

CITY OF JACKSON, TENNESSEE

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021



CITY OF JACKSON, TENNESSEE
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CITY OF JACKSON, TENNESSEE

LIST OF PRINCIPAL OFFICERS

June 30, 2021

Mayor and City Council

Scott Conger, Mayor
David Cisco, Vice-Mayor/Council Mayor
Ross Priddy, Treasurer/Council Member
Harvey Buchanan, Council Member
Marda Wallace, Council Member
Russ McKelvey, Council Member
Ernest Brooks II, Council Member
Johnny Lee Dodd, Council Member
Paul Taylor, Council Member
Gary Pickens, Council Member

Budget / Audit Committee

Paul Taylor, Council Member
Ross Priddy, Council Member
Johnny Dodd, Council Member
Fancher Sargent, Member
Ron Tharpe, Member
Mark Johnstone, Member
Andrew Long, Member

Management Team

Bobby Arnold, City Recorder, CMFO
Catherine Keck, Financial Supervisor
Christopher Wiser, Police Chief
Darryl Samuels, Fire Chief
Lynn Henning, Director of Personnel

Counsel

Lewis Cobb, City Attorney

**FINANCIAL
SECTION**

INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the City Council of the
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 aggregate 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, 2021 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 89 percent, 89 percent, and 99 percent, respectively, of the assets, net position, and revenues of the business-type activities. Additionally, we did not audit the financial statements of the Jackson Energy Authority and the Jackson Community Redevelopment Agency which represent 100 percent of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for JTA, Jackson Energy Authority, and Jackson Community Redevelopment Agency, are based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Solid Waste Collection Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 10) and schedules of pension and other post-employment benefits information (on pages 68-74), 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 about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson, Tennessee's basic financial statements. The combining and individual fund statements and schedules, 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* (Uniform Guidance), the other supplementary information section, and the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statement and schedules, including the schedule of expenditures of federal awards (the "supplementary information"), are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other supplementary information section 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 March 28, 2022, on our consideration of the City of Jackson, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the City of Jackson, Tennessee's 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's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Chattanooga, TN
March 28, 2022

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, 2021.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with the City's financial statements page 11.

FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$36,912,778. Approximately 76% of this total amount, \$28,018,495, is available for spending at the government's direction (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$28,018,495, or 38.8% of total general fund expenditures. The General Fund reflected an \$8,058,919 increase at June 30, 2021.
- The City of Jackson's total debt decreased by \$2,634,866 or 3.3% during the current fiscal year. The \$2,634,866 decrease consisted of \$7,641,000 of principal payments, and new debt issued of \$6,756,776.

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 financials, 2) fund financial statements, and 3) notes to the financial statements.

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 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, 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, and the Jackson Transit Authority.

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, two Debt Service Funds, and a Capital Projects Fund as Governmental Funds. Information is presented separately in the governmental statement for the General Fund, Debt Service Fund, Solid Waste Collection 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 general and solid waste collection funds is found in the fund statements of this report.

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 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 a separate Statement 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 to its employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of 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 \$81 million at the close of the most recent fiscal year end.

A portion of the City's net position represents resources that are subject to restrictions as to how they may be used. These include \$2.94 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.

	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
ASSETS						
Current and Other Assets	\$ 87,025,617	\$ 69,596,341	1,637,576	2,829,899	88,663,193	72,426,240
Capital Assets, Net	145,310,777	143,661,872	6,305,921	6,783,053	151,616,698	150,444,925
Total Assets	<u>232,336,394</u>	<u>213,258,213</u>	<u>7,943,497</u>	<u>9,612,952</u>	<u>240,279,891</u>	<u>222,871,165</u>
DEFERRED OUTFLOWS						
OF RESOURCES	<u>14,803,328</u>	<u>9,240,501</u>	<u>805,995</u>	<u>551,302</u>	<u>15,609,323</u>	<u>9,791,803</u>
LIABILITIES						
Current Liabilities	8,177,788	7,055,691	288,278	412,114	8,466,066	7,467,805
Noncurrent Liabilities	121,354,811	110,247,526	2,042,630	1,989,494	123,397,441	112,237,020
Total Liabilities	<u>129,532,599</u>	<u>117,303,217</u>	<u>2,330,908</u>	<u>2,401,608</u>	<u>131,863,507</u>	<u>119,704,825</u>
DEFERRED INFLOWS						
OF RESOURCES	<u>36,871,246</u>	<u>39,041,717</u>	<u>132,920</u>	<u>252,469</u>	<u>37,004,166</u>	<u>39,294,186</u>
NET POSITION						
Net Investment in Capital Assets	70,067,481	58,240,966	6,305,921	6,783,053	76,373,402	65,024,019
Restricted	2,949,745	1,587,651	-	-	2,949,745	1,587,651
Unrestricted	7,718,651	6,325,163	(20,257)	727,124	7,698,394	7,052,287
Total Net Position	<u>\$ 80,735,877</u>	<u>\$ 66,153,780</u>	<u>6,285,664</u>	<u>7,510,177</u>	<u>87,021,541</u>	<u>73,663,957</u>

Statement of Activities

Net Position of the City's governmental activities increased by \$6.25 million or 11.43% and the business-type activities increased by \$2.41 million or 19.79%.

	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Charges for Services	\$ 17,946,547	\$ 18,957,786	367,716	1,574,548	18,314,263	20,532,334
Operating Grants	3,125,795	8,108,436	2,050,893	3,068,855	5,176,688	11,177,291
Capital Grants	3,507,241	419,096	149,930	1,378,964	3,657,171	1,798,060
General Revenues:						
Property Taxes	35,629,283	41,059,486	-	-	35,629,283	41,059,486
Other Taxes	47,619,967	33,930,305	-	-	47,619,967	33,930,305
Other General Revenues	1,366,149	1,180,845	10,376	3,366	1,376,525	1,184,211
Total Revenues	<u>109,194,982</u>	<u>103,655,954</u>	<u>2,578,915</u>	<u>6,025,733</u>	<u>111,773,897</u>	<u>109,681,687</u>
Expenses:						
Governmental Activities:						
General Government	14,112,661	27,988,609	-	-	14,112,661	27,988,609
Public Safety	39,526,639	40,595,968	-	-	39,526,639	40,595,968
Public Works	28,812,672	14,426,061	-	-	28,812,672	14,426,061
Public Welfare and Community Service	10,653,897	9,097,841	-	-	10,653,897	9,097,841
Other	-	802,184	-	-	-	802,184
Interest on Long-Term Debt	1,507,016	2,596,185	-	-	1,507,016	2,596,185
Business-type Activities:						
Solid Waste	-	-	425	7,379	425	7,379
Jackson Transit Authority	-	-	4,260,603	3,965,833	4,260,603	3,965,833
Sportsplex	-	-	-	1,541,688	-	1,541,688
Total Expenses	<u>94,612,885</u>	<u>95,506,848</u>	<u>4,261,028</u>	<u>5,514,900</u>	<u>98,873,913</u>	<u>101,021,748</u>
Increase in Net Position Before Transfers	14,582,097	8,149,106	(1,682,113)	510,833	12,899,984	8,659,939
Transfers	-	(1,898,103)	-	1,898,103	-	-
Increase in Net Position	14,582,097	6,251,003	(1,682,113)	2,408,936	12,899,984	8,659,939
Net Position - Beginning	60,937,807	54,686,804	14,582,598	12,173,662	75,520,405	66,860,466
Restatements	5,215,973	-	(6,614,821)	-	(1,398,848)	-
Net Position - Ending	<u>\$ 80,735,877</u>	<u>\$ 60,937,807</u>	<u>\$ 6,285,664</u>	<u>\$ 14,582,598</u>	<u>\$ 87,021,541</u>	<u>\$ 75,520,405</u>

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 \$36.9 million, a net increase of \$10.0 million in comparison with the prior year. In the governmental funds approximately 75.9% or \$28 million constitutes unassigned fund balance, which is available for spending at

the government's discretion. The remainder of fund balance is either non-spendable, committed, assigned, or restricted 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 \$28 million. As 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 38.8% of total general fund expenditures of \$72.3 million, an increase from the prior year amount of 27.8%.

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 \$4.5 million which consists of funds that will be used for upcoming capital projects.

➤ The City spent \$10.6 million on capital expenditures.

Debt Service Fund. This fund focuses on the issuance and payments of long-term debt, mainly related to capital needs, within the City. At the end of the year, the Debt Service Fund had a positive fund balance of \$854 thousand which will be used to make principal payments on long-term debt.

Solid Waste Collection Fund. This fund focuses mainly on garbage collection both for residential and commercial customers within the City. At the end of the year, the Solid Waste Collection Fund had a fund balance of \$2.3 million.

Proprietary Funds

The City of Jackson's Proprietary Fund provides 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 \$666 thousand.

General Fund Budgetary Highlights

Revenues

➤ Intergovernmental Revenues were \$8.3 million or 29% over budget. This variance is primarily sales tax.

Expenditures

➤ Expenditures were under budget by \$5 million or \$6.9%. This variance is primarily driven by Public Safety \$1.6 million, Public Welfare \$1.4 million, Public Works \$872 thousand, and Legal \$256 thousand.

**CITY OF JACKSON, TENNESSEE
OUTSTANDING DEBT**

	Governmental Activities		Business Activities		Total	
	2021	2020	2021	2020	2021	2020
Outstanding Bond Debt:						
General Obligation	\$ 55,925,000	\$ 61,837,000	\$ -	\$ 1,048,000	\$ 55,925,000	\$ 62,885,000
Capital Notes	6,671,652	5,069,500	-	524,000	6,671,652	5,593,500
Financed Purchase	4,997,624	-	-	-	4,997,624	-
Total Outstanding Debt	<u>\$ 67,594,276</u>	<u>\$ 66,906,500</u>	<u>\$ -</u>	<u>\$ 1,572,000</u>	<u>\$ 67,594,276</u>	<u>\$ 68,478,500</u>

The City of Jackson’s total long-term debt increased by \$688 thousand, excluding premiums, in the current year. General Obligation Bonds decreased by \$5,912,000, Capital Outlay Notes increased by \$1,602,152, and Financed Purchase Lease increased by \$4,997,624.

Economic Factors and Next Year’s Budgets and Rates

The City of Jackson anticipates revenues to be relatively consistent from June 30, 2021, into fiscal year 2022’s budget. Several major road capital projects are in progress throughout the City, including improvements to the US45 bypass. Property tax rates were set with no change in the levy rate.

These factors were considered in preparing the 2022 fiscal year budget for the City of Jackson.

Contacting the City’s Financial Management

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government			Component Unit	
	Governmental	Business-type	Total	Jackson	Jackson
	Activities	Activities		Energy	Community
				Authority	Redevelopment
					Agency
ASSETS					
Cash and cash equivalents	\$ 38,830,474	\$ 583,915	\$ 39,414,389	\$ 116,915,521	\$ 1,577,576
Investments	-	-	-	12,172,215	-
Receivables:					
Taxes (net of allowance)	34,876,477	-	34,876,477	-	-
Accounts (net of allowance)	2,049,434	31,473	2,080,907	19,065,166	401
Grants	595,208	307,408	902,616	1,181,273	-
Intergovernmental	8,610,601	-	8,610,601	-	-
Other receivables, net	154,458	562,169	716,627	106,977	17,291,607
Inventories	332,721	143,493	476,214	4,898,541	-
Prepaid items	1,461,994	-	1,461,994	-	-
Other assets	-	9,118	9,118	6,619,253	-
Unamortized bond issue cost	-	-	-	539,999	-
Unrecovered purchased gas cost	-	-	-	297,450	-
Intellectual property	-	-	-	6,002,545	-
Unamortized expenditures (net of amortization)	-	-	-	467,118	-
Long term notes receivable	114,250	-	114,250	-	-
Retainage account	-	-	-	318,067	-
Restricted assets:					
Cash and cash equivalents	-	-	-	11,101,154	-
Investments	-	-	-	5,614,498	-
Capital assets, not being depreciated	32,601,731	352,173	32,953,904	27,558,557	3,849,496
Capital assets, net of accumulated depreciation	112,709,046	5,953,748	118,662,794	483,450,991	270,111
Total Assets	232,336,394	7,943,497	240,279,891	696,309,325	22,989,191
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items - TCRS	9,143,791	423,152	9,566,943	36,410,034	-
Pension related items - Old City	3,845	-	3,845	-	-
OPEB related items	5,655,692	382,843	6,038,535	-	-
Deferred charges on refunding	-	-	-	3,935,359	-
Total Deferred Outflows of Resources	14,803,328	805,995	15,609,323	40,345,393	-
LIABILITIES					
Accounts payable	4,900,839	52,089	4,952,928	25,082,047	11,935
Accrued expenses	2,998,156	236,189	3,234,345	3,356,453	-
Customer deposits	278,793	-	278,793	6,922,386	-
Accrued interest payable	368,561	-	368,561	497,469	-
Unearned revenue	7,049,556	-	7,049,556	-	20,756
Current portion of compensated absences	-	-	-	1,842,915	-
Noncurrent Liabilities :					
Due within one year	10,304,917	28,920	10,333,837	14,040,461	447,075
Due in more than one year	69,235,197	-	69,235,197	110,345,752	17,371,324
Accrued landfill closure/postclosure costs	-	140,197	140,197	-	-
Net pension liability - TCRS	11,918,609	524,254	12,442,863	-	-
Net pension liability - Old City	2,545,544	-	2,545,544	-	-
Net pension liability - JEA	-	-	-	76,415,647	-
OPEB liability	19,932,427	1,349,259	21,281,686	18,291,113	-
Total Liabilities	129,532,599	2,330,908	131,863,507	256,794,243	17,851,090
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	33,947,129	-	33,947,129	-	-
OPEB related items	181,329	12,275	193,604	16,174,831	-
Pension related items - TCRS	2,742,788	120,645	2,863,433	-	-
Total Deferred Inflows of Resources	36,871,246	132,920	37,004,166	16,174,831	-
NET POSITION (DEFICIT)					
Net investment in capital assets	70,067,481	6,305,921	76,373,402	389,403,750	3,357,733
Restricted for:					
Police drug	129,749	-	129,749	-	-
Metro drug	434,305	-	434,305	-	-
Grant funds	96,663	-	96,663	-	-
Solid waste collection	2,289,028	-	2,289,028	-	-
Debt service	-	-	-	10,603,685	-
Other	-	-	-	329,144	394,497
Unrestricted (deficit)	7,718,651	(20,257)	7,698,394	63,349,065	1,385,871
Total Net Position	\$ 80,735,877	\$ 6,285,664	\$ 87,021,541	\$ 463,685,644	\$ 5,138,101

