 37,120
Program income	60,000	60,000	67,460	7,460
Other income	-	-	113	113
Total revenues	575,811	575,811	620,504	44,693
Expenditures				
Current				
Public Welfare and Community Services				
Administration and Program Delivery:				
Salaries	110,162	110,162	68,448	41,714
Employee benefits	-	-	15,053	(15,053)
Travel and training	-	-	2,015	(2,015)
Professional services	-	-	7,811	(7,811)
Dues and subscriptions	-	-	6,800	(6,800)
Telephone	-	-	1,282	(1,282)
Office supplies	-	-	580	(580)
Postage	-	-	49	(49)
Advertising	-	-	1,716	(1,716)
Computer	-	-	1,625	(1,625)
Freight	-	-	70	(70)
Miscellaneous	-	-	979	(979)
Repairs and maintenance	-	-	719	(719)
Insurance	-	-	2,194	(2,194)
	110,162	110,162	109,341	821
Program				
Housing	94,649	94,649	140,933	(46,284)
Public infrastructure	25,000	25,000	24,345	655
Public services	65,000	65,000	65,000	-
CHDO	49,000	49,000	49,000	-
	233,649	233,649	279,278	(45,629)
Total expenditures	343,811	343,811	388,619	(44,808)
Excess (deficiency) of revenues over (under) expenditures	**232,000**	**232,000**	**231,885**	**(115)**
Other financing sources (uses)				
Transfers out - Section 108 Loan Payments	(232,000)	(232,000)	(231,885)	115
Total other financing sources (uses)	(232,000)	(232,000)	(231,885)	115
Net change in fund balance	$ -	$ -	-	$ -
Fund balance - beginning			94,726	
Fund balance - ending			$ 94,726	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #2 - HOME
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Revenues				
Intergovernmental				
HOME Grant	$199,976	$199,976	$258,868	$ 58,892
Program income	25,000	-	41,572	41,572
Total revenues	224,976	199,976	300,440	100,464
Expenditures				
Current				
Public Welfare and Community Services				
Administration:				
Salaries	22,000	22,000	29,268	(7,268)
Employee benefits	-	-	4,239	(4,239)
Insurance	-	-	224	(224)
Miscellaneous	-	-	660	(660)
	22,000	22,000	34,391	(12,391)
Program				
Housing	202,976	202,976	266,049	(63,073)
Total expenditures	224,976	224,976	300,440	(75,464)
Net change in fund balance	$ -	$ (25,000)	-	$ 25,000
Fund balance - beginning			-	
Fund balance - ending			$ -	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #3 - ESGP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Revenues				
Intergovernmental				
State DHS Grant	$ 154,499	$ 154,499	$ 145,775	$ (8,724)
Total revenues	154,499	154,499	145,775	(8,724)
Expenditures				
Current:				
Public Welfare and Community Services				
Administration:				
Salaries	6,953	6,953	4,925	2,028
Employee benefits	-	-	1,819	(1,819)
Insurance	-	-	209	(209)
	6,953	6,953	6,953	-
Program:				
Public services	147,548	147,548	138,822	8,726
Total expenditures	154,501	154,501	145,775	8,726
Excess (deficiency) of revenues over (under) expenditures	**$ (2)**	**$ (2)**	**-**	**$ 2**
Fund balance - beginning			-	
Fund balance - ending			$ -	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
COMMUNITY REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
	Original	Final	Actual	over (under)
Expenditures:				
Principal payments	126,000	126,000	176,000	(50,000)
Interest expense	98,023	98,023	105,885	(7,862)
Total expenditures	224,023	224,023	281,885	(57,862)
Excess (deficiency) of revenues over (under) expenditures	(224,023)	(224,023)	(281,885)	(57,862)
Other financing sources (uses)				
Transfer from other funds	224,023	224,023	281,885	57,862
Total other financing sources (uses)	224,023	224,023	281,885	57,862
Net change in fund balance	$ -	$ -	-	$ -
Fund balance - beginning			-	
Fund balance - ending			$ -	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
Revenues	Original	Final	Actual	over (under)
Taxes:				
Property tax apportionments	$ 6,298,186	$ 6,298,186	$ 6,244,759	$ (53,427)
Tax equivalent apportionments	959,963	959,963	1,049,934	89,971
Total taxes	7,258,149	7,258,149	7,294,693	36,544
Use of money & property:				
Interest income	5,000	5,000	11,728	6,728
Intergovernmental				
Madison County				
Local option sales tax - Pringles Park	36,864	36,864	36,234	(630)
State of Tennessee:				
Sales tax - Pringles Park	66,436	66,436	64,723	(1,713)
Total intergovernmental	103,300	103,300	100,957	(2,343)
Total revenues	7,366,449	7,366,449	7,407,378	40,929
Expenditures				
Principal	5,309,000	5,774,000	5,559,043	214,957
Interest	2,301,455	2,301,455	2,322,715	(21,260)
Other expenditures	120,000	120,000	361	119,639
Debt issuance costs	-	-	1,259	(1,259)
Total expenditures	7,730,455	8,195,455	7,883,378	312,077
Excess (deficiency) of revenues over (under) expenditures	(364,006)	(829,006)	(476,000)	353,006
Other financing sources (uses):				
Proceeds from sale of bonds	17,400,000	17,400,000	12,400,000	5,000,000
Transfers to other funds	(4,600,000)	(4,600,000)	(5,900,000)	1,300,000
Total other financing sources (uses)	12,800,000	12,800,000	6,500,000	6,300,000
Net changes in fund balance	**$ 12,435,994**	**$ 11,970,994**	**6,024,000**	**$ (5,946,994)**
Fund balance - beginning			1,320,964	
Fund balance - ending			**$ 7,344,964**	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
Revenues	Original	Final	Actual	over (under)
Use of money and property:				
Interest	$ -	$ -	$ 9,005	$ 9,005
Insurance recoveries	-	-	2,007,500	2,007,500
Sale of capital assets	-	-	17,534	17,534
Total use of money and property	-	-	2,034,039	2,034,039
Intergovernmental:				
Bulletproof vest grant	-	-	9,975	9,975
Transportation enhancement grants	2,528,458	2,528,458	598,894	(1,929,564)
Total intergovernmental	2,528,458	2,528,458	608,869	(1,919,589)
Total revenues	2,528,458	2,528,458	2,642,908	114,450
Expenditures				
General government:				
Accounting	1,500	1,500	1,500	-
Risk management	450	450	455	(5)
Planning department	-	13,000	10,726	2,274
Farmer's Market	4,700	4,700	4,918	(218)
Information Systems	150,600	150,600	150,600	-
Municipal building (Main/Liberty)	-	6,000	6,246	(246)
Total general government	157,250	176,250	174,445	1,805
Public safety:				
Police administration	88,721	123,521	151,656	(28,135)
Criminal investigation	62,750	47,365	54,175	(6,810)
Support services	-	-	(245)	245
Central dispatch	250,000	4,578,574	2,959,190	1,619,384
Patrol	20,013	329,161	328,133	1,028
Aviation unit	18,000	18,000	17,916	84
Prisoner intake	36,639	36,639	35,733	906
Photo and fingerprinting	2,100	3,100	3,307	(207)
Traffic division	-	38,500	37,620	880
Police tactical unit	32,750	32,750	31,357	1,393
Gang control	68,395	66,719	66,711	8
Fire Dept buildings/operations	472,494	472,494	442,923	29,571
Total public safety	$1,051,862	5,746,823	$4,128,476	$ 1,618,347
Public works:				
Street resurfacing	5,515,141	6,002,636	3,605,272	2,397,364
Street maintenance	115,716	135,192	135,168	24
Municipal garage	46,000	46,000	45,591	409
Traffic signalization	388,544	388,544	160,871	227,673
Industrial land	-	-	28,721	(28,721)
Keep Jackson Beautiful	59,235	59,235	9,141	50,094
Total public works	6,124,636	6,631,607	3,984,764	2,646,843

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2016

	Budgeted Amounts			Variance
Expenditures	Original	Final	Actual	over (under)
Public welfare and community services:				
Groundskeeping	98,500	96,375	96,339	36
T. R. White Sportsplex	12,154	12,154	12,154	-
Fairgrounds	10,000	10,000	10,905	(905)
Civic Center	33,800	178,800	95,972	82,828
Ned Center	12,000	12,000	12,000	-
Pringles Park	47,665	181,465	181,663	(198)
Liberty Gardens	-	-	16,492	(16,492)
Cypress Grove Nature	155,000	155,000	69,180	85,820
Bemis Mill Memorial Park	400,000	400,000	6,667	393,333
North Park	4,179	3,128	3,128	-
Forest Hills Park	29,704	39,704	39,639	65
South Jackson Community Center	18,000	12,990	13,582	(592)
City of Jackson Tennis Complex	890,174	685,282	626,843	58,439
Recreation	152,100	157,286	151,789	5,497
City of Jackson Soccer Complex	63,084	61,752	51,717	10,035
Total public welfare and community services	$ 1,926,360	$ 2,005,936	$ 1,388,070	$ 617,866
Other:				
Jackson-Madison County Public Library	41,716	41,716	42,334	(618)
Emergency Management	38,000	38,000	38,000	-
Airport Authority	38,125	34,305	34,305	-
Auction expense	-	-	1,211	(1,211)
Total other	117,841	114,021	115,850	(1,829)
Total expenditures	9,377,949	14,674,637	9,791,605	4,883,032
Excess (deficiency) of revenues over (under) expenditures	(6,849,491)	(12,146,179)	(7,148,697)	4,997,482
Other financing sources (uses)				
Transfer to Jackson Transit Authority	(29,000)	(29,000)	(29,000)	-
Transfer from other funds	6,878,491	6,742,395	5,900,000	(842,395)
Total other financing sources (uses)	6,849,491	6,713,395	5,871,000	(842,395)
Net changes in fund balances	**$ -**	**$ (5,432,784)**	**(1,277,697)**	**$ 4,155,087**
Fund balance - beginning			2,549,774	
Change in accounting principle			416,698	
Fund balance - beginning - restated			2,966,472	
Fund balance - ending			**$ 1,688,775**	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF INVESTMENTS
June 30, 2016

	Interest Rate	Yield	Maturity Date	Face Amount	Carrying Amount/ Market Value
Governmental funds					
General Fund:					
Certificates of Deposit	Varies	Varies	Varies	6,592,739	6,592,739
Fiduciary fund types					
Deferred Compensation Expendable Trust Fund					16,966,270
					$ 23,559,009

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
June 30, 2016

	General Obligation Bonds Series 2009		General Obligation Refunding Bonds Series 2009 (2)		General Obligation Loan Program Bonds Series 2013 (1)		General Obligation Loan Program Bonds Series 2015 (1)		General Obligation Refunding Bonds Series 2011		Housing & Urban Development Section 108 Loan		Mixed Drink Repayment Note	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	390,000	139,275	4,295,000	1,600,850	470,000	114,230	-	128,788	597,000	294,688	131,000	93,712	197,115	-
2018	405,000	126,600	4,445,000	1,450,525	480,000	110,611	885,000	128,788	618,000	273,790	137,000	88,677	197,115	-
2019	420,000	110,400	4,605,000	1,292,169	490,000	106,915	894,000	122,238	639,000	252,169	143,000	83,693	197,115	-
2020	435,000	93,600	4,780,000	1,112,844	495,000	103,142	903,000	115,620	661,000	229,809	149,000	78,494	197,115	-
2021	450,000	76,200	4,995,000	897,744	500,000	99,330	912,000	108,937	684,000	206,675	156,000	73,272	197,115	-
2022	465,000	58,200	5,220,000	672,969	510,000	95,480	922,000	102,187	707,000	182,750	162,000	67,403	197,115	-
2023	485,000	39,600	5,430,000	464,169	520,000	91,553	931,000	95,362	731,000	158,016	169,000	61,510	197,115	-
2024	505,000	20,200	5,645,000	246,968	1,060,000	87,549	941,000	88,471	757,000	132,423	176,000	55,368	197,117	-
2025	-	-	-	-	1,080,000	79,387	951,000	81,507	783,000	105,935	184,000	49,102	-	-
2026	-	-	-	-	1,095,000	71,071	960,000	74,467	810,000	78,535	192,000	42,264	-	-
2027	-	-	-	-	1,110,000	62,640	970,000	67,362	1,878,000	32,302	200,000	35,286	-	-
2028	-	-	-	-	1,125,000	54,093	980,000	60,182	-	-	209,000	28,004	-	-
2029	-	-	-	-	1,150,000	45,430	990,000	52,929	-	-	218,000	20,469	-	-
2030	-	-	-	-	1,165,000	36,575	1,001,000	45,601	-	-	227,000	12,480	-	-
2031	-	-	-	-	1,180,000	27,605	263,680	38,192	-	-	238,000	4,202	-	-
2032	-	-	-	-	1,190,000	18,519	-	-	-	-	-	-	-	-
2033	-	-	-	-	1,215,000	9,356	-	-	-	-	-	-	-	-
	$ 3,555,000	$ 664,075	$ 39,415,000	$ 7,738,238	$ 14,835,000	$ 1,213,486	$ 12,503,680	$ 1,310,631	$ 8,865,000	$ 1,947,092	$ 2,691,000	$ 793,936	$ 1,576,922	$ -