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Unit	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Jackson Energy Authority	Jackson Community Revelopment Agency
					Governmental Activities	Business-type Activities	Total		
Primary Government:									
Governmental Activities:									
General government	\$ 14,112,661	\$ 1,333,229	\$ -	\$ -	\$ (12,779,432)	\$ -	\$ (12,779,432)	\$ -	
Public safety	39,526,639	577,299	1,446,736	222,087	(37,280,517)	-	(37,280,517)	-	
Public works	28,812,672	15,507,500	745,095	3,285,154	(9,274,923)	-	(9,274,923)	-	
Public welfare and community service	10,653,897	528,519	933,964	-	(9,191,414)	-	(9,191,414)	-	
Interest on debt	1,507,016	-	-	-	(1,507,016)	-	(1,507,016)	-	
Total Governmental Activities	<u>94,612,885</u>	<u>17,946,547</u>	<u>3,125,795</u>	<u>3,507,241</u>	<u>(70,033,302)</u>	<u>-</u>	<u>(70,033,302)</u>	<u>-</u>	<u>-</u>
Business-type Activities:									
Solid waste	425	-	-	-	-	(425)	(425)	-	
Jackson Transit Authority	4,260,603	362,327	2,050,893	149,930	-	(1,697,453)	(1,697,453)	-	
Community development	-	5,389	-	-	-	5,389	5,389	-	
Total Business-type Activities	<u>4,261,028</u>	<u>367,716</u>	<u>2,050,893</u>	<u>149,930</u>	<u>-</u>	<u>(1,692,489)</u>	<u>(1,692,489)</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 98,873,913</u>	<u>\$ 18,314,263</u>	<u>\$ 5,176,688</u>	<u>\$ 3,657,171</u>	<u>\$ (70,033,302)</u>	<u>\$ (1,692,489)</u>	<u>\$ (71,725,791)</u>	<u>-</u>	<u>-</u>
Component Unit:									
Jackson Energy Authority	\$ 231,099,165	\$ 247,907,461	\$ -	\$ 7,751,459				\$ 24,559,755	\$ -
Jackson Community Redevelopment Agency	800,246	954,032	-	-				-	153,786
Total Component Units	<u>\$ 231,899,411</u>	<u>\$ 248,861,493</u>	<u>\$ -</u>	<u>\$ 7,751,459</u>				<u>\$ 24,559,755</u>	<u>\$ 153,786</u>
General Revenues:									
Property taxes					\$ 35,629,283	\$ -	\$ 35,629,283	\$ -	
Payments in lieu of tax					6,321,337	-	6,321,337	-	
Sales taxes					34,259,743	-	34,259,743	-	
Franchise and excise taxes					901,799	-	901,799	-	
Alcoholic beverage taxes					2,951,643	-	2,951,643	-	
Business taxes					2,300,788	-	2,300,788	-	
Hotel-motel taxes					884,657	-	884,657	-	
Rental and reimbursements					583,079	-	583,079	-	
Other					767,347	-	767,347	(31,657)	12,113
Unrestricted interest income					15,723	10,376	26,099	1,260,921	287,798
Total General Revenues					<u>84,615,399</u>	<u>10,376</u>	<u>84,625,775</u>	<u>1,229,264</u>	<u>299,911</u>
Change in Net Position					14,582,097	(1,682,113)	12,899,984	25,789,019	453,697
Net Position, Beginning as restated					<u>66,153,780</u>	<u>7,967,777</u>	<u>74,121,557</u>	<u>437,896,625</u>	<u>4,684,404</u>
Net Position, Ending					<u>\$ 80,735,877</u>	<u>\$ 6,285,664</u>	<u>\$ 87,021,541</u>	<u>\$ 463,685,644</u>	<u>\$ 5,138,101</u>

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

CITY OF JACKSON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Debt Service	Capital Outlay	Solid Waste Collection	Total Nonmajor Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 33,169,326	\$ 685,059	\$ 2,599,509	\$ 1,596,102	\$ 780,478	\$ 38,830,474
Receivables:						
Taxes (net of allowance)	24,660,970	10,180,537	34,970	-	-	34,876,477
Accounts (net of allowance)	46,488	89,657	-	1,913,289	-	2,049,434
Grants	-	-	539,134	-	56,074	595,208
Intergovernmental	8,610,601	-	-	-	-	8,610,601
Court fines (net of allowance)	142,844	-	-	-	11,614	154,458
Notes	114,250	-	-	-	-	114,250
Due from other funds	-	-	-	-	367	367
Prepaid items	2,623	-	1,459,239	-	132	1,461,994
Inventories	332,721	-	-	-	-	332,721
Total Assets	67,079,823	10,955,253	4,632,852	3,509,391	848,665	87,025,984
LIABILITIES						
Accounts payable	3,646,608	-	143,784	934,612	175,835	4,900,839
Accrued expenses	2,991,198	-	-	6,958	-	2,998,156
Due to other funds	-	-	-	-	367	367
Unearned revenue - grants	7,049,556	-	-	-	-	7,049,556
Customer deposits	-	-	-	278,793	-	278,793
Total Liabilities	13,687,362	-	143,784	1,220,363	176,202	15,227,711
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	23,956,489	9,990,640	-	-	-	33,947,129
Unavailable - property taxes	644,586	110,488	28,834	-	-	783,908
Unavailable - court fines	142,844	-	-	-	11,614	154,458
Total Deferred Inflows of Resources	24,743,919	10,101,128	28,834	-	11,614	34,885,495
FUND BALANCES						
Nonspendable:						
Inventory	332,721	-	-	-	-	332,721
Prepays	2,623	-	1,459,239	-	132	1,461,994
Restricted:						
Police drug	-	-	-	-	129,749	129,749
Metro drug	-	-	-	-	434,305	434,305
Grant funds	-	-	-	-	96,663	96,663
Solid waste collection	-	-	-	2,289,028	-	2,289,028
Committed:						
Debt service	-	854,125	-	-	-	854,125
Capital outlay	-	-	3,000,995	-	-	3,000,995
Assigned:						
Midnight Basketball	6,917	-	-	-	-	6,917
Federal Equitable Sharing Program	150,068	-	-	-	-	150,068
Fire training	6,818	-	-	-	-	6,818
Traffic safety	18,056	-	-	-	-	18,056
Drug court	15,535	-	-	-	-	15,535
Earth Day	2,904	-	-	-	-	2,904
Health Fair	6,599	-	-	-	-	6,599
Shirlene Mercer	5,000	-	-	-	-	5,000
Drill Field	39,460	-	-	-	-	39,460
Liberty Gardens	40,735	-	-	-	-	40,735
Jackson Idol	2,611	-	-	-	-	2,611
Unassigned	28,018,495	-	-	-	-	28,018,495
Total Fund Balances	28,648,542	854,125	4,460,234	2,289,028	660,849	36,912,778
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 67,079,823	\$ 10,955,253	\$ 4,632,852	\$ 3,509,391	\$ 848,665	\$ 87,025,984

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

CITY OF JACKSON, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

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

Total Fund Balances - Governmental Funds	\$ 36,912,778
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	145,310,777
Revenue not available to pay for current expenditures and, therefore, is deferred in the funds	
Unavailable revenue - property taxes	783,908
Unavailable revenue - court fines	154,458
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in governmental funds	(368,561)
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are not reported in governmental funds	14,803,328
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in governmental funds	(2,924,117)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in governmental funds.	
Bonds payable	(55,925,000)
Premiums on bonds	(9,108,259)
Notes payable	(6,671,652)
Financed purchase payable	(4,997,624)
Claims payable	(998,397)
Compensated absences payable	(1,839,182)
Total OPEB liability	(19,932,427)
Net pension liabilities	(14,464,153)
	(80,735,877)
Net Position of Governmental Activities	\$ 80,735,877

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Debt Service	Capital Outlay	Solid Waste Collection	Total Nonmajor Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 32,879,387	\$ 10,963,722	\$ 7,687	\$ -	\$ -	\$ 43,850,796
Licenses and permits	6,130,883	-	-	-	-	6,130,883
Fines, interest and penalties	901,971	-	-	-	20,619	922,590
Use of money and property	875,992	2,316	3,963	-	50,403	932,674
Intergovernmental	36,852,064	44,701	3,147,189	-	832,414	40,876,368
Sales and service charges	2,143,963	-	-	13,363,537	394,923	15,902,423
Other	677,697	-	256,428	-	33,771	967,896
Total Revenues	80,461,957	11,010,739	3,415,267	13,363,537	1,332,130	109,583,630
EXPENDITURES						
Current:						
General government	13,642,002	-	-	-	-	13,642,002
Public safety	39,493,318	-	-	-	104,665	39,597,983
Public works	10,383,456	-	-	11,833,144	-	22,216,600
Public welfare and community services	8,771,262	-	-	-	620,211	9,391,473
Capital Outlay	-	-	10,636,813	-	58,732	10,695,545
Debt Service:						
Principal	-	7,277,750	-	157,250	206,000	7,641,000
Interest and fiscal charges	-	3,102,253	-	12,501	84,975	3,199,729
Total Expenditures	72,290,038	10,380,003	10,636,813	12,002,895	1,074,583	106,384,332
Excess (Deficiency) of Revenues over (under) Expenditures	8,171,919	630,736	(7,221,546)	1,360,642	257,547	3,199,298
OTHER FINANCING SOURCES (USES)						
Sale of bonds	-	-	6,756,776	-	-	6,756,776
Transfers In	-	-	113,000	-	240,974	353,974
Transfers Out	(113,000)	-	-	-	(240,974)	(353,974)
Total Other Financing Sources (Uses)	(113,000)	-	6,869,776	-	-	6,756,776
Net Change in Fund Balances	8,058,919	630,736	(351,770)	1,360,642	257,547	9,956,074
Fund Balance - Beginning, restated	20,589,623	223,389	4,812,004	928,386	403,302	26,956,704
Fund Balance, Ending	\$ 28,648,542	\$ 854,125	\$ 4,460,234	\$ 2,289,028	\$ 660,849	\$ 36,912,778

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

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, 2021

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

Net Change in Fund Balance - Total Governmental Funds	\$	9,956,074
<p>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 depreciation exceeded capital outlays in the current period</p>		
Capital Outlay, net change		8,930,313
Depreciation expense		(9,130,421)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Change in deferred court fine revenue		84,533
Change in property taxes		(473,181)
<p>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</p>		
Compensated absences		472,719
Amortization of debt issuance premium		1,750,642
OPEB		(963,039)
Change in net pension liabilities		3,365,845
Change in claims payable		(237,683)
Accrued interest payable		(57,929)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds. These transactions do not have any effect on net position.</p>		
Notes payable issued		(1,759,152)
Issuance of capital lease		(4,997,624)
<p>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.</p>		
Payments on notes payable		681,000
Payments on bonds payable		6,960,000
		6,960,000
Change in Net Position of Governmental Activities	\$	14,582,097

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Taxes:				
Property tax	\$ 25,206,069	\$ 25,206,069	\$ 25,367,075	\$ 161,006
Tax equivalents	4,845,362	4,845,362	4,813,916	(31,446)
City beer tax	1,900,000	1,900,000	1,906,644	6,644
Franchise tax	985,000	985,000	791,752	(193,248)
Total Taxes	<u>32,936,431</u>	<u>32,936,431</u>	<u>32,879,387</u>	<u>(57,044)</u>
Intergovernmental:				
State of Tennessee	10,229,034	10,231,034	13,019,517	2,788,483
Madison County	17,425,000	17,425,000	23,276,337	5,851,337
Federal Government	553,749	825,091	556,210	(268,881)
Total intergovernmental	<u>28,207,783</u>	<u>28,481,125</u>	<u>36,852,064</u>	<u>8,370,939</u>
Licenses and Permits	5,115,056	5,115,056	6,130,883	1,015,827
Fines, interest, and penalties	904,886	904,886	901,971	(2,915)
Use of money and property	1,176,720	1,338,481	875,992	(462,489)
Sales and service charges	2,381,950	2,381,950	2,143,963	(237,987)
Other revenues	578,028	1,155,728	677,697	(478,031)
Total Revenues	<u>\$ 71,300,854</u>	<u>\$ 72,313,657</u>	<u>\$ 80,461,957</u>	<u>\$ 8,148,300</u>
EXPENDITURES				
General Government Administration:				
Office of Mayor	\$ 619,694	\$ 626,285	\$ 664,967	\$ (38,682)
City Council	131,924	132,854	136,443	(3,589)
Municipal Court	1,013,800	1,022,683	964,743	57,940
Drug Treatment	216,049	218,528	227,239	(8,711)
Legal Department	222,000	747,000	490,886	256,114
Civil Service	377	377	-	377
CEDC	184,669	185,908	139,904	46,004
Public buildings and services	436,747	506,510	440,219	66,291
Revenue and finance	663,200	670,325	602,802	67,523
Accounting	270,061	275,018	276,447	(1,429)
Information systems	592,701	644,918	658,880	(13,962)
Farmer's market	123,515	125,292	143,987	(18,695)
Purchasing	151,175	153,653	155,633	(1,980)
Risk management	268,422	273,379	293,462	(20,083)
Personnel	290,895	295,232	266,032	29,200
Tourism enhancement	-	-	45,556	(45,556)
Drivers assistance	8,080	8,080	7,834	246
Amphitheater	20,313	20,313	7,311	13,002
Miscellaneous:				
Insurance and bonding premiums	1,025,000	1,025,000	1,042,308	(17,308)
Employer contributions	2,050,100	2,050,100	1,797,116	252,984
Appropriations and transfers	2,667,725	2,669,725	2,166,092	503,633
Other	2,847,410	3,023,343	3,114,141	(90,798)
Total General Government Administration	<u>13,803,857</u>	<u>14,674,523</u>	<u>13,642,002</u>	<u>1,032,521</u>