	Notes Payable										
	General Obligation Capital Outlay Note, Series 2006 ** (1)		General Obligation Capital Outlay Note, Series 2006-A ** (1)		General Obligation Capital Outlay Note, Series 2014 ** (1)		Jackson-Madison County General Hospital District		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2017	166,250	8,845	166,250	8,795	62,500	12,036	50,000	-	6,525,115	2,401,219	8,926,334
2018	166,155	4,241	165,644	4,187	62,500	10,308	50,000	-	7,611,414	2,197,727	9,809,141
2019	-	-	-	-	62,500	8,592	50,000	-	7,500,615	1,976,176	9,476,791
2020	-	-	-	-	62,500	6,876	50,000	-	7,732,615	1,740,385	9,473,000
2021	-	-	-	-	62,500	5,160	50,000	-	8,006,615	1,467,318	9,473,933
2022	-	-	-	-	62,500	3,432	50,000	-	8,295,615	1,182,421	9,478,036
2023	-	-	-	-	62,500	1,716	50,000	-	8,575,615	911,926	9,487,541
2024	-	-	-	-	-	-	50,000	-	9,331,117	630,979	9,962,096
2025	-	-	-	-	-	-	-	-	2,998,000	315,931	3,313,931
2026	-	-	-	-	-	-	-	-	3,057,000	266,337	3,323,337
2027	-	-	-	-	-	-	-	-	4,158,000	197,590	4,355,590
2028	-	-	-	-	-	-	-	-	2,314,000	142,279	2,456,279
2029	-	-	-	-	-	-	-	-	2,358,000	118,828	2,476,828
2030	-	-	-	-	-	-	-	-	2,393,000	94,656	2,487,656
2031	-	-	-	-	-	-	-	-	1,681,680	69,999	1,751,679
2032	-	-	-	-	-	-	-	-	1,190,000	18,519	1,208,519
2033	-	-	-	-	-	-	-	-	1,215,000	9,356	1,224,356
	$ 332,405	$ 13,086	$ 331,894	$ 12,982	$ 437,500	$ 48,120	$ 400,000	$ -	$ 84,943,401	$ 13,741,646	$ 98,685,047

(1) Notes have variable interest rates. The interest requirements are estimated, not exact.
(2) A portion of this debt is held by the Sportsplex Fund ($2,189,741 at June 30, 2016)
** Obligations of the Sportsplex Fund, an Enterprise fund of the City.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For the Fiscal Year Ended June 30, 2016

Year of Levy	Balance 7/1/15	Taxes Levied	Adjustments	Collections	Balance 6/30/16
2015	$ -	$ 30,449,875	$ 481,024	$ 29,995,928	$ 934,971
2014	972,356	-	156,904	596,327	532,933
2013	547,524	-	3,199	187,002	363,721
2012	492,159	-	(2,966)	73,086	416,107
2011	386,364	-	(8,660)	69,509	308,195
2010	300,098	-	(95,416)	50,236	154,446
2009	117,890	-	-	18,416	99,474
2008	94,057	-	-	15,640	78,417
2007	73,553	-	-	9,113	64,440
2006	88,701	-	-	6,605	82,096
2005	242,163	-	(1,160)	7,038	233,965
2004	74,081	-	(68,617)	5,302	162
	$ 3,388,946	$ 30,449,875	$ 464,308	$ 31,034,202	$ 3,268,927

Property taxes receivable allocated as follows:

	General Fund	Debt Services	Total
Considered current receivable	$ 181,563	$ (4,277)	$ 177,286
Allowance for uncollectibles	1,201,057	307,589	1,508,646
Unavailable revenues	1,260,248	322,747	1,582,995
	2,642,868	626,059	3,268,927
Estimated 2016 tax levy due October 1, 2016 considered as deferred revenue	23,796,878	6,904,177	30,701,055
Total taxes receivable	$ 26,439,746	$ 7,530,236	$ 33,969,982

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
June 30, 2016

The following uncollected delinquent property taxes are filed for collection in Chancery Court of Madison County:

Year of Levy	Amount
2014	$ 532,933
2013	363,721
2012	416,107
2011	308,195
2010	154,446
2009	99,474
2008	78,417
2007	64,440
2006	82,096
2005	233,965
2004	162
	$ 2,333,956

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF TAX RATES AND ASSESSMENTS
Last Ten Fiscal Years

Year of Levy	Tax Rate*	Assessed Valuation
2015	1.96	$ 1,513,983,538
2014	1.96	1,495,667,894
2013	1.97	1,491,410,582
2012	1.97	1,481,409,921
2011	1.97	1,415,711,213
2010	2.10	1,222,380,177
2009	2.10	1,254,178,318
2008	2.10	1,222,320,600
2007	2.10	1,190,522,429
2006	2.10	1,165,945,283

*Per $100 of assessed valuation.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016

	Grant Number	CFDA Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Food and Nutrition Services:			
Passed through Tennessee Department of Human Services:			
Child and Adult Care Food Program (2014)	03-47-30026	10.558	$ 4,337
Total U.S. Department of Agriculture			4,337
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT			
Office of Community Planning and Development:			
Community Development Block Grants	B15MC470011	14.218	522,828
Community Development Block Grants	B14MC470011	14.218	97,563
			620,391
Passed through Tennessee Housing Development Agency:			
Emergency Solutions Grants Program	ESG-12-14	14.231	-
Amounts provided to subreceipients			137,708
			137,708
HOME Investment Partnerships Program	M12MC470207	14.239	4,782
HOME Investment Partnerships Program	M13MC470207	14.239	6,266
HOME Investment Partnerships Program	M14MC470207	14.239	5,052
HOME Investment Partnerships Program	M15MC470207	14.239	18,291
Amounts provided to subreceipients			266,049
			300,440
Total U.S. Department of Housing & Urban Development			1,058,539

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016

	Grant Number	CFDA Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Violence Against Women Office			
Passed through Tennessee Department of Finance and Administration			
Office of Criminal Justice			
Violence Against Women Formula Grant	26699	16.588	$ 94,371
Bureau of Justice Assistance:			
Edward Byrne Memorial Justice Assistance Grant Program	2013-DJ-BX-0429	16.738	4,400
Edward Byrne Memorial Justice Assistance Grant Program	2014-DJ-BX-0440	16.738	18,445
Edward Byrne Memorial Justice Assistance Grant Program	2015-DJ-BX-0585	16.738	31,269
			54,114
Passed through the Tennessee Department of Finance and Administration,			
Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program (GRIT)	23048	16.738	150,000
Edward Byrne Memorial Justice Assistance Grant Program (Family Justice Center)	24623	16.738	75,709
			225,709
Total U.S. Department of Justice			374,194
U.S. DEPARTMENT OF DEFENSE			
Passed through the State of Tennessee			
Donations/Loans of Obsolete DOD Property		12.700*	277,800
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration:			
Passed through the Tennessee Department of Transportation:			
Highway Planning and Construction Highland	CPD119201	20.205*	304,011
Highway Planning and Construction Expanded Urbanized Area	GG-13-35406	20.205*	11,796
Highway Planning and Construction FE Wright	57-LPLM-F3-017	20.205*	165,288
Highway Planning and Construction 14/15	214MPO005	20.205*	60,812
Highway Planning and Construction MPO SPR	49442	20.205*	19,793
Highway Planning and Construction Highland Multimodal Sidewalk	CPD070177	20.205*	53,592
			615,292
Federal Transit Administration:			
Passed through the Tennessee Department of Transportation:			
Metropolitan Transportation Planning	40100-06013	20.505	24,956

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2016

	Grant Number	CFDA Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (Cont.)			
National Highway Traffic Safety Administration:			
Passed through the Tennessee Department of Transportation:			
Alcohol Open Container Requirements ACT	Z-15-GHS-156	20.607	20,767
Alcohol Open Container Requirements ACT	Z-16-GHS-169	20.607	24,719
			45,486
Total U.S. Department of Transportation			685,734
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through the Tennessee Departmnet of Military/Tennessee Emergency Management Agency: Disaster Grants - Public Assistance (Presidentially Declared Disasters)	43691-17037	97.036	30,669
Total U.S. Department of Homeland Security			30,669
Total Expenditures of Federal Awards			**$ 2,431,273**

* Denotes a major program

All expenditures reported are under the modified accrual basis of accounting whereby revenues are recorded when measurable and available and expenditures are recorded when the liability is incurred.

Grants of the Jackson Transit Authority other than the one being passed through the City of Jackson are not included in this schedule due to the fact that they are included in a separately issued report audited by other auditors as noted in the independent auditors' report.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Fiscal Year Ended June 30, 2016

Source/Grant Name	State Grant Number	Expenditures
TENNESSEE DEPARTMENT OF TRANSPORTATION		
Highway Planning and Construction Highland	CPD119201	$ 76,003
Amounts provided to subreceipients		3,122
		79,125
TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES		
Drug Court	46927	69,948
DEPARTMENT OF MILITARY/TENNESSEE EMERGENCY MANAGEMENT AGENCY		
Public Assistance	43691-17037	3,942
NATIONAL RECREATION AND PARK ASSOCIATION		
Out of School		19,320
TENNESSEE ARTS COMMISSION		
Arts Program Categorical Grants - Irish Christmas		1,557
Arts Program Categorical Grants - Mike Ferris		2,300
		3,857
Total State Financial Assistance		**$ 176,192**

See independent auditor's report.

HISTORICAL AND OTHER MISCELLANEOUS INFORMATION UNAUDITED

CITY OF JACKSON, TENNESSEE
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
Last Ten Fiscal Years
(amounts expressed in thousands)

Fiscal Year	General Government	Public Safety	Public Works(1)	Public Welfare	Debt Service(2)	Capital Projects	Total
2006	$ 30,266	$ 20,889	$ 10,605	$ 6,893	$ 6,326	$ 10,682	$ 85,661
2007	28,862	22,128	13,702	7,233	10,539	5,936	88,400
2008	22,854	23,220	14,932	7,804	9,892	6,945	85,647
2009	9,926	31,386	16,182	8,507	1,986	2,801	70,788
2010	9,977	31,576	17,036	8,448	6,260	5,573	78,870
2011	11,739	32,976	10,930	8,109	6,239	7,219	77,212
2012	15,206	33,693	7,059	864	6,360	9,320	72,502
2013	11,722	35,688	20,251	8,638	6,872	261	83,432
2014	14,155	38,460	23,101	9,125	6,816	315	91,972
2015	12,454	37,110	24,203	9,809	8,420	472	92,468
2016	13,459	41,540	23,629	9,777	8,165	718	97,288

(1) Years ended June 30, 1998, and after include sanitation billing which was transferred from the enterprise fund to a special revenue fund on July 1, 1997.

(2) Excludes debt refundings

CITY OF JACKSON, TENNESSEE
GENERAL GOVERNMENT REVENUES BY SOURCE
Last Nine Fiscal Years
(amounts expressed in thousands)

Fiscal Year	Taxes	Licenses and Permits	Fines, Interest & Penalties	Use of Money and Property	Intergov-ernmental	Sales and Service Charges	Other	Total
2008	$ 30,909	$ 4,121	$ 1,772	$ 2,797	$ 22,676	$ 10,643	$ 2,831	$ 75,749
2009	32,014	4,156	1,815	2,451	22,418	11,028	2,462	76,344
2010	33,395	4,175	2,375	1,986	22,833	11,147	2,749	78,660
2011	33,862	4,497	2,056	1,563	27,302	11,101	1,351	81,732
2012	34,315	4,478	1,739	1,540	24,831	11,268	1,924	80,095
2013	35,733	4,950	1,412	1,317	23,343	13,671	2,003	82,429
2014	36,651	4,421	1,308	1,112	24,616	13,425	1,825	83,358
2015	37,546	4,748	1,384	1,058	25,742	13,625	1,891	85,994
2016	38,398	4,886	1,466	3,132	25,020	14,388	2,160	89,450

CITY OF JACKSON, TENNESSEE
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL OBLIGATION BONDED DEBT TO GENERAL GOVERNMENTAL EXPENDITURES (1)

Last Ten Fiscal Years

(amounts expressed in thousands)

Fiscal Year	Principal(2)	Interest(3)	Total Debt Service	Total General Government Expenditures(4)	Ratio of Debt Service to General Government Expenditures
2007	$ 7,331	$ 3,208	$ 10,539	$ 82,464	12.8%
2008	7,310	2,582	9,892	78,703	12.6%
2009	301	1,685	1,986	67,986	2.9%
2010	3,726	2,534	6,260	73,297	8.5%
2011	3,747	2,492	6,239	69,993	8.9%
2012	3,885	2,475	6,360	71,183	8.9%
2013	4,204	2,668	6,872	67,747	10.1%
2014	4,192	2,623	6,815	91,657	7.4%
2015	5,888	2,532	8,420	91,657	9.2%
2016	5,737	2,429	8,165	96,570	8.5%

(1) Excludes debt reported in enterprise funds
(2) Excludes debt refundings
(3) Excludes bond issuance and other costs
(4) Excludes capital projects expenditures

CITY OF JACKSON, TENNESSEE
GENERAL DESCRIPTION

The City of Jackson, Tennessee (the City), the county seat of Madison County, was founded in 1822. Located approximately 85 miles northeast of Memphis and 120 miles southwest of Nashville, the City is the largest city in rural West Tennessee. Jackson encompasses a land area of approximately 49 square miles and serves as West Tennessee's economic, cultural and healthcare center. The population is approximately 62,000.