(Continued)

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Safety:				
Police Department	\$ 2,121,312	\$ 2,155,420	\$ 2,242,700	\$ (87,280)
Patrol Department	11,501,938	11,751,261	11,284,354	466,907
Criminal investigation	1,975,604	2,014,432	1,982,545	31,887
Central records	577,737	589,684	537,725	51,959
Aviation unit	377,868	382,229	380,058	2,171
Gang unit	971,610	987,673	824,950	162,723
Warrants/corrections	465,387	472,998	430,958	42,040
K-9 unit	475,828	485,384	492,053	(6,669)
Law enforcement	525,043	528,813	608,211	(79,398)
Police annex	37,360	37,360	53,860	(16,500)
Police support service	45,000	45,000	44,101	899
SWAT Unit	234,382	236,293	148,882	87,411
Traffic division	550,650	559,552	418,736	140,816
Photo and fingerprint	254,921	260,341	274,766	(14,425)
Family Justice Center	498,177	511,732	600,001	(88,269)
Parking meters	114,563	117,076	118,411	(1,335)
North Precinct - Police	35,800	35,800	32,469	3,331
ICAC Division	177,578	180,127	138,764	41,363
Drug Control	1,077,030	1,095,488	1,140,907	(45,419)
Extra Duty Employment	915,531	915,531	847,183	68,348
Police grant programs	282,368	475,970	413,386	62,584
Fire Department	14,483,676	14,877,865	14,157,538	720,327
Fire Safety & Public Education	195,469	198,018	177,351	20,667
Correctional Administration	32,493	33,032	15,512	17,520
Central dispatch operations	2,165,317	2,209,278	2,109,851	99,427
Furniture and fixtures	-	-	18,046	(18,046)
Total Public Safety	40,092,642	41,156,357	39,493,318	1,663,039
Public Works:				
Planning and Zoning	534,251	540,180	492,865	47,315
Reimbursable Planning Act	185,031	185,031	62,366	122,665
Building Department	466,546	490,856	439,419	51,437
Housing Codes Enforcement	768,996	889,214	879,458	9,756
Engineer	515,629	520,523	450,940	69,583
State Street Aid	2,103,904	2,142,257	2,442,339	(300,082)
Street lighting	2,052,000	2,052,000	2,097,617	(45,617)
Demolition and soil erosion	1,522,775	1,534,547	1,235,063	299,484
Street construction	72,435	73,512	60,309	13,203
Street cleaning	113,358	114,597	105,624	8,973
State street maintenance	635,524	636,763	276,395	360,368
Jackson City Beautiful	18,774	18,774	9,411	9,363
Animal care center	673,045	682,056	629,805	52,251
Garage operations	538,388	549,479	613,266	(63,787)
Traffic sign and signalization	810,977	826,496	588,579	237,917
Total Public Works	11,011,633	11,256,285	10,383,456	872,829

(Continued)

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Public Welfare and Community Service:				
Recreation	\$ 959,126	\$ 971,111	\$ 747,290	\$ 223,821
Athletics	345,375	351,408	298,137	53,271
Parks and public property	3,344,059	3,397,265	3,518,715	(121,450)
Sportsplex	1,615,322	1,623,564	1,401,561	222,003
Westwood Community Center	168,594	169,752	104,664	65,088
South Jackson Community Center	74,024	75,263	63,666	11,597
Pringles Park	937,777	975,774	638,866	336,908
Cypress Grove Nature Park	77,042	78,550	63,478	15,072
Dog Park	-	19,127	14,002	5,125
Depot	-	-	7,067	(7,067)
Riverside Cemetery	70,000	70,000	18,067	51,933
Oman Arena	150,643	150,643	125,622	25,021
Civic Center	717,029	726,079	560,537	165,542
Fairgrounds	441,567	447,374	375,080	72,294
Legends Music Museum	63,917	63,917	13,406	50,511
Carnegie/Ned	394,732	399,689	346,845	52,844
T.R. White Sportsplex	534,910	540,136	336,098	204,038
Tennis Center	75,327	76,134	56,718	19,416
Bemis Community Center	10,524	10,524	16,475	(5,951)
Golf Course	36,482	36,482	26,166	10,316
Treemendous projects	1,910	1,910	-	1,910
Miss Tennessee Pageant	35,000	35,000	38,802	(3,802)
Total Public Welfare and Community Service	<u>10,053,360</u>	<u>10,219,702</u>	<u>8,771,262</u>	<u>1,448,440</u>
Total Expenditures	<u>74,961,492</u>	<u>77,306,867</u>	<u>72,290,038</u>	<u>5,016,829</u>
Excess (deficiency) of revenues over (under) expenditures	(3,660,638)	(4,993,210)	8,171,919	13,165,129
OTHER FINANCING USES				
Transfers out	-	-	(113,000)	(113,000)
Total Other Financing Uses	<u>-</u>	<u>-</u>	<u>(113,000)</u>	<u>(113,000)</u>
Net Change in Fund Balances	<u>\$ (3,660,638)</u>	<u>\$ (4,993,210)</u>	<u>8,058,919</u>	<u>\$ 13,052,129</u>
Fund Balance - Beginning, as restated			<u>20,589,623</u>	
Fund Balance - Ending			<u>\$ 28,648,542</u>	

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

CITY OF JACKSON, TENNESSEE
SOLID WASTE COLLECTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Sales and service charges	\$ 12,893,315	\$ 12,893,315	\$ 13,363,537	\$ 470,222
Total Revenues	<u>12,893,315</u>	<u>12,893,315</u>	<u>13,363,537</u>	<u>470,222</u>
EXPENDITURES				
Current:				
Public works	11,290,405	11,347,539	11,833,144	485,605
Debt service:				
Principal	167,457	167,457	157,250	(10,207)
Interest	10,278	10,278	12,501	2,223
Total debt service	<u>177,735</u>	<u>177,735</u>	<u>169,751</u>	<u>(7,984)</u>
Total Expenditures	<u>11,468,140</u>	<u>11,525,274</u>	<u>12,002,895</u>	<u>477,621</u>
Net Change in Fund Balances	<u>\$ 1,425,175</u>	<u>\$ 1,368,041</u>	1,360,642	<u>\$ (7,399)</u>
Fund Balance - Beginning			<u>928,386</u>	
Fund Balance - Ending			<u>\$ 2,289,028</u>	

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Solid Waste	Jackson Transit Authority	Community Development	Totals
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 72,641	\$ 329,877	\$ 181,397	\$ 583,915
Accounts receivable, (net)	-	18,316	13,157	31,473
Notes receivable	-	-	562,169	562,169
Grants receivable	-	307,408	-	307,408
Inventory	-	143,493	-	143,493
Total current assets	<u>72,641</u>	<u>799,094</u>	<u>756,723</u>	<u>1,628,458</u>
Noncurrent assets:				
Capital assets, not being depreciated	-	352,173	-	352,173
Capital assets, net of accumulated depreciation	-	5,953,748	-	5,953,748
Total capital assets	<u>-</u>	<u>6,305,921</u>	<u>-</u>	<u>6,305,921</u>
Foreclosed property	-	-	9,118	9,118
Total other noncurrent assets	<u>-</u>	<u>-</u>	<u>9,118</u>	<u>9,118</u>
Total noncurrent assets	<u>-</u>	<u>6,305,921</u>	<u>9,118</u>	<u>6,315,039</u>
Total assets	<u>72,641</u>	<u>7,105,015</u>	<u>765,841</u>	<u>7,943,497</u>
DEFERRED OUTFLOWS OF RESOURCES				
OPEB related items	-	382,843	-	382,843
Pension related items	-	423,152	-	423,152
Total deferred outflows of resources	<u>-</u>	<u>805,995</u>	<u>-</u>	<u>805,995</u>
LIABILITIES				
Current liabilities:				
Accounts payable	435	49,282	2,372	52,089
Current maturities of long-term notes payable/closure and post closure costs	28,920	-	-	28,920
Accrued expenses	-	236,189	-	236,189
Total current liabilities	<u>29,355</u>	<u>285,471</u>	<u>2,372</u>	<u>317,198</u>
Long-term liabilities:				
Net pension liability	-	524,254	-	524,254
OPEB liability	-	1,349,259	-	1,349,259
Accrued closure and post closure costs	140,197	-	-	140,197
Total long-term liabilities	<u>140,197</u>	<u>1,873,513</u>	<u>-</u>	<u>2,013,710</u>
Total liabilities	<u>169,552</u>	<u>2,158,984</u>	<u>2,372</u>	<u>2,330,908</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related items	-	120,645	-	120,645
OPEB related items	-	12,275	-	12,275
Total deferred inflows of resources	<u>-</u>	<u>132,920</u>	<u>-</u>	<u>132,920</u>
NET POSITION (DEFICIT)				
Net investment in capital assets	-	6,305,921	-	6,305,921
Unrestricted (deficit)	(96,911)	(686,815)	763,469	(20,257)
Total net position	<u>\$ (96,911)</u>	<u>\$ 5,619,106</u>	<u>\$ 763,469</u>	<u>\$ 6,285,664</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Solid Waste	Jackson Transit Authority	Community Development	Total
OPERATING REVENUES				
Charges for Services	\$ -	\$ 352,707	\$ -	\$ 352,707
Other operating revenues	-	9,620	5,389	15,009
Total Operating Revenues	<u>-</u>	<u>362,327</u>	<u>5,389</u>	<u>367,716</u>
OPERATING EXPENSES				
Operation	425	2,282,438	-	2,282,863
Maintenance	-	684,546	-	684,546
General administration	-	700,626	-	700,626
Provision for depreciation	-	592,993	-	592,993
Total Operating Expenses	<u>425</u>	<u>4,260,603</u>	<u>-</u>	<u>4,261,028</u>
Operating Income (loss)	(425)	(3,898,276)	5,389	(3,893,312)
NONOPERATING REVENUES (EXPENSES)				
Interest and other income	139	10,237	-	10,376
Grant revenues	-	2,050,893	-	2,050,893
Total Nonoperating Revenues (Expenses)	<u>139</u>	<u>2,061,130</u>	<u>-</u>	<u>2,061,269</u>
Income Before Capital Contributions	<u>(286)</u>	<u>(1,837,146)</u>	<u>5,389</u>	<u>(1,832,043)</u>
Capital contributions	<u>-</u>	<u>149,930</u>	<u>-</u>	<u>149,930</u>
Change in Net Position	(286)	(1,687,216)	5,389	(1,682,113)
Net Position - Beginning, as restated	<u>(96,625)</u>	<u>7,306,322</u>	<u>758,080</u>	<u>7,967,777</u>
Net Position - Ending	<u>\$ (96,911)</u>	<u>\$ 5,619,106</u>	<u>\$ 763,469</u>	<u>\$ 6,285,664</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Solid Waste	Jackson Transit Authority	Community Development	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from consumers	\$ -	\$ 347,171	\$ 5,389	\$ 352,560
Cash received from other operations	-	9,620	-	9,620
Cash paid to suppliers of goods and services	(36,683)	(956,743)	(12,545)	(1,005,971)
Cash paid to employees for services	-	(2,679,867)	-	(2,679,867)
Cash (paid to) received from other funds	-	-	21,543	21,543
Net cash provided (used) by operating activities	<u>(36,683)</u>	<u>(3,279,819)</u>	<u>14,387</u>	<u>(3,302,115)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Disbursements of community development loans	-	-	(31,290)	(31,290)
Principal collections of community development loans	-	-	37,484	37,484
Appropriations from City	-	65,763	-	65,763
Other non-operating income	-	9,853	-	9,853
Cash received from grants	-	2,822,319	-	2,822,319
Net cash provided by non-capital financing activities	<u>-</u>	<u>2,897,935</u>	<u>6,194</u>	<u>2,904,129</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Construction and acquisition of property and equipment	-	(115,862)	-	(115,862)
Capital grants received	-	149,930	-	149,930
Net cash provided by capital and related financing activities	<u>-</u>	<u>34,068</u>	<u>-</u>	<u>34,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earned	<u>139</u>	<u>384</u>	<u>-</u>	<u>523</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(36,544)	(347,432)	20,581	(363,395)
Cash and Cash Equivalents - Beginning	<u>109,185</u>	<u>677,309</u>	<u>160,816</u>	<u>947,310</u>
Cash and Cash Equivalents - Ending	<u>\$ 72,641</u>	<u>\$ 329,877</u>	<u>\$ 181,397</u>	<u>\$ 583,915</u>

(Continued)

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Solid Waste	Jackson Transit Authority	Community Development	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES				
Operating income (loss)	\$ (425)	\$ (3,898,276)	\$ 5,389	\$ (3,893,312)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation expense	-	592,993	-	592,993
Change in closure/postclosure liability	(30,567)	-	-	(30,567)
(Increase) decrease:				
Accounts receivable	-	(5,535)	(13,157)	(18,692)
Deferred outflows of resources	-	(22,498)	-	(22,498)
Inventory	-	(30,153)	-	(30,153)
Due from other funds	-	-	21,543	21,543
Accounts payable and accrued expenses	(5,691)	(27,567)	612	(32,646)
Net pension liability	-	34,833	-	34,833
OPEB liability	-	146,080	-	146,080
Deferred inflows of resources	-	(69,696)	-	(69,696)
Net cash provided (used) by operating activities	<u>\$ (36,683)</u>	<u>\$ (3,279,819)</u>	<u>\$ 14,387</u>	<u>\$ (3,302,115)</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Trust Fund
ASSETS	
Cash	\$ 109,498
Total Assets	109,498
 NET POSITION	
Net position held in trust for employee benefits	109,498
Total net position	\$ 109,498

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Trust Fund
Revenues:	
Other:	
Employer contributions	\$ 398,718
Net investment income	2
Total revenues	398,720
Expenditures:	
Employee benefits	399,578
Total expenditures	399,578
Change in Net Position	(858)
Net Position - Beginning	110,356
Net Position - Ending	\$ 109,498

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

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CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

B. 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.

Primary Government. The accompanying financial statements present the City (primary government) and its component unit, an entity for which the City is considered to be financially accountable. The City is financially accountable if it appoints a voting majority of the organization's governing body, and (1) it is able to impose its will on the organization, or (2) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that those entities are legally separate from the City.

Blended Component Unit. 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 Transit Authority is presented as a blended component unit mainly because their board is appointed by the City Council and Jackson Transit Authority is part of both health insurance, retirement, and now postretirement benefits of the City of Jackson.

Discretely Presented Component Units. 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 as 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

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

B. Reporting Entity (continued)

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 both because of the debt listed but also the fact that the Mayor appoints the board members of Jackson Energy Authority.

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 because of the fact that the City Council appoints the board members and there is a fiscal dependency on the City by the Jackson Community Redevelopment Agency.

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

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 \$876,212 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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

B. Reporting Entity (continued)

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.

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

Jackson-Madison County Community Economic
Development Commission
38301 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

C. Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the City's enterprise funds. 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.

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 where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric, waterworks, cable and internet, telephone, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

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.

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 and solid waste related grant revenues. 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 *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.

Additionally, the City reports the following fiduciary fund:

The defined benefit trust fund is used to account for assets held for employees in accordance with the provisions of the Employees Retirement System Plan.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

D. Basis of Presentation – Fund Financial Statements (Continued)

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

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*. 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, even though the receivable is recognized in the prior period when the enforceable legal claim arises. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Measurement Focus and Basis of Accounting (continued)

compensated absences, claims and judgments, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2021, were not recorded as receivables because they were not estimable.

The proprietary and other postemployment benefit trust funds are reported using the economic resources measurement focus and the accrual basis of accounting.

F. Budgetary Information

Budgetary Basis of Accounting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles 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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Investments

Investments for the City are reported at fair value (generally based upon quoted market prices) except for the position in the Local Government Investment Pool (LGIP) and certificates of deposit. The Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The LGIP is subject to regulatory oversight by the State Treasurer, although it is not registered with the Securities and Exchange Commission (SEC). The LGIP has met the criteria under GASB Statement No. 79 to value its investments at amortized cost and has elected to do so. The City reports its investment in the LGIP at amortized cost.

3. 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 purchased.

Inventories for 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 the government-wide financial statements and fund financial statements for the proprietary funds. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

4. Capital Assets

Capital assets, which include property, plant, 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 City as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of two years. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital Assets (continued)

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their acquisition value at the date of donation.

Land and Construction in Progress are not depreciated. The capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Improvements other than buildings	20
Machinery and equipment	3-20
Infrastructure	12-40
Furniture and fixtures	5-15

5. Pensions

For purposes of 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 the single employer defined pension plan and also their participation in the TCRS plan, and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefit payments (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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports 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(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has three items that qualify for reporting in this category; deferred outflows related to refunding, deferred outflows related to pensions, and deferred outflows related to other postemployment benefits. All of these are reported in the government-wide statement of net position and the statement of net position for proprietary funds. These items result from the differences in the carrying value of refunded debt and its reacquisition price and from the requirements recognized under GASB 68 for pensions and GASB 75 for OPEB. The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and other changes in the net pension liability and are disclosed more in Note 8. The deferred outflows relate to other postemployment benefits reflects payments made by the City not currently recognized by the OPEB plans and other changes in the net OPEB liability and are disclosed more in Note 7. In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of fund balance or net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has four types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. This item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, as well as other receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to deferred property taxes recorded in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity wide statement of net position. The third item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note 8. The fourth item relates to the recognition of other postemployment benefits as required under GASB 75. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and is discussed more in Note 7.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

7. Net Position Flow Assumptions

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 government-wide and proprietary 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 - net position to have been depleted before unrestricted - net position is applied.

8. Fund Balance Flow Assumptions

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 investment earnings and then 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 and then followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The Council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. Fund Balance Policies (continued)

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The Council has by resolution authorized the City Recorder to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Minimum Fund Balance Policy. The City will maintain an adequate, unassigned fund balance to accommodate unexpected expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, or revenues for special opportunities. For the General Fund, the City will maintain, at a minimum, an unassigned fund balance equal to three months of total appropriated expenditures and transfers. The targeted unassigned fund balance is four months.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes receivable are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1st in Tennessee and is referred to as the "lien date." Revenues from property taxes are recognized in the period for which the taxes are levied. The City's levy date is October 1st, even though the receivable and deferred inflow of resources are recognized in the prior period when the enforceable legal claim arises. Tax notices are typically mailed in October following the levy date and the majority of collections are received during the remainder of the calendar year. The tax due date is January 5th of the following calendar year or the following business day if the 5th is on a weekend. Penalty and interest are applied to all accounts with an outstanding balance after the due date.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

H. Revenues and Expenditures/Expenses (Continued)

3. 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 ½ days of annual leave (fire employees accumulate 37 ½ days), which is fully vested, and 75 days of sick leave (fire employees accumulate 11 ¼ days), 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.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Jackson Transit Authority are charges to customers for sales and services. Operating expenses for enterprise 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.

I. Other

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and deferred outflows of resources and liabilities deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2. DEPOSITS AND INVESTMENTS:

Deposits

Deposits include demand deposits, money market accounts, and certificates of deposit managed by an agent of the City in the City's name.

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes impose various restrictions on the City's and the Board's deposits and investments, including repurchase agreements. These restrictions are summarized for deposits as follows: all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

The City's carrying amount of deposits was \$29,062,107 and the balance in financial institutions was \$30,338,548. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

The City also manages cash for the trust fund maintained by the City. The City's carrying amount of deposits for the trust funds was \$109,498 and the balance in financial institutions was \$109,498. The deposits have not been reflected in the government-wide Statement of Net Position. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

At June 30, 2021, the City's investment balances consisted of State of Tennessee Local Government Investment Pool (the "TN LGIP") investments of \$10,352,282 with maturity of less than a year.

Investments in the State of TN LGIP are uncategorized in terms of credit risk because specific securities related to the City cannot be identified. The investments in US Treasury Notes were all rated Aaa by Moody's.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The City does not have a formal policy for interest rate risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee Collateral Pool.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy for credit risk other than pledging securities for amounts in excess of FDIC coverage that are also not covered by the State of Tennessee State Collateral Pool.

State statutes authorize the City to invest in bonds, notes, or treasury bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations; obligations of the United States of America or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the fair value of the security itself is more than the amount of funds invested, provided, that municipalities may invest in reverse purchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board; the State of Tennessee Local Government Investment Pool (TN LGIP); and obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. There are no withdrawal restrictions related to the TN LGIP. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2021, the LGIP had a weighted average maturity of 44 days.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):

The LGIP is audited as part of the Annual Comprehensive Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, Division of Accounts, 312 Rosa Parks Avenue, Suite 2100, Nashville, TN 37243 or can be accessed at www.tn.gov/finance/rd-doa/fa-accfin-cafr.html. LGIP is reported as cash equivalents.

NOTE 3. RECEIVABLES:

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

	General	Debt Service	Capital Outlay	Solid Waste Collection	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:							
Taxes	\$ 25,843,434	\$ 10,517,659	\$ 34,970	\$ -	\$ -	\$ -	\$ 36,396,063
Accounts	52,788	89,657	-	1,982,234	18,316	-	2,142,995
Grants	-	-	539,134	-	307,408	56,074	902,616
Intergovernmental	8,610,601	-	-	-	-	-	8,610,601
Court fines	955,542	-	-	-	-	167,418	1,122,960
Notes	107,950	-	-	-	-	-	107,950
Gross receivables	<u>35,570,315</u>	<u>10,607,316</u>	<u>574,104</u>	<u>1,982,234</u>	<u>325,724</u>	<u>223,492</u>	<u>49,283,185</u>
Less: Allowance	<u>(1,995,162)</u>	<u>(337,122)</u>	<u>-</u>	<u>(68,945)</u>	<u>-</u>	<u>(155,804)</u>	<u>(2,557,033)</u>
Total receivables	<u>\$ 33,575,153</u>	<u>\$ 10,270,194</u>	<u>\$ 574,104</u>	<u>\$ 1,913,289</u>	<u>\$ 325,724</u>	<u>\$ 67,688</u>	<u>\$ 46,726,152</u>

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 report unearned revenue in connection with resources that have been received but not yet earned and reflect these funds as unearned revenue in the financial statements.

Notes Receivables

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, 2023, 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, 2021 was \$107,950.

The City has several community development loans which were issued for local repair and rehabilitation projects through the City's revolving loan program. The balance of these loans outstanding as of June 30, 2021 is \$746,926, with an associated allowance for doubtful accounts of \$184,757.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 4. CAPITAL ASSETS:

Capital asset activity for the year ended June 30, 2021, was as follows:

Governmental Activities

	Restated Beginning Balance	Increases	Decreases	Transfers	Beginning Balance
Capital assets, not being depreciated					
Land	\$ 28,548,173	\$ -	\$ -	\$ -	\$ 28,548,173
Construction in progress	9,985,430	2,362,476	-	(8,294,348)	4,053,558
Total capital assets, not being depreciated	<u>38,533,603</u>	<u>2,362,476</u>	<u>-</u>	<u>(8,294,348)</u>	<u>32,601,731</u>
Capital assets, being depreciated					
Buildings	80,944,078	203,179	-	-	81,147,257
Improvements other than buildings	6,994,822	865,356	-	8,294,348	16,154,526
Machinery & equipment	42,611,505	5,499,302	(131,803)	-	47,979,004
Infrastructure	124,487,330	-	-	-	124,487,330
Total capital assets, being depreciated	<u>255,037,735</u>	<u>6,567,837</u>	<u>(131,803)</u>	<u>8,294,348</u>	<u>269,768,117</u>
Less accumulated depreciation:					
Buildings	(47,459,661)	(1,884,279)	-	-	(49,343,940)
Improvements other than buildings	(1,872,495)	(398,196)	-	-	(2,270,691)
Machinery & equipment	(34,341,509)	(2,982,221)	131,803	-	(37,191,927)
Infrastructure	(64,386,788)	(3,865,725)	-	-	(68,252,513)
Total accumulated depreciation	<u>(148,060,453)</u>	<u>(9,130,421)</u>	<u>131,803</u>	<u>-</u>	<u>(157,059,071)</u>
Total capital assets, depreciable, net	<u>106,977,282</u>	<u>(2,562,584)</u>	<u>-</u>	<u>8,294,348</u>	<u>112,709,046</u>
Governmental activities capital assets, net	<u>\$ 145,510,885</u>	<u>\$ (200,108)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,310,777</u>

Effective July 1, 2020, the City elected to consolidate the activities of the City's Sportsplex into the General Fund. As a result, the beginning balances have been restated to reflect the increase in beginning balance historical cost of \$12,971,189 and increases in the beginning balances of accumulated depreciation of \$4,058,167, or a net increase in capital assets of \$8,913,022 due to the incorporation of the Sportsplex into governmental activities.

Additionally, the City transitioned the maintenance of the capital asset subledger from a manual spreadsheet to a system based sub-ledger. The resulted in an increase to the beginning balance of capital assets in the amount of \$941,212.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 4. CAPITAL ASSETS (CONTINUED):

Business-type Activities –

	Restated Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 352,173	\$ -	\$ -	\$ 352,173
Total capital assets, not being depreciated	<u>352,173</u>	<u>-</u>	<u>-</u>	<u>352,173</u>
Capital assets, being depreciated				
Building and building improvements	5,240,375	-	-	5,240,375
Machinery & equipment	9,961,069	115,862	(2,047,144)	8,029,787
Furniture & fixtures	294,603	-	(142,330)	152,273
Total capital assets, being depreciated	<u>15,496,047</u>	<u>115,862</u>	<u>(2,189,474)</u>	<u>13,422,435</u>
Less accumulated depreciation:	<u>(9,065,168)</u>	<u>(592,993)</u>	<u>2,189,474</u>	<u>(7,468,687)</u>
Total capital assets, depreciable, net	<u>6,430,879</u>	<u>(477,131)</u>	<u>-</u>	<u>5,953,748</u>
Business-type activities capital assets, net	<u>\$ 6,783,052</u>	<u>\$ (477,131)</u>	<u>\$ -</u>	<u>\$ 6,305,921</u>

Effective July 1, 2020, the City elected to consolidate the activities of the City's Sportsplex into the General Fund. As a result, the beginning balances have been restated to reflect the increase in beginning balance historical cost of \$12,971,189, and increases in the beginning balances of accumulated depreciation of \$4,058,167, or a net increase in capital assets of \$8,913,022 due to the incorporation of the Sportsplex into governmental activities.