Government
The City operates under a Mayor and Council form of government. The Mayor, elected to four-year terms directly by the voters, is the Chief Administrative Officer of the City and serves as the presiding officer of the City Council. The City Council is comprised of nine members elected to four-year terms by district.

The City provides a wide range of services to its citizens including police and fire protection, solid waste disposal, public transportation, recreation, libraries and public meeting facilities. Currently, there are approximately 650 regular full-time employees. The Jackson Energy Authority provides water, sewer, gas and electrical utilities, and telecommunications. The Authority is governed by a Board of Directors appointed by the City.

Economy
The City enjoys a diverse economy based on retail trade, manufacturing, agriculture and service-related businesses. The unemployment rate is consistently below the state average; however, the 2011/2012 levels are an anomaly. Major corporations currently operating manufacturing or distribution facilities in the City include Proctor & Gamble, Carlisle Transportation Products, TBDN, Pinnacle Foods, Stanley Black and Decker, and Delta Faucet. Retail sales in the City were $1.9 billion in 2010.

Transportation
Major highway transportation is provided by U.S. Interstate 40, three federal highways and two state highways. Railroad transportation is provided by CSX and West Tennessee Railroad. The City jointly owns and operates McKellar-Sipes Regional Airport with Madison County. The airport has a 6,000 foot runway and provides general aviation and charter services. Pacific Wings, a Hawaii based airline, offers three round-trips on Monday through Friday and two on Saturday and Sunday to Nashville with two flights continuing to Atlanta daily.

Education
The Jackson and Madison County school systems were consolidated in 1990. The system currently consists of fourteen elementary schools, three intermediate schools, five middle schools, five high schools, and two alternative schools. There are also six private schools. The City is home to six institutions of higher learning, including Jackson State Community College, University of Memphis, Lane College, Union University, West Tennessee Business College, and Tennessee Technology Center.

Healthcare
The City is served by two major healthcare facilities: Jackson-Madison County General Hospital, a 766-bed general acute care facility operated by a Board appointed by Madison County and the City, and Regional Hospital of Jackson, a 164-bed facility owned and operated by CHS. There are 44 medical clinics, 19 retirement, nursing, and/or assisted living homes, plus more than 450 physicians practicing in the Jackson area.

UNAUDITED

CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION

POPULATION
(in thousands)

	2015	2010	2000	1995	1990	1980	1970	Percent Change 1980-95	Percent Change 1970-95
Jackson	67	65	60	53	49	49	40	7.8%	32.8%
Tennessee	6,600	6,346	5,609	5,256	4,877	4,591	3,926	14.5%	33.9%
United States	321,420	308,745	283,876	262,755	249,632	226,546	203,302	16.0%	29.2%

Source: U.S. Census, American Community Survey 2015 One Year Estimates

2015 POPULATION BY AGE GROUP: CITY, STATE AND NATION

Age Group	Jackson	Tennessee	United States
16 years and over	78.9%	79.4%	79.2%
18 years and over	76.1%	76.9%	76.5%
60 years and over	18.5%	20.3%	19.5%
62 years and over	16.6%	17.8%	17.1%
65 years and over	13.6%	14.2%	13.7%
75 years and over	6.4%	5.9%	6.1%

Source: U.S. Census, American Community Survey 2010-2014 5-Year Estimates

2015 HOUSEHOLD INCOME AND BENEFITS

	Jackson	Tennessee	United States
Less than $10,000	11.9%	8.7%	7.2%
$10,000 - $14,999	9.0%	6.4%	5.3%
$15,000 - $24,999	12.4%	12.8%	10.7%
$25,000 - $34,999	13.2%	11.9%	10.2%
$35,000 - $49,999	14.2%	14.9%	13.5%
$50,000 - $74,999	14.8%	18.1%	17.8%
$75,000 - $99,999	10.4%	10.9%	12.2%
$100,000 - $149,999	8.6%	10.0%	13.0%
$150,000 - $199,999	2.4%	3.2%	5.0%
$200,000 or More	3.2%	3.1%	5.0%
Median Household Income	$ 37,988	$ 44,621	$ 53,482
Mean Household Income	$ 58,358	$ 62,344	$ 74,596

Source: U.S. Census, American Community Survey 2010-2014 5-Year Estimates

CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION

SOCIAL AND ECONOMIC CHARACTERISTICS

	Tennessee	Jackson	Madison County
Median value owner occupied housing	$ 139,900	$ 118,700	$ 114,600
% High school graduates or higher persons 25 years old & older	84.9%	86.5%	86.7%
% Families with income below poverty level	13.4%	18.4%	14.9%
Median family income	$ 44,621	$ 37,988	$ 42,069

Source: U.S. Census, American Community Survey 2010 - 2014 5-Year Estimates

LABOR FORCE TRENDS

Year	Persons Employed in Madison Cty	Persons Unemployed in Madison Cty	Unemployment Rate		
			Madison County	Tennessee	USA
1994	43,330	1,980	4.4%	4.8%	6.1%
1995	44,290	2,340	5.0%	5.2%	5.6%
1996	45,140	2,160	4.6%	5.2%	5.4%
1997	45,210	2,140	4.5%	5.4%	4.9%
1998	46,720	1,660	3.4%	4.2%	4.5%
1999	48,050	1,290	2.6%	3.4%	4.2%
2000	49,770	1,760	3.4%	4.2%	4.6%
2001	50,070	2,190	4.2%	4.0%	4.9%
2002	51,527	2,620	5.1%	5.1%	5.8%
2003	50,890	2,950	5.8%	5.8%	6.0%
2004	43,580	2,590	5.6%	5.5%	5.5%
2005	44,050	2,600	5.6%	5.6%	5.1%
2006	45,450	2,560	5.3%	5.1%	4.6%
2007	46,130	2,430	5.0%	4.7%	4.6%
2008	48,490	5,310	11.0%	10.5%	10.2%
2009	47,780	5,120	10.7%	10.5%	9.3%
2010	48,370	4,840	10.0%	9.7%	9.6%
2011	49,280	4,740	9.6%	9.2%	8.9%
2012	49,730	4,080	8.2%	8.0%	8.1%
2013	48,520	4,090	8.4%	8.2%	7.4%
2014	46,230	3,190	6.9%	6.7%	6.2%
2015	46,640	2,820	6.1%	5.8%	5.3%

Source: Tennessee Department of Employment Security, Tennessee Department of Labor and Workforce Development

CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION

TOP TEN MANUFACTURERS

	Employees	Product
1. The Kellogg Company	930	Pringles Potato Chips
2. Delta Faucet Company	880	Commercial and Residential Faucets
3. Stanley Black and Decker	642	Professional Power Tools
4. Carlstar Group	455	Agricultural and construction tires and wheels
5. Pinnacle Foods Group	450	Frozen food products
6. TBDN Tennessee Company	410	Automotive air induction systems
7. Gerdau	350	Reinforced Steel and Merchant Bar Products
8. Perseus Distribution LLC	320	Book distributions
9. UGN, Inc.	317	Automotive products
10. Toyota Boshoku Tennessee	302	Die cast engine blocks

Source: Jackson Chamber of Commerce

TOP TEN EMPLOYERS

	Employees	Type
1. West Tennessee Healthcare	5,661	Hospital
2. Jackson-Madison County School System	1,806	School System
3. The Kellogg Company	930	Manufacturing
4. Delta Faucet Company	880	Manufacturing
5. City of Jackson	850	Government
6. Union University	824	Education
7. Madison County	755	Government
8. Tennova Healthcare - Regional Jackson	718	Healthcare
9. The Jackson Clinic	715	Healthcare
10. Stanley Black and Decker	642	Manufacturing

Source: Jackson Chamber of Commerce

CITY OF JACKSON, TENNESSEE
PRO FORMA
GENERAL OBLIGATION DEBT STATEMENT
As of June 30, 2016

Series 2011 General Obligation Bonds	$ 8,865,000
Series 2009 General Obligation & Refunding Bonds	39,415,000
Series 2009 General Obligation Bonds	3,555,000
Series 2013 Local Government Loan Program Bond	14,835,000
Series 2015 Local Government Loan Program Bond	12,503,680
Jackson-Madison County General Hospital District	400,000
HUD Section 108 Loan	2,691,000
Mixed Drink Repayment Note	1,576,922
General Government Obligation Debt Sub-Total	83,841,602
Series 2006 General Obligation Capital Outlay Note	332,405
Series 2006-A General Obligation Capital Outlay Note	331,894
Series 2014 General Obligation Capital Outlay Note	437,500
Sportsplex Debt Sub-Total	1,101,799
Total General Obligation Debt	$ 84,943,401
Overlapping General Obligation Debt (70.9% of Madison County)	27,019,990
General Obligation and Overlapping Debt	$ 111,963,391

RATIOS

Total General Obligation Debt to Assessed Value	5.43%
Total General Obligation Debt to Estimated Actual Value	1.71%
General Obligation and Overlapping Debt to Assessed Value	7.15%
General Obligation and Overlapping Debt to Estimated Actual Value	2.25%

PER CAPITA

Assessed Value	$ 23,059
Estimated Actual Value	73,294
Total General Obligation Debt	1,170
Net General Obligation and Underlying Debt	1,775

Source: Madison County Tax Assessor, Jackson Planning Department, Madison County Accounting Department

CITY OF JACKSON, TENNESSEE
SCHEDULE OF ASSESSED, APPRAISED AND ESTIMATED ACTUAL VALUES

Type of Property	2015 Assessed Value	2015 Appraised Value
Industrial and commercial	$ 719,840,845	$ 1,805,700,313
Residences and farms	598,984,340	2,395,348,660
Personal tangible property	207,939,100	692,834,217
Public utilities**	38,068,144	69,214,814
Total	$ 1,564,832,429	$ 4,963,098,004

**Public Utilities as reported by State Board of Property Assessments, Jan 2015

The State of Tennessee classifies property for assessment as follows:

Industrial and Commercial
Residences and Farms
Personal Tangible Property
Public Utilities

NOTE: The effective date of the latest reappraisal program was 2014. The above stated Assessed Value breakdown was received from the Assessor's Office on 4/15/16 and may differ from the total below.

PROPERTY TAX LEVIES AND COLLECTIONS (excluding Public Utilities)
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Assessed Valuation	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2007	$ 1,165,945	24,485	$ 24,217	98.9%	$ 1,149	4.7%
2008	1,190,522	25,001	24,433	97.7%	1,281	5.1%
2009	1,222,380	25,669	25,324	98.7%	1,347	5.2%
2010	1,254,178	26,498	26,193	98.8%	1,399	5.3%
2011	1,295,431	27,195	26,605	97.8%	1,635	6.0%
2012	1,415,712	27,405	26,931	98.3%	1,579	5.8%
2013	1,481,409	28,481	28,277	99.2%	1,351	4.8%
2014	1,532,815	29,391	28,671	97.6%	1,173	4.0%
2015	1,495,668	29,460	29,393	99.8%	972	3.3%
2016	1,564,832	30,701	29,996	97.7%	935	3.1%

CITY OF JACKSON, TENNESSEE
SCHEDULE OF TEN LARGEST TAXPAYERS

	Assessed Valuation	Taxes Due	Products/Services
1. Pringles Mfg. Co.	$ 34,627,763	$ 679,363	Food Products
2. Regional Hospital of Jackson	17,287,573	339,164	Healthcare
3. WTHC	14,569,005	285,832	Hospital
4. TBDN	11,420,200	224,053	Food Processing/Packaging
5. Old Hickory Mall	10,092,504	198,005	Food Processing/Packaging
6. Pinnacle Foods	9,806,585	192,395	Shopping Mall
7. Wal-Mart	8,840,400	173,440	Retail
8. Cherry Grove	8,287,480	162,592	Auto Parts Mfg.
9. ARJ Mfg.	7,818,362	153,389	Apartments
10. GAT	7,501,102	147,163	Retail

Based on Year 2015 tax information
Source: City 2015 Tax Rolls

SUMMARY OF CERTAIN FUND BALANCES / NET POSITION
Fiscal Years Ended June 30

	2016	2015	2014	2013	2012	2011	2010
General Fund	$ 18,743,784	$ 19,856,708	$ 20,964,473	$ 23,883,590	$ 22,773,513	$ 27,785,970	$ 25,750,789
Special Revenue Funds	2,660,398	3,338,315	1,256,352	2,680,834	3,259,115	1,961,284	1,399,671
Debt Service Fund	7,344,964	1,320,964	2,118,764	1,448,764	5,528,107	708,266	1,821,182