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

Governmental Activities:	
General Government	\$ 806,001
Public Safety	1,818,045
Public Works	5,224,216
Public Welfare and Community Service	<u>1,282,159</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 9,130,421</u>
Business-type Activities:	
Jackson Transit Authority	<u>\$ 592,993</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 592,993</u>

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 5. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:

The composition of interfund balances as of June 30, 2021, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Non-major governmental fund	Non-major governmental fund	\$ <u>367</u>

The outstanding balances between funds result mainly from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur. The City's intention is to repay all interfund liabilities within the next fiscal year.

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, and (2) 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.

The composition of interfund transfers as of June 30, 2021, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Outlay Fund	General Fund	\$ 113,000
		<u>\$ 113,000</u>
Nonmajor governmental funds	Nonmajor governmental funds	\$ 240,974
		<u>\$ 240,974</u>

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 6. LONG-TERM LIABILITIES:

The following is a summary of debt transactions of the City for the year ended June 30, 2021:

	Restated						Ending	Due Within
	Beginning						Balance	One Year
	Balance	Additions	Reductions	Refundings			Balance	One Year
Governmental activities:								
General obligation bonds	\$ 62,885,000	\$ -	\$ (6,960,000)	\$ -			\$ 55,925,000	\$ 7,285,000
Capital outlay notes	5,593,500	1,759,152	(681,000)	-			6,671,652	1,029,152
Premium on debt issuance	10,858,901	-	(1,750,642)	-			9,108,259	-
Financed purchase lease	-	4,997,624	-	-			4,997,624	444,039
Net pension liability	11,812,496	17,262,991	(17,156,878)	-			11,918,609	-
Net pension liability - ERS	4,096,754	99,138	(1,650,348)	-			2,545,544	-
Total OPEB liability	19,685,341	1,210,117	(963,031)	-			19,932,427	-
Compensated absences	2,311,901	1,726,494	(2,199,213)	-			1,839,182	1,546,726
Governmental activity								
Long-term liabilities	<u>\$ 117,243,893</u>	<u>\$ 27,055,516</u>	<u>\$ (31,361,112)</u>	<u>\$ -</u>			<u>\$ 112,938,297</u>	<u>\$ 10,304,917</u>
Business-type activities:								
Total OPEB liability	\$ 1,203,179	\$ 211,269	\$ (65,189)	\$ -			\$ 1,349,259	\$ -
Net pension liability	489,421	789,444	(754,611)	-			524,254	-
Accrued closure/postclosure	199,684	3,395	(33,962)	-			169,117	28,920
Business-type activity								
Long-term liabilities	<u>\$ 1,892,284</u>	<u>\$ 1,004,108</u>	<u>\$ (853,762)</u>	<u>\$ -</u>			<u>\$ 2,042,630</u>	<u>\$ 28,920</u>

Within the City's governmental activities, compensated absences are generally liquidated by the General Fund. The beginning balances of business-type activities and governmental activities were both restated to show the consolidation of the Sportsplex into governmental activities as of July 1, 2020. Additionally, the accrued post-closure costs were restated to account for inflation rate changes from the last engineering study in 2012. This increased the beginning liability for the estimated post-closure monitoring costs by \$26,164.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 6. LONG-TERM LIABILITIES (CONTINUED):

General Obligation Bonds

The City of Jackson issued \$63,585,000 of General Obligation Bonds, Series 2019, with a coupon rate of 5%. Payments will begin on June 1, 2020 and will mature on June 1, 2039. A portion of the proceeds \$6,036,228 (including a \$961,228 bond premium and after payment of \$36,228 in issuance costs and underwriters fees) will be used to finance the costs of certain public works projects including but not limited to the acquisition, construction, installation, renovation, restoration, paving and/or repaving of roads and streets, storm water sewers and drains, traffic signalization, and other public infrastructure, and the purchase, acquisition and installation of law enforcement and emergency services equipment, vehicles and other equipment for the fire, police, health and sanitation departments. The remaining net proceeds of \$68,407,673 (including a \$9,897,673 bond premium and after payment of \$389,225 in issuance costs and underwriters fees), were deposited with an escrow agent to provide funds for the future debt service payment on the refunded bonds.

Due to refinancing of the General Obligation Bonds, Series 2009, and the General Obligation Loan Program Bonds, Series 2011, Series 2013, Series 2015, and Series 2018, the bonds generated a cash flow savings of \$4,721,500 with a net present value of \$4,463,440 related to the favorable interest rates. As a result, the General Obligation Bonds, Series 2009, and the General Obligation Loan Program Bonds, Series 2011, Series 2013, Series 2015, and Series 2018 bonds are considered to be defeased and the liability for those bonds has been removed from the statements of net position. As of June 30, 2021, the City's outstanding balance of the 2019 bonds was \$55,925,000.

The annual requirements to amortize the bonds as of June 30, 2021, for the governmental activities are as follows:

June 30,	Principal	Interest	Total
2022	\$ 7,285,000	\$ 2,673,150	\$ 9,958,150
2023	7,630,000	2,308,900	9,938,900
2024	8,535,000	1,927,400	10,462,400
2025	2,965,000	1,500,650	4,465,650
2026	3,085,000	1,352,400	4,437,400
2027-2031	14,115,000	4,451,750	18,566,750
2032-2036	10,120,000	1,462,000	11,582,000
2037-2039	2,190,000	152,600	2,342,600
	<u>\$ 55,925,000</u>	<u>\$ 15,828,850</u>	<u>\$ 71,753,850</u>

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 6. LONG-TERM LIABILITIES (CONTINUED):

Notes Payable – Direct Placement

The City issues notes to provide funds for the acquisition and construction of major capital facilities. Notes payable at June 30, 2021, is comprised of the following:

Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2024, interest-free	\$ 150,000
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%	1,975,000
General Obligation Capital Outlay Note Series 2016, original issue was \$2,400,000, payable in annual installments beginning 2017 through 2029, variable interest rate ranging from a high of 3.55% to a low of 2.45% during current year, interest rate of 2.45% at year end	1,600,000
General Obligation Capital Outlay Note Series 2017, original issue was \$1,700,000, payable in annual installments beginning 2018 through 2025, interest rate of 2.65% at year end	1,062,500
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	125,000
General Obligation Capital Outlay Note Series 2021, original issue was \$1,759,152, payable in semiannual installments beginning 2016 through 2023, interest rate of 1.38% at year end	<u>1,759,152</u>
	<u>\$ 6,671,652</u>

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 6. LONG-TERM LIABILITIES (CONTINUED):

Notes Payable (continued)

The annual requirements to amortize the notes payable as of June 30, 2021, for the governmental activities are as follows:

June 30,	Principal	Interest	Total
2022	\$ 1,029,152	\$ 180,338	\$ 1,209,490
2023	1,041,000	157,749	1,198,749
2024	990,500	132,569	1,123,069
2025	953,500	108,464	1,061,964
2026	965,500	83,634	1,049,134
2027-2031	1,692,000	188,004	1,880,004
	<u>\$ 6,671,652</u>	<u>\$ 850,758</u>	<u>\$ 7,522,410</u>

Financed Purchase Lease – Direct Placement

During the fiscal year 2021, the City entered into a financed purchase lease for financing the acquisition of new fire department equipment. The lease agreement qualified as a capital lease for accounting purposes (title transfers at the acceptance of the equipment under the lease) and, therefore, has been recorded at the present values of the future minimum lease payments at the date of their inception. As of June 30, 2021, the City has \$3,538,385 of equipment under financed purchase leases

The annual requirements for the lease as of June 30, 2021, for the governmental activities are as follows:

June 30,	Principal	Interest	Total
2022	\$ 444,039	\$ 129,938	\$ 573,977
2023	455,584	118,393	573,977
2024	467,429	106,548	573,977
2025	479,582	94,395	573,977
2026	492,051	81,926	573,977
2027-2031	2,658,939	210,945	2,869,884
	<u>\$ 4,997,624</u>	<u>\$ 742,145</u>	<u>\$ 5,739,769</u>

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 6. LONG-TERM LIABILITIES (CONTINUED):

Demolition Landfill Closure and Postclosure Care Costs

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 site 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 began during in the fiscal year ended June 30, 1994, and was completed in the fiscal year ended June 30, 1996. The accrued postclosure care cost liability at June 30, 2021, is \$169,117.

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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

City of Jackson OPEB Program

Plan Description

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. The plan has no assets accumulated in a trust and is considered to be a single-employer defined benefit plan. The plan only pays claims on a pay-as-you-go basis. The City Council of Jackson administers the plan and has the authority to change benefits terms. Employees retiring prior to July 1, 1992, have the same benefits as active employees. There is currently one retiree covered under the PPO plan. The City pays 75% of individual medical and hospitalization premiums for one 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 eight 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, 2021, these costs are not separable from the costs for active employees.

Benefits Provided

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, 2021, is not separable from the costs for active employees.

Membership

The number of participants at June 30, 2021, was as follows:

Retiree Participants	93
Beneficiaries	27
Active Participants	<u>681</u>
Total	<u>801</u>

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):

City of Jackson OPEB Program (Continued)

Total OPEB Liability

The following table shows the components of the City's annual OPEB cost for the year, the amounts contributed to the Plan, and changes in the City's total OPEB liability.

Balances at 6/30/2020, restated	<u>\$ 20,888,520</u>
Changes for the year:	
Service cost	849,991
Interest	469,121
Assumption changes	102,274
Benefit payments	<u>(1,028,220)</u>
Net changes	<u>393,166</u>
Balances at 6/30/2021	<u><u>\$ 21,281,686</u></u>

The required schedule of changes in the City's total OPEB liability and related ratios immediately following the notes to the financial statements presents multi-year trend information about whether the value of plan assets is increasing or decreasing over time relative to the total OPEB liability.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	<u>1% Decrease (1.16%)</u>	<u>Current Discount Rate (2.16%)</u>	<u>1% increase (3.16%)</u>
Total OPEB liability	\$ 23,468,086	\$ 21,281,686	\$ 19,352,752

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):

City of Jackson OPEB Program (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using healthcare costs trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost rates:

	1% Decrease	Current	1% increase
Total OPEB liability	\$ 19,082,560	\$ 21,281,686	\$ 23,914,312

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	2.16%
Cost Method	Entry age normal
Inflation	2.30%
Health Care Trend Rates	5.50% - 3.70%, with ultimate trend rate in 2073
Salary increases including inflation	3.0%

Mortality rates were based on the Pub-2010 General and Safety Amount-Weighted Mortality Tables for Employees, Healthy Retirees, and Contingent Survivors, male and female rates, with generational projection from 2010 using Scale MP-2020.

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of June 30, 2021 census data and plan information.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 7. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):

City of Jackson OPEB Program (Continued)

OPEB Expense (Income) and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021, the recognized OPEB expense is \$2,145,124. At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 3,980,652	\$ -
Changes in assumptions	2,057,883	(193,604)
Total	\$ 6,038,535	\$ (193,604)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2022	\$ 826,013
2023	826,013
2024	826,013
2025	826,013
2026	826,013
Thereafter	1,714,866
Total	\$ 5,844,931

NOTE 8. PENSION PLANS:

City of Jackson, State Retirement System

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 Tennessee Consolidated Retirement System (“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 publicly available financial report that can be obtained at:

<https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, State Retirement System (continued)

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 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, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	694
Inactive Employees Entitled but not yet Receiving Benefits	386
Active Employees	<u>759</u>
Total Employees	<u>1,839</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, the employer contributions for the City were \$6,725,978 based on a rate of 18.06% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City'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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, State Retirement System (Continued)

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability (asset) 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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

Actuarial assumptions used in the June 30, 2020, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 actuarial experience study. A blend of future capital projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, State Retirement System (Continued)

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	20%
Real Estate	4.32%	10%
Short-term Securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 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 the City 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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, State Retirement System (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2019	\$ 205,098,403	\$ 192,796,486	\$ 12,301,917
Changes for the year:			
Service cost	3,257,892	-	3,257,892
Interest	14,728,011	-	14,728,011
Differences between expected and actual experience	(1,537,530)	-	(1,537,530)
Contributions—employer	-	6,900,091	(6,900,091)
Net investment income	-	9,473,868	(9,473,868)
Benefit payments, including refunds of employee contributions	(10,422,628)	(10,422,628)	-
Administrative expense	-	(66,532)	66,532
Net changes	6,025,745	5,884,799	140,946
Balances at 6/30/2020	\$ 211,124,148	\$ 198,681,285	\$ 12,442,863

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% increase (8.25%)
Net pension liability (asset)	\$ 38,815,822	\$ 12,442,863	\$ (9,600,529)

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, State Retirement System (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense is \$4,866,982. For the year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference between expected and actual experience	\$ 583,203	\$ 2,863,433
Net difference between projected and actual earnings on pension plan investments	1,392,470	-
Changes in assumptions	844,983	-
Contributions subsequent to the measurement date	<u>6,746,287</u>	<u>-</u>
Total	<u>\$ 9,566,943</u>	<u>\$ 2,863,433</u>

City contributions subsequent to the measurement date of June 30, 2020, 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:

<u>Fiscal Year Ending</u>	
2022	\$ (744,034)
2023	(519,270)
2024	653,280
2025	<u>567,247</u>
	<u>\$ (42,777)</u>

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

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, Tennessee Pension Plans

Plan Description

The City previously maintained an original pension plan fund and later a second plan called the Employees Retirement System fund, which is a single-employer defined benefit plan. The valuation is based on the arrangement commonly referred to as the City of Jackson Pension Plan. The City Council of Jackson administers and makes any changes to the plan including contribution requirements and benefit terms as considered necessary. 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

Membership of each plan consisted of the following at June 30, 2021:

Retirees & beneficiaries receiving benefits	22
Active plan members	<u>-</u>
Total	<u>22</u>

Contributions

The City makes payments equal to the annual Plan benefits required each year, as the Plan has no active employees to make contributions on behalf. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2021.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, Tennessee Pension Plans (Continued)

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2021, and the total net pension liability (asset) 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, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.30 percent
Investment Rate of Return	2.16 percent
Cost of Living Adjustments	2.50 percent
Mortality	Pub-2010 Amount Weighted Tables for General Retirees, Projected Generationally using Scale MP-2019
Actuarial cost method	Entry age normal

The long-term rate of return long-term expected rate of return on pension plan investments expected to be used to finance the payment of benefits, net of investment expenses.