***Includes $4,800,000 of 2009 General Obligation Bonds sold in June 2009 plus approximately $4,000,000 in planned principal payments which were delayed in a major Refunding/Restructure.*

SCHEDULE OF LOCAL OPTION SALES TAX
Fiscal Years Ended June 30

Year	Collections	Percent Change
2016	$ 13,577,434	6.03%
2015	12,805,307	7.63%
2014	11,897,150	0.60%
2013	11,826,624	2.00%
2012	11,637,731	0.02%
2011	11,635,059	2.01%
2010	11,314,658	1.53%
2009	11,143,581	-4.40%
2008	11,652,134	1.96%
2007	11,428,585	3.09%

Source: Tennessee Department of Revenue

CITY OF JACKSON, TENNESSEE
SUMMARY OF REVENUES AND EXPENDITURES
GENERAL FUND AND DEBT SERVICE FUND
Fiscal Years Ended June 30

	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:								
Property taxes	$ 30,572,683	$ 30,326,175	$ 29,636,236	$ 28,977,426	$ 27,761,426	$ 27,833,117	$ 27,450,185	$ 26,304,584
Tax equivalents	5,819,195	5,213,125	4,972,381	4,710,100	4,552,400	4,109,278	4,121,778	3,875,095
Local option sales tax	13,103,665	12,501,322	11,934,014	11,866,585	11,919,582	12,202,451	11,560,078	11,502,243
Beer tax	2,005,742	2,006,741	2,042,427	2,044,979	2,001,130	1,919,598	1,823,037	1,833,877
Licenses and permits	4,886,165	4,747,749	4,421,460	4,949,878	4,477,943	4,496,601	4,175,097	4,156,388
Fines & penalties	1,339,609	1,278,502	1,213,382	1,306,995	1,649,104	1,946,197	2,289,929	1,693,174
Interest income	189,439	59,283	96,251	122,234	234,302	203,297	274,740	540,649
Other property income	908,183	884,937	1,013,001	1,145,808	1,172,374	1,294,167	1,549,406	1,515,141
State of Tennessee	9,750,264	9,280,496	9,025,052	9,031,715	8,797,088	7,550,539	7,385,158	7,636,993
Federal government	532,006	1,738,137	1,949,325	984,599	2,556,646	4,404,748	2,157,332	1,450,562
Other	2,948,013	2,526,166	2,396,138	2,180,444	2,251,548	1,733,186	2,986,321	2,423,864
Total revenues	72,054,964	70,562,633	68,699,667	67,320,763	67,373,543	67,693,179	65,773,061	62,932,570
Expenditures:								
General government	13,284,884	12,243,337	13,833,810	11,675,384	15,206,465	11,739,451	9,976,874	9,925,984
Public safety	37,231,417	36,176,247	36,183,118	33,866,018	33,435,056	32,613,023	31,375,560	31,225,183
Public works	7,489,804	6,698,714	7,010,521	6,706,476	7,058,775	10,929,701	9,077,920	7,826,923
Public welfare	7,553,980	6,896,037	7,281,795	7,217,366	7,544,421	7,156,270	7,015,739	7,156,457
Net debt service	7,883,378	8,140,731	6,589,528	6,550,073	6,360,215	6,239,016	6,259,813	1,986,230
Total expenditures	73,443,463	70,155,066	70,898,772	66,015,317	69,604,932	68,677,461	63,705,906	58,120,777
Excess of revenues over (under) expenditures	(1,388,499)	407,567	(2,199,105)	1,305,446	(2,231,389)	(984,282)	2,067,155	4,811,793
Net transfers in (out) and other sources (uses)	6,220,665	(2,313,132)	(50,012)	(3,755,766)	2,355,937	1,070,437	(4,113,766)	6,577,012
Excess of revenues and net transfers over (under) expenditures	4,832,166	(1,905,565)	(2,249,117)	(2,450,320)	124,548	86,155	(2,046,611)	11,388,805
Combined fund balances								
Beginning balance	21,177,672	23,083,237	25,332,354	27,782,674	27,658,126	10,852,752	12,899,363	-
Change in acct. principle	78,910	-	-	-	-	-	-	1,510,558
Ending balance	$ 26,088,748	$ 21,177,672	$ 23,083,237	$ 25,332,354	$ 27,782,674	$ 10,938,907	$ 10,852,752	$ 12,899,363

INTERNAL CONTROL AND COMPLIANCE SECTION

Members of:
American Institute of Certified Public Accountants
AICPA Center for Public Company Audit Firms
AICPA Governmental Audit Quality Center
AICPA Employee Benefit Plan Audit Quality Center
Tennessee Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Honorable Jerry Gist, Mayor
Members of the Council
City of Jackson, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the 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 discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee (the City), as of and for the year ended June 30, 2016, which collectively comprise the City's basic financial statements as listed in the Table of Contents, and have issued our report thereon dated December 28, 2016.

Our report includes a reference to other auditors who audited the financial statements of Jackson Transit Authority (JTA), as described in our report on the City's financial statements. This report includes our consideration of the results of the other auditors testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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.

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

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 were not identified. Given these limitations, during our audit we and the other auditors did not identify any deficiencies in internal control that we consider to be material weaknesses. We and the other auditors did identify certain deficiencies in internal control, described in the accompanying schedule of findings questioned costs as items 2016-001 through 2016-003 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests and those of the other auditors, 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 2016-001 through 2016-003.

In addition, we noted other matters involving the internal control and its operation that we reported to management of the City in a separate letter dated December 28, 2016.

City's Response to Findings

The City's response to the findings identified in our audit are 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 the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 28, 2016

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AICPA Employee Benefit Plan Audit Quality Center
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Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Honorable Jerry Gist, Mayor
Members of the Council
City of Jackson, Tennessee

Report on Compliance for Each Major Federal Program

We have audited the City of Jackson, Tennessee'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 June 30, 2016. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City'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 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct a material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the City 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
December 28, 2016

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

SECTION I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Intenal control over financial reporting:				
Material weaknesses identified?	_____	yes	X	no
Significant deficiencies identified not considered to be material weaknesses?	X	yes	_____	none reported
Noncompliance material to financial statements noted?	X	yes	_____	no

Federal Awards

Internal Control over major programs:				
Material weaknesses identified?	_____	yes	X	no
Significant deficiencies identified not considered to be material weaknesses?	_____	yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Circular 2 CFR 200.516(a)?	_____	yes	X	no

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
12.700	Donations/Loans of Obsolete DOD Property
16.588	Violence Against Women Formula Grant
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee?	_____	yes	X	no

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

SECTION II – Financial Statement Findings

2016-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)

Condition: We noted the following major function in the general fund had expenditures exceeding appropriations: public safety by $328,297. We also noted that total expenditures in the solid waste collection fund exceeded appropriations by $374,552 due primarily to insurance and landfill dumping exceeding appropriations by $307,401 and $459,324, respectively. The metro drug fund exceeded appropriations by $2,702 due primarily to capital outlay of $8,814 in excess of budget amounts. We also noted that Grant Fund #1 CDBG's expenditures exceeded appropriations by $44,808 due primarily to Program Housing expense of $46,284 in excess of budgeted amounts. We also noted that Grant Fund #2 HOME's expenditures exceeded appropriations by $75,464 due primarily to Program Housing expense of $63,073 in excess of budgeted amounts. We also noted that total expenditures in the Community Redevelopment Fund exceeded appropriations by $57,862, due to principal payments of $50,000 in excess of budget amounts and interest payments of $7,862 in excess of budgeted amounts.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states "notwithstanding any other provision or law, no municipality may expend any monies regardless of their source except in accordance with a budget ordinance adopted under this section."

Effect: The City failed to comply with the TCA 6-56-203 by expending monies that were not budgeted.

Recommendation: We recommend that all expenditures, including transfers, be authorized by the City's budget in the future. Potential budget overruns should be anticipated in advance so that appropriate action may be taken by the City Council.

Response: City has attempted to identify exceptions and comply with TCA 6-56-203 as evidenced by the May 25, 2016 Budget Amendment totaling $1,798,215 covering 22 general fund line items bringing the anticipated general fund draw on fund balance to $2,651,520.

2016-002 – Material Journal Entries (Noncompliance and Significant Deficiency)

Condition: Auditors had to propose material journal entries due to various accounts not being reconciled at year-end. The entries were related to the Sportsplex fund's sponsorship revenue and the transfer from solid waste collection fund to the general.

Criteria: Tennessee Code Annotated (TCA) 9-2-102(b) *Uniform Accounting System* states that it is the duty of all local governments that are subject to the audit requirements of the Comptroller of the Treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year, and the necessity of material journal entries prevents that.

Effect: The City failed to comply with the TCA 9-2-102(b) and it also exposes the City to a greater risk of fraud, loss, and other undetected errors.

Recommendation: We recommend that the City reconcile account balances, especially material balances, in a more accurate and timely manner.

Response: We concur.

2016-003 – Failure to Receive Authorization for Issuance of Debt (Noncompliance and Significant Deficiency)

Condition: We noted that the City has an outstanding interfund liability due from the solid waste collection fund to the general fund in the amount of $1,116,867. This balance is the result of multiple years of an indirect cost allocation being performed that has continued to increase the interfund balance for the last few years effectively resulting in an advance as the balance is not presently being repaid.

Criteria: Tennessee Code Annotated (TCA) 9-21-601 requires a governing body to receive authorization from the State Comptroller's office before issuing new long-term debt.

Effect: The City failed to comply with the TCA 9-21-601. The State of Tennessee can stop the City from entering into any further debt obligations until they have complied with the law.

Recommendation: We recommend that the City comply with the State requirements relating to the issuance of new long-term debt. We also recommend that the City make a determination as to how they will handle the direct cost transfer from the solid waste collection fund to the general fund in the future. This may require issuance of long-term debt through the State of Tennessee.

Response: We recognize that the Solid Waste collection fund's accounts receivable increased approximately $900 thousand in fiscal year 2016 over fiscal year 2015 and are taking actions to improve the commercial billing/collection cycle and thus significantly reduce the amount owed to the general fund.

2016-004 – Failure to Protect Undeposited Funds (Significant Deficiency)

Condition: We noted that the City did not physically protect undeposited funds at the Sportsplex. While in the process of closing operations for the night, a deposit bag with $770 was stolen.

Criteria: Failure to protect undeposited collections can lead to a misappropriation of assets or simple theft.

Effect: When funds are not adequately protected, the risk of theft, fraud, or misappropriation are more prevalent.

Recommendation: We recommend that the City implement controls and procedures to more adequately protect undeposited funds of the City.

Response: The City has implemented additional procedures at the Sportsplex to help ensure that deposit bags are adequately protected until the deposit is made.

SECTION III – Federal Award Findings and Questioned Costs

None reported

CITY OF JACKSON, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
For the Fiscal Year Ended June 30, 2016

Financial Statement Findings

Finding Number	Finding Title	Status
2015-001	Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency) (original finding #2013-001)	Repeated

Federal Award Findings and Questioned Costs

None noted.

CORRECTIVE ACTION PLAN

The City of Jackson, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2016.

Cognizant agency:
Department of Housing and Urban Development

Name and address of independent public accounting firm:

Alexander Thompson Arnold PLLC
227 Oil Well Road
Jackson, TN 38305

Audit period:

June 30, 2016

The findings from the June 30, 2016, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

2016-001 – Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency)

Recommendation: We recommend that all expenditures, including transfers, be authorized by the City's budget in the future. Potential budget overruns should be anticipated in advance so that appropriate action may be taken by the City Council.

Action Taken: City Council will take the appropriate action in advance of any funds being spent above the budgeted amounts. This will provide the proper authorization for all expenditures, including expenditures, in the future.

2016-002 – Material Journal Entries (Noncompliance and Significant Deficiency)

Recommendation: We recommend that the City reconcile account balances, especially material balances, in a more accurate and timely manner.

Action Taken: Accounting staff will submit all material journal entries necessary before the 60 day deadline imposed by the Tennessee Comptroller of the Treasury.

2016-003 – Failure to Receive Authorization for Issuance of Debt (Noncompliance and Significant Deficiency)

Recommendation: We recommend that the City comply with the State requirements relating to the issuance of new long-term debt. We also recommend that the City make a determination as

to how they will handle the direct cost transfer from the solid waste collection fund to the general fund in the future. This may require issuance of long-term debt through the State of Tennessee.

Action Taken: City is reviewing the solid waste collection funds' commercial billing/collection cycle in order to reduce outstanding accounts receivable at any one point in time and thus reduce amount owed to the general fund.

2016-004 – Failure to Protect Undeposited Funds Significant Deficiency)

Recommendation: We recommend that the City implement controls and procedures to more adequately protect undeposited funds of the City.

Action Taken: City has implemented additional procedures at the Jackson Sportsplex to help ensure that deposit bags are adequately protected until the deposit is made.

Respectfully submitted,

Alan L. Lafoon
City Recorder