Discount Rate

The discount rate used to measure the total pension liability was 2.16%. 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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, Tennessee Pension Plans (Continued)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at 6/30/2020	\$ 4,207,110	\$ 110,356	\$ 4,096,754
Changes for the year:			
Interest	90,874	-	90,874
Differences between expected and actual experience	(1,251,628)	-	(1,251,628)
Assumption changes	8,264	-	8,264
Contributions—employer	-	398,718	(398,718)
Net investment income	-	2	(2)
Benefit payments, including refunds of employee contributions	(399,578)	(399,578)	-
Net changes	(1,552,068)	(858)	(1,551,210)
Balances at 6/30/2021	\$ 2,655,042	\$ 109,498	\$ 2,545,544

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City calculated using the discount rate of 2.16 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% increase (3.16%)
Net pension liability	\$ 2,713,173	\$ 2,545,544	\$ 2,382,362

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 8. PENSION PLANS (CONTINUED):

City of Jackson, Tennessee Pension Plans (Continued)

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the City recognized a negative pension expense of \$1,152,970. For the year ended June 30, 2021, the City 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
Net difference between projected and actual earnings on pension plan investments	\$ 3,845	\$ -
Total	\$ 3,845	\$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	
2022	\$ 1,488
2023	1,054
2024	814
2025	489
	\$ 3,845

Payable to the Pension Plan

At June 30, 2021, the City reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 9. COMMITMENTS AND CONTINGENCIES:

Contractual Commitments:

In addition to the liabilities enumerated in the balance sheet, at June 30, 2021, the City has contractual commitments on uncompleted contracts of approximately \$2,723,465.

Guaranty to JEA:

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, 2021, is \$24,635,000.

Jackson Baseball Club, L.P. Stadium Service Expenses:

On June 7, 2011, the City entered into a lease agreement with the Jackson Baseball Club, L.P. The term of the lease agreement expired on December 31, 2020, and the Club has the option to review the lease for eight additional 3-year terms, up to 24 years. The lease agreement obliges the City, at the Club's request, to reimburse the Club for stadium service expenses up to \$500,000 annually. During the fiscal year ending June 30, 2021, the City reimbursed the Club for \$625,789 of expenses.

On December 14, 2021, the City entered into a new lease agreement IN THE BIG INNING, LLC (the "ITBI, LLC"). The term of the lease agreement began January 1, 2022, and runs for ten consecutive years, ending December 31, 2031, and ITBI, LLC has the option to review the lease for five additional years. The lease agreement obliges the City, at ITBI, LLC's request, to reimburse ITBI, LLC for stadium service expenses ranging from approximately \$630,000 to \$780,000, annually, over the term of the lease.

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.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 10. 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 and dental 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, 2021, the estimated liability for claims incurred but not paid was \$541,342. Activity in the estimated liability for claims incurred but not year paid were as follows for the years ended June 30, 2021 and 2020:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year- End
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2019-2020	\$ 353,522	\$ 8,528,823	\$ 8,448,181	\$ 434,164
2020-2021	434,164	9,505,129	9,397,951	541,342

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, 2021, the estimated liability for claims incurred but not paid was \$457,055.

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 10. RISK MANAGEMENT (CONTINUED):

Activity in the estimated liability for claims incurred but not yet paid were as follows for the years ended June 30, 2021 and 2020:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year- End
2019-2020	\$ 51,332	\$ 750,000	\$ 474,782	\$ 326,550
2020-2021	326,550	530,000	399,495	457,055

NOTE 10. TAX ABATMENTS:

The City negotiates property tax abatement agreements on an individual basis. The City has the following tax abatement agreements in the current fiscal year:

Entity and Terms	Percentage of Taxes Abated During Year Ended June 30, 2021	Amount of Taxes Abated during Year Ended June 30, 2021
Toyota Boshoku Tennessee, LLC - Real Property - Effective Year Beginning 2018 - Year Ending 2026. Abatement reduced an additional 10% each year subsequent.	60%	\$95,043
Toyota Boshoku Tennessee, LLC - Tangible Personal Property - Effective Year Beginning 2019 - Year Ending 2027. Abatement reduced an additional 10% each subsequent year.	80%	\$72,289
CTP Transportation Products, LLC - Real and Tangible Personal Property - Effective Year Beginning 2009 - Year Ending 2028. Abatement reduced an additional 10% each subsequent year.	80%	\$101,196
Bobrick Drive Partners, LP (Real Property) & Bobrick Washroom & Equipment Incorporated (Tangible Personal Property) - Effective Year Beginning 2020 - Year Ending 2024. Abatement reduced an additional 20% each subsequent year.	90%	\$17,952
Jackson Die Casting, LLC - Tangible Personal Property - Year Beginning 2018 - Year Ending 2022. Abatement reduced an additional 20% each subsequent year.	60%	\$21,899
Pringles Mfg. Co. - Tangible Personal Property # 1 - Effective Year Beginning 2001 (Restarted 2010) - Year Ending 2015 (for Restart) 2025. Abatement remains 33.7% each year.	33.7%	\$14,256
Pringles Mfg. Co. - Tangible Personal Property # 2 - Effective Year Beginning 2016 - Year Ending 2026. Abatement reduced an additional 10% each subsequent year.	60%	\$303,590
TBDN Tenn Co - Tangible Personal Property - Effective Year Beginning 2017 - Year Ending 2021. Abatement reduced an additional 40% each subsequent year.	40%	\$42,614

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 11. RESTATEMENTS:

The City has determined restatements to beginning net position of governmental activities and the fund balance of the General Fund were required to account for the City's Sportsplex activity in the General fund and governmental activities. Additionally, restatements were required to (1) adjust the total OPEB liability and related deferrals to be consistent with the actuary report, (2) adjust capital assets to reconcile to the detail subsidiary ledger, (3) accrue the interest incurred as of June 30, 2020 not previously reported, (4) adjust the amortization of premium on the bonds not previously reported, (5) adjust the City's single employer pension plan to account for change in actuary assumptions not previously reported, and (6) record the estimated claims payable balances not included in the prior year. The effect of the restatement resulted in a change to beginning net position of the governmental activities and beginning fund balance of the General Fund, are as follows:

	Governmental Activities
Net Position, governmental activities, as previously reported	\$ 60,937,807
Adjustment to reconcile capital asset to subledger	941,212
Adjustment for accrued interest	(299,792)
Adjustment for the City's single employer pension	(341,107)
Adjustment of OPEB	(1,337,629)
Adjustment of bond premiums	(170,365)
Adjustment to record claims payable	(760,714)
Adjustment to capture the long-term assets and liabilities of Sportsplex	7,064,009
To account for the the Sportsplex activity in the General Fund	120,359
Net Position, governmental activities, as restated	\$ 66,153,780
	General Fund
Fund balance, general fund, as previously reported	\$ 20,469,264
To account for the the Sportsplex activity in the General Fund	120,359
Fund balance, general fund, as restated	\$ 20,589,623

CITY OF JACKSON, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2021

NOTE 11. RESTATEMENTS (CONTINUED):

The City has determined restatements to beginning net position of business-type activities, the Sportsplex Fund, Solid Waste Fund, and the Community Development Fund were required (1) to roll the Sportsplex Fund into the General Fund, (2) to adjust the closure/post-closure liability for inflation, and (3) to record notes receivable outstanding for community development loans. The effect of the restatements resulted in a change to beginning net position of the business-type activities, the Sportsplex Fund, Solid Waste Fund, and the Community Development Fund, are as follows:

	Business-type Activities
Net Position, business-type activities, as previously reported	\$ 14,582,598
To roll the Sportsplex Fund into the General Fund	(7,072,421)
To adjust closure/post-closure liability	(26,164)
To adjust OPEB liabilities and related deferrals	(84,599)
To record notes receivables	568,363
Net Position, business-type activities, as restated	<u>\$ 7,967,777</u>
	Sportsplex
Net Position, Sportsplex Fund, as previously reported	\$ 7,072,421
To roll the Sportsplex Fund into the General Fund	(7,072,421)
Net Position, Sportsplex Fund, as restated	<u>\$ -</u>
	Solid Waste
Net Position, Solid Waste Fund, as previously reported	\$ (70,461)
To adjust closure/post-closure liability	(26,164)
Net Position, Solid Waste Fund, as restated	<u>\$ (96,625)</u>
	Community Development
Net Position, Community Development Fund, as previously reported	\$ 189,717
To record notes receivables	568,363
Net Position, Community Development Fund, as restated	<u>\$ 758,080</u>
	Jackson Transit Authority
Net Position, Solid Waste Fund, as previously reported	\$ 7,390,921
To adjust closure/post-closure liability	(84,599)
Net Position, Solid Waste Fund, as restated	<u>\$ 7,306,322</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF JACKSON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS
LAST FISCAL YEAR ENDING JUNE 30

	2014	2015	2016	2017	2018	2019	2020
Total Pension Liability							
Service Cost	\$ 2,812,416	\$ 2,913,921	\$ 2,901,389	\$ 2,984,148	\$ 3,166,271	\$ 3,040,565	\$ 3,257,892
Interest	11,835,576	12,556,747	12,955,605	13,467,519	13,907,964	14,144,972	14,728,011
Change in Benefit Terms	-	-	-	-	-	-	-
Difference Between Actual & Expected Experience	2,414,505	(1,930,126)	(355,294)	563,063	(4,083,521)	784,320	(1,537,530)
Change in Assumptions	-	-	-	4,224,907	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(7,209,401)	(7,887,368)	(8,532,446)	(8,985,428)	(9,323,971)	(9,867,895)	(10,422,628)
Net Change in Total Pension Liability	9,853,096	5,653,174	6,969,254	12,254,209	3,666,743	8,101,962	6,025,745
Total Pension Liability - Beginning	<u>158,599,965</u>	<u>168,453,061</u>	<u>174,106,235</u>	<u>181,075,489</u>	<u>193,329,698</u>	<u>196,996,441</u>	<u>205,098,403</u>
Total Pension Liability - Ending (a)	<u>\$ 168,453,061</u>	<u>\$ 174,106,235</u>	<u>\$ 181,075,489</u>	<u>\$ 193,329,698</u>	<u>\$ 196,996,441</u>	<u>\$ 205,098,403</u>	<u>\$ 211,124,148</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 6,552,755	\$ 6,432,498	\$ 6,617,222	\$ 6,790,927	\$ 6,801,702	\$ 7,158,914	\$ 6,900,091
Contributions - Employee	-	3,130	388	-	-	471	-
Net Investment Income	21,401,369	4,604,343	4,041,409	17,484,095	14,057,502	13,456,937	9,473,868
Benefit Payments, Including Refunds of Employee Contributions	(7,209,401)	(7,887,368)	(8,532,446)	(8,985,428)	(9,323,971)	(9,867,895)	(10,422,628)
Administrative Expense	(33,628)	(37,025)	(56,020)	(64,160)	(71,099)	(68,229)	(66,532)
Net Change in Plan Fiduciary Net Position	<u>20,711,095</u>	<u>3,115,578</u>	<u>2,070,553</u>	<u>15,225,434</u>	<u>11,464,134</u>	<u>10,680,198</u>	<u>5,884,799</u>
Plan Fiduciary Net Position - Beginning	<u>129,529,496</u>	<u>150,240,589</u>	<u>153,356,167</u>	<u>155,426,720</u>	<u>170,652,154</u>	<u>182,116,288</u>	<u>192,796,486</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 150,240,591</u>	<u>\$ 153,356,167</u>	<u>\$ 155,426,720</u>	<u>\$ 170,652,154</u>	<u>\$ 182,116,288</u>	<u>\$ 192,796,486</u>	<u>\$ 198,681,285</u>
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 18,212,470</u>	<u>\$ 20,750,068</u>	<u>\$ 25,648,769</u>	<u>\$ 22,677,544</u>	<u>\$ 14,880,153</u>	<u>\$ 12,301,917</u>	<u>\$ 12,442,863</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	89.19%	88.08%	85.84%	88.27%	92.45%	94.00%	94.11%
Covered Payroll	\$ 34,206,282	\$ 34,325,416	\$ 35,416,058	\$ 36,334,102	\$ 36,021,470	\$ 37,530,596	\$ 37,969,835
Net Pension Liability (Asset) as a Percentage of Covered Payroll	53.24%	60.45%	72.42%	62.41%	41.31%	32.78%	32.77%

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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

CITY OF JACKSON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS – TCRS PLAN
Last Fiscal Year Ending June 30

Notes to Schedule for TCRS Plan

Valuation Date: Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2020, actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed (Not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.5%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based upon age, including inflation, averaging 4.00%
Investment Rate of Return	7.25%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projections of mortality improvement using Scale MP-2018
Cost of Living Adjustments	2.25%

Change of Assumptions:

In 2017, the following assumptions were changed: decreased inflation rate from 3.00% to 2.50%; decreased the investment rate of return from 7.50% to 7.25%; decreased the cost-of-living adjustment from 2.50% to 2.25%; decreased salary growth graded ranges from an average of 4.25% to an average of 4.00%; and modified mortality assumptions.

See Independent Auditors' Report.

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

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 6,432,498	\$ 6,617,222	\$ 6,790,927	\$ 6,801,702
Contributions in Relation to the				
Actuarially Determined Contribution	<u>6,432,498</u>	<u>6,617,222</u>	<u>6,790,927</u>	<u>6,801,702</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 34,206,282	\$ 34,325,416	\$ 35,416,058	\$ 36,334,102
Contributions as a Percentage of				
Covered Payroll	18.81%	19.28%	19.17%	18.72%
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 7,149,006	\$ 6,841,322	\$ 6,900,091	\$ 6,725,978
Contributions in Relation to the				
Actuarially Determined Contribution	<u>7,149,006</u>	<u>6,841,322</u>	<u>6,900,091</u>	<u>6,725,978</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 36,021,470	\$ 37,530,596	\$ 37,969,835	\$ 37,245,214
Contributions as a Percentage of				
Covered Payroll	19.85%	18.23%	18.17%	18.06%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

CITY OF JACKSON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIPATION IN THE
CITY OF JACKSON, TENNESSEE PENSION PLAN
Last Fiscal Year Ending June 30

	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	266,292	240,196	206,174	206,174	158,262	93,000	90,874
Change in Benefit Terms	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	-	(23,827)	(159,486)	-	(49,367)	39,500	-
Change in Assumptions	-	-	-	-	489,280	370,000	8,264
Difference Between Actual & Expected Experience	386,166	166,523	322,397	-	-	-	(1,251,628)
Adjustments	-	-	-	-	(747,697)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(650,034)	(606,568)	(573,432)	(590,316)	(483,133)	(500,120)	(399,578)
Net Change in Total Pension Liability	2,424	(223,676)	(204,347)	(384,142)	(632,655)	2,380	(1,552,068)
Total Pension Liability - Beginning	5,646,887	5,649,311	5,425,635	5,221,288	4,837,146	4,204,491	4,206,871
Total Pension Liability - Ending (a)	\$ 5,649,311	\$ 5,425,635	\$ 5,221,288	\$ 4,837,146	\$ 4,204,491	\$ 4,206,871	\$ 2,654,803
Plan Fiduciary Net Position							
Contributions - Employer	\$ 650,934	\$ 605,568	\$ 572,207	\$ 592,336	\$ 483,685	\$ 536,272	\$ 398,718
Net Investment Income	6	110	42	144	1,284	1,284	2
Benefit Payments, Including Refunds of Employee Contributions	(650,034)	(606,568)	(573,432)	(590,316)	(483,133)	(500,120)	(399,578)
Administrative Expense	-	-	-	-	1,831	-	-
Net Change in Plan Fiduciary Net Position	906	(890)	(1,183)	2,164	3,667	37,436	(858)
Plan Fiduciary Net Position - Beginning	68,256	69,162	68,272	67,089	69,253	72,920	110,356
Plan Fiduciary Net Position - Ending (b)	\$ 69,162	\$ 68,272	\$ 67,089	\$ 69,253	\$ 72,920	\$ 110,356	\$ 109,498
Net Pension Liability (Asset) - Ending (a) - (b)	\$ 5,580,149	\$ 5,357,363	\$ 5,154,199	\$ 4,767,893	\$ 4,131,571	\$ 4,096,515	\$ 2,545,305
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	1.22%	1.26%	1.28%	1.43%	1.73%	2.62%	4.12%
Covered Payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Pension Liability (Asset) as a Percentage of Covered Payroll	N/A						

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

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE CITY OF JACKSON, TENNESSEE PENSION PLAN
Last Fiscal Year Ending June 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 1,090,016	\$ 696,570	\$ 696,570	\$ 696,570
Contributions in Relation to the				
Actuarially Determined Contribution	<u>1,090,016</u>	<u>650,934</u>	<u>605,568</u>	<u>572,207</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ 45,636</u>	<u>\$ 91,002</u>	<u>\$ 124,363</u>
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of				
Covered Payroll	N/A	N/A	N/A	N/A
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 696,570	\$ 492,227	\$ 492,227	\$ 451,133
Contributions in Relation to the				
Actuarially Determined Contribution	<u>592,336</u>	<u>483,685</u>	<u>536,272</u>	<u>398,718</u>
Contribution Deficiency (Excess)	<u>\$ 104,234</u>	<u>\$ 8,542</u>	<u>\$ (44,045)</u>	<u>\$ 52,415</u>
Covered Payroll	N/A	N/A	N/A	N/A
Contributions as a Percentage of				
Covered Payroll	N/A	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.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF PENSION INVESTMENT RETURNS
THE CITY OF JACKSON, TENNESSEE PENSION PLAN
LAST FISCAL YEAR ENDING JUNE 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expenses for the City's Plan	0.01%	0.01%	0.05%	0.13%	0.73%	1.60%	1.00%	0.00%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.

CITY OF JACKSON, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
BASED ON PARTICIPATION IN THE CITY OF JACKSON OPEB PLAN
Last Fiscal Year Ending June 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB Liability (Asset)				
Service Cost	\$ 485,720	\$ 488,202	\$ 636,939	\$ 849,991
Interest	465,787	497,801	466,235	469,121
Effect of economic /demographic gains or (losses)	-	-	5,117,982	-
Effect of assumption changes or inputs	(340,272)	149,283	2,399,079	102,274
Benefit Payments/Refunds	<u>(697,494)</u>	<u>(827,056)</u>	<u>(824,452)</u>	<u>(1,028,220)</u>
Net Change in Total OPEB Liability (Asset)	(86,259)	308,230	7,795,783	393,166
Total OPEB Liability (Asset) - beginning	<u>12,870,766</u>	<u>12,784,507</u>	<u>13,092,737</u>	<u>20,888,520</u>
Total OPEB Liability (Asset) - ending	<u>\$ 12,784,507</u>	<u>\$ 13,092,737</u>	<u>\$ 20,888,520</u>	<u>\$ 21,281,686</u>
Covered Payroll	\$ 36,334,102	\$ 36,334,102	\$ 36,021,470	\$ 36,021,470
Total OPEB Liability (Asset) as a % of Covered Payroll	35.19%	36.03%	57.99%	59.08%

Changes of assumptions. In 2018, amounts reported as changes of assumptions resulted from changes to the discount rate, from 3.58% in 2017 to 3.87% in 2018.

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Police Drug Fund – This fund is used to account for investigation of violations and controlled substance laws and is funded primarily from the receipt of fines and costs related to drug enforcement cases, as dictated by state statute.

Metro Drug Fund – This fund is used to account for investigation of violations and controlled substance laws and is funded primarily from the receipt of fines and costs related to drug enforcement cases, as dictated by state statute.

Grant Fund #1 CDBG – This fund is used to account for all the expenditures that are supported by grants. This fund aids in the management of grant supported activities and staff.

Grant Fund #2 HOME – This fund is used to account for the HOME Investment Partnership Grant. The City acts as the lead entity for the grant from the United States Department of Housing and Urban Development.

Debt Service Fund

Community Redevelopment – This fund is used to account for the accumulation of resources for, and the payment of, principal and interest on general long-term debt.

CITY OF JACKSON, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2021

	Special Revenue Funds				Debt Service	Totals
	Police	Metro	Grant	Grant	Community	
	Drug	Drug	Fund #1 CDBG	Fund #2 HOME	Redevelopment	
ASSETS						
Cash and cash equivalents	\$ 133,207	\$ 557,368	\$ 89,903	\$ -	\$ -	\$ 780,478
Receivables						
Grants	-	-	55,037	1,037	-	56,074
Court fines (net of allowance)	6,999	4,615	-	-	-	11,614
Due from other funds	-	-	367	-	-	367
Prepaid items	-	-	132	-	-	132
Total Assets	140,206	561,983	145,439	1,037	-	848,665
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES						
LIABILITIES						
Accounts payable and accrued expenses	3,458	123,063	48,644	670	-	175,835
Due to other funds	-	-	-	367	-	367
Total Liabilities	3,458	123,063	48,644	1,037	-	176,202
DEFERRED INFLOWS						
Unavailable - court fines	6,999	4,615	-	-	-	11,614
FUND BALANCES						
Nonspendable - prepaid items	-	-	132	-	-	132
Restricted	129,749	434,305	96,663	-	-	660,717
Total Fund Balances	129,749	434,305	96,795	-	-	660,849
Total liabilities, deferred inflows, and fund Balances	\$ 140,206	\$ 561,983	\$ 145,439	\$ 1,037	\$ -	\$ 848,665

CITY OF JACKSON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Special Revenue Funds				Debt Service	Total Nonmajor Governmental Funds
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Community Redevelopment	
REVENUES						
Fines, interest and penalties	\$ 9,539	\$ 11,080	\$ -	\$ -	\$ -	\$ 20,619
Intergovernmental	-	-	752,505	79,909	-	832,414
Sales and service charges	13,394	381,529	-	-	-	394,923
Interest income	167	235	-	-	50,001	50,403
Other	-	5,000	425	28,346	-	33,771
Total Revenues	23,100	397,844	752,930	108,255	50,001	1,332,130
EXPENDITURES						
Current						
Public safety	6,955	97,710	-	-	-	104,665
Public welfare and community services	-	-	511,956	108,255	-	620,211
Capital Outlay						
Public Safety	-	58,732	-	-	-	58,732
Debt Service						
Principal	-	-	-	-	206,000	206,000
Interest	-	-	-	-	84,975	84,975
Total Expenditures	6,955	156,442	511,956	108,255	290,975	1,074,583
Excess (Deficiency) of Revenues over Expenditures	16,145	241,402	240,974	-	(240,974)	257,547
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	240,974	240,974
Transfers out	-	-	(240,974)	-	-	(240,974)
Total Other Financing Sources (Uses)	-	-	(240,974)	-	240,974	-
Net Change in Fund Balances	16,145	241,402	-	-	-	257,547
Fund Balance - Beginning	113,604	192,903	96,795	-	-	403,302
Fund Balance - Ending	\$ 129,749	\$ 434,305	\$ 96,795	\$ -	\$ -	\$ 660,849

CITY OF JACKSON, TENNESSEE
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Fines, interest and penalties	\$ 25,000	\$ 25,000	\$ 9,539	\$ (15,461)
Sales and service charges	15,000	15,000	13,394	(1,606)
Interest income	3,000	3,000	167	(2,833)
Total Revenues	<u>43,000</u>	<u>43,000</u>	<u>23,100</u>	<u>(19,900)</u>
EXPENDITURES				
Current:				
Public safety	<u>43,000</u>	<u>43,000</u>	<u>6,955</u>	<u>(36,045)</u>
Total Expenditures	<u>43,000</u>	<u>43,000</u>	<u>6,955</u>	<u>(36,045)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	16,145	<u>\$ 16,145</u>
Fund Balance - Beginning			<u>113,604</u>	
Fund Balance - Ending			<u>\$ 129,749</u>	

CITY OF JACKSON, TENNESSEE
METRO DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Fines, interest and penalties	\$ 15,500	\$ 15,500	\$ 11,080	\$ (4,420)
Sales and service charges	120,500	120,500	381,529	261,029
Interest income	6,000	6,000	235	(5,765)
Other	-	-	5,000	5,000
Total revenues	<u>142,000</u>	<u>142,000</u>	<u>397,844</u>	<u>255,844</u>
EXPENDITURES				
Current:				
Public safety	148,000	148,000	97,710	(50,290)
Capital outlay	<u>57,000</u>	<u>57,000</u>	<u>58,732</u>	<u>1,732</u>
Total expenditures	<u>205,000</u>	<u>205,000</u>	<u>156,442</u>	<u>(48,558)</u>
Net Change in Fund Balances	<u>\$ (63,000)</u>	<u>\$ (63,000)</u>	241,402	<u>\$ 304,402</u>
Fund Balance - Beginning			<u>192,903</u>	
Fund Balance - Ending			<u>\$ 434,305</u>	

CITY OF JACKSON, TENNESSEE
GRANT FUND #1 - CDBG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 582,173	\$ 924,699	\$ 752,505	\$ (172,194)
Other income	-	-	425	425
Total Revenues	<u>582,173</u>	<u>924,699</u>	<u>752,930</u>	<u>(171,769)</u>
EXPENDITURES				
Current:				
Public Welfare and Community Services	341,173	683,699	511,956	(171,743)
Total Expenditures	<u>341,173</u>	<u>683,699</u>	<u>511,956</u>	<u>(171,743)</u>
Excess (deficiency) of revenues over expenditures	241,000	241,000	240,974	(26)
OTHER FINANCING USES				
Transfers out	(241,000)	(241,000)	(240,974)	26
Total Other Financing Uses	<u>(241,000)</u>	<u>(241,000)</u>	<u>(240,974)</u>	<u>26</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning			<u>96,795</u>	
Fund Balance - Ending			<u>\$ 96,795</u>	

CITY OF JACKSON, TENNESSEE
GRANT FUND #2 - HOME
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 385,006	\$ 385,006	\$ 108,255	\$ (276,751)
Total Revenues	<u>385,006</u>	<u>385,006</u>	<u>108,255</u>	<u>(276,751)</u>
EXPENDITURES				
Current:				
Public Welfare and Community Services	385,006	385,006	108,255	(276,751)
Total Expenditures	<u>385,006</u>	<u>385,006</u>	<u>108,255</u>	<u>(276,751)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning			-	
Fund Balance - Ending			<u>\$ -</u>	

CITY OF JACKSON, TENNESSEE
COMMUNITY REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Intergovernmental	\$ 50,000	\$ 50,000	\$ 50,001	\$ 1
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>50,001</u>	<u>1</u>
EXPENDITURES				
Principal payments	206,000	206,000	206,000	-
Interest expense	<u>84,974</u>	<u>84,974</u>	<u>84,975</u>	<u>1</u>
Total expenditures	<u>290,974</u>	<u>290,974</u>	<u>290,975</u>	<u>1</u>
Deficiency of revenues over expenditures	(240,974)	(240,974)	(240,974)	-
OTHER FINANCING SOURCES				
Transfer from other funds	<u>240,974</u>	<u>240,974</u>	<u>240,974</u>	<u>-</u>
Total other financing sources	<u>240,974</u>	<u>240,974</u>	<u>240,974</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning			-	
Fund Balance - Ending			<u>\$ -</u>	

CITY OF JACKSON, TENNESSEE
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Taxes:				
Property tax	\$ 9,289,284	\$ 9,289,284	\$ 9,346,284	\$ 57,000
Tax equivalents	1,717,112	1,717,112	1,617,438	(99,674)
Total taxes	<u>11,006,396</u>	<u>11,006,396</u>	<u>10,963,722</u>	<u>(42,674)</u>
Use of money & property	-	-	2,316	2,316
Intergovernmental:				
State of Tennessee	25,000	25,000	40,746	15,746
Madison County	15,000	15,000	3,955	(11,045)
Total intergovernmental	<u>40,000</u>	<u>40,000</u>	<u>44,701</u>	<u>4,701</u>
Total revenues	<u>11,046,396</u>	<u>11,046,396</u>	<u>11,010,739</u>	<u>(35,657)</u>
EXPENDITURES				
Principal	7,638,543	7,638,543	7,277,750	(360,793)
Interest and fiscal charges	3,407,853	3,407,853	3,102,253	(305,600)
Total Expenditures	<u>11,046,396</u>	<u>11,046,396</u>	<u>10,380,003</u>	<u>(666,393)</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	630,736	<u>\$ 630,736</u>
Fund Balance - Beginning			<u>223,389</u>	
Fund Balance - Ending			<u>\$ 854,125</u>	

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
REVENUES				
Taxes:				
Property tax	\$ -	\$ -	\$ 7,656	\$ 7,656
Tax equivalents	-	-	31	31
Total taxes	-	-	7,687	7,687
Use of money & property	-	-	3,963	3,963
Intergovernmental	6,578,041	6,657,579	3,147,189	(3,510,390)
Other	113,000	1,645,974	256,428	(1,389,546)
Total revenues	6,691,041	8,303,553	3,415,267	(4,888,286)
EXPENDITURES				
General Government:				
Office of mayor/city council	-	31,658	31,658	-
Animal Care Center	635,225	461,339	461,339	-
Municipal court building	895,622	264,559	269,319	4,760
Municipal building (Main/Liberty)	83,053	83,053	123,842	40,789
Total general government	1,613,900	840,609	886,158	45,549
Public Safety:				
Police Administration	-	8,645	6,129	(2,516)
CESF-JAG	-	79,538	-	(79,538)
District 10-EMA Grant	-	-	31,516	31,516
K-9 capital expense	-	12,400	12,006	(394)
Police vehicles	-	1,759,152	758,858	(1,000,294)
Patrol	-	122,419	116,497	(5,922)
Police tactical unit	-	46,750	32,973	(13,777)
Gang control	-	4,868	4,868	-
Fire Dept buildings/operations	629,502	5,630,245	4,168,630	(1,461,615)
Total Public Safety	629,502	7,664,017	5,131,477	(2,532,540)
Public Works:				
Street resurfacing	1,506,446	3,313,823	2,069,165	(1,244,658)
US 45 bypass southern extension	4,172,353	4,172,353	1,158,559	(3,013,794)
FE Wright improvements	1,124,052	1,124,052	692,213	(431,839)
Street maintenance	156,615	140,140	140,140	-
Traffic signalization	9,500	73,701	63,495	(10,206)
Stormwater operations	93,788	93,788	93,788	-
Total Public Works	7,062,754	8,917,857	4,217,360	(4,700,497)

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance over (under)</u>
	<u>Original</u>	<u>Final</u>		
Public welfare and community services:				
West Jackson Playground	\$ -	\$ 151,045	\$ -	\$ (151,045)
Groundskeeping	-	29,412	48,412	19,000
Bemis Memorial Park	-	-	2,916	2,916
Shirlene Mercer Park	57,994	44,428	58,494	14,066
Recreation	-	-	(14,066)	(14,066)
Total public welfare and community services	<u>57,994</u>	<u>224,885</u>	<u>95,756</u>	<u>(129,129)</u>
Other	<u>278,602</u>	<u>378,602</u>	<u>306,062</u>	<u>(72,540)</u>
Total Expenditures	<u>9,642,752</u>	<u>18,025,970</u>	<u>10,636,813</u>	<u>(7,389,157)</u>
Excess (deficiency) of Revenues over (under) Expenditures	(2,951,711)	(9,722,417)	(7,221,546)	2,500,871
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of bonds	-	6,759,152	6,756,776	(2,376)
Transfers from other funds	-	-	113,000	113,000
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,759,152</u>	<u>6,869,776</u>	<u>110,624</u>
Net Change in Fund Balances	<u>\$ (2,951,711)</u>	<u>\$ (2,963,265)</u>	<u>(351,770)</u>	<u>\$ 2,611,495</u>
Fund Balance - Beginning			<u>4,812,004</u>	
Fund Balance - Ending			<u>\$ 4,460,234</u>	

**OTHER SUPPLEMENTARY
INFORMATION**

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2020	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2021
GOVERNMENTAL ACTIVITIES:									
General Obligation Bonds Payable:									
Series 2019A General Obligation Refunding Bonds	\$ 58,510,000	1.71%	10/29/2019	6/30/2038	\$ 57,810,000	\$ -	\$ 6,790,000	\$ -	\$ 51,020,000
Series 2019 General Obligation Bonds	5,075,000	1.71%	10/29/2019	6/30/2039	5,075,000	-	170,000	-	4,905,000
Total General Obligation Bonds Payable					<u>62,885,000</u>	<u>-</u>	<u>6,960,000</u>	<u>-</u>	<u>55,925,000</u>
Notes Payable:									
JMCGH district	650,000	0.00%	8/5/2009	8/5/2023	200,000	-	50,000	-	150,000
Department of Housing & Urban Development, Section 108	3,165,000	3.56%	8/1/2011	8/1/2030	2,131,000	-	156,000	-	1,975,000
Capital Outlay Note, Series 2014	500,000	2.75%	6/9/2014	7/9/2022	187,500	-	62,500	-	125,000
Capital Outlay Note, Series 2016	2,400,000	2.45%	9/28/2016	9/1/2028	1,800,000	-	200,000	-	1,600,000
Capital Outlay Note, Series 2017	1,700,000	2.65%	12/28/2017	12/1/2025	1,275,000	-	212,500	-	1,062,500
Capital Outlay Note, Series 2021	1,759,152	1.38%	3/29/2021	3/31/2026	-	1,759,152	-	-	1,759,152
Total Notes Payable					<u>5,593,500</u>	<u>1,759,152</u>	<u>681,000</u>	<u>-</u>	<u>6,671,652</u>
Financed purchase lease	4,997,624	2.60%	10/26/2020	10/26/2030	-	4,997,624	-	-	4,997,624
Total Governmental Activities Long-term Debt					<u>\$ 68,478,500</u>	<u>\$ 6,756,776</u>	<u>\$ 7,641,000</u>	<u>\$ -</u>	<u>\$ 67,594,276</u>
Total City Long-term Debt					<u>\$ 68,478,500</u>	<u>\$ 6,756,776</u>	<u>\$ 7,641,000</u>	<u>\$ -</u>	<u>\$ 67,594,276</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 SERIES 2019 GENERAL OBLIGATION BONDS
 ISSUED OCTOBER 29, 2019
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 180,000	\$ 218,800	\$ 398,800
2023	190,000	209,800	399,800
2024	200,000	200,300	400,300
2025	205,000	190,300	395,300
2026	220,000	180,050	400,050
2027	230,000	169,050	399,050
2028	240,000	157,550	397,550
2029	250,000	145,550	395,550
2030	265,000	133,050	398,050
2031	280,000	119,800	399,800
2032	290,000	105,800	395,800
2033	305,000	94,200	399,200
2034	315,000	82,000	397,000
2035	330,000	69,400	399,400
2036	340,000	56,200	396,200
2037	355,000	42,600	397,600
2038	370,000	28,400	398,400
2039	340,000	13,600	353,600
	<u>\$ 4,905,000</u>	<u>\$ 2,216,450</u>	<u>\$ 7,121,450</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 SERIES 2019A GENERAL OBLIGATION REFUNDING BONDS
 ISSUED OCTOBER 29, 2019
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 7,105,000	\$ 2,454,350	\$ 9,559,350
2023	7,440,000	2,099,100	9,539,100
2024	8,335,000	1,727,100	10,062,100
2025	2,760,000	1,310,350	4,070,350
2026	2,865,000	1,172,350	4,037,350
2027	3,800,000	1,029,100	4,829,100
2028	2,145,000	839,100	2,984,100
2029	2,220,000	731,850	2,951,850
2030	2,300,000	620,850	2,920,850
2031	2,385,000	505,850	2,890,850
2032	2,465,000	386,600	2,851,600
2033	2,540,000	288,000	2,828,000
2034	1,480,000	186,400	1,666,400
2035	1,525,000	127,200	1,652,200
2036	530,000	66,200	596,200
2037	550,000	45,000	595,000
2038	575,000	23,000	598,000
	<u>\$ 51,020,000</u>	<u>13,612,400</u>	<u>64,632,400</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 HOUSING AND URBAN DEVELOPMENT SECTION 108 LOAN
 ISSUED AUGUST 1, 2011
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 162,000	\$ 67,403	\$ 229,403
2023	169,000	61,510	230,510
2024	176,000	55,368	231,368
2025	184,000	49,102	233,102
2026	192,000	42,264	234,264
2027	200,000	35,286	235,286
2028	209,000	28,004	237,004
2029	218,000	20,469	238,469
2030	227,000	12,480	239,480
2031	238,000	4,202	242,202
	<u>\$ 1,975,000</u>	<u>\$ 376,088</u>	<u>\$ 2,351,088</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2014
 ISSUED JUNE 9, 2014
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 62,500	\$ 3,432	\$ 65,932
2023	62,500	1,716	64,216
	<u>\$ 125,000</u>	<u>\$ 5,148</u>	<u>\$ 130,148</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2016
 ISSUED SEPTEMBER 28, 2016
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 200,000	\$ 49,900	\$ 249,900
2023	200,000	43,750	243,750
2024	200,000	37,400	237,400
2025	200,000	30,950	230,950
2026	200,000	24,350	224,350
2027	200,000	17,550	217,550
2028	200,000	10,600	210,600
2029	200,000	3,550	203,550
	<u>\$ 1,600,000</u>	<u>\$ 218,050</u>	<u>\$ 1,818,050</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2017
 ISSUED DECEMBER 28, 2017
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 212,500	\$ 25,341	\$ 237,841
2023	212,500	19,709	232,209
2024	212,500	14,078	226,578
2025	212,500	8,447	220,947
2026	212,500	2,816	215,316
	<u>\$ 1,062,500</u>	<u>\$ 70,391</u>	<u>\$ 1,132,891</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2021
 ISSUED MARCH 29, 2021
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 342,152	\$ 22,388	\$ 364,540
2023	347,000	19,555	366,555
2024	352,000	14,766	366,766
2025	357,000	9,908	366,908
2026	361,000	4,982	365,982
	<u>\$ 1,759,152</u>	<u>\$ 71,599</u>	<u>\$ 1,830,751</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT NOTE PAYABLE
 ISSUED AUGUST 5, 2009
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 50,000	\$ -	\$ 50,000
2023	50,000	-	50,000
2024	50,000	-	50,000
	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

CITY OF JACKSON, TENNESSEE
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
 FINANCED PURCHASE LEASE TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES
 PNC EQUIPMENT FINANCE, LLC FINANCED PURCHASE LEASE
 ISSUED OCTOBER 26, 2020
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Fiscal Year <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 444,039	\$ 129,938	\$ 573,977
2023	455,584	118,393	573,977
2024	467,429	106,548	573,977
2025	479,582	94,395	573,977
2026	492,051	81,926	573,977
2027	504,845	69,132	573,977
2028	517,970	56,006	573,976
2029	531,438	42,539	573,977
2030	545,255	28,722	573,977
2031	559,431	14,545	573,976
	<u>\$ 4,997,624</u>	<u>\$ 742,144</u>	<u>\$ 5,739,768</u>

CITY OF JACKSON, TENNESSEE
SCHEDULE OF TRANSFERS
JUNE 30, 2021

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
Grant Fund #1 CDBG	Community Redevelopment	\$ 84,974
Grant Fund #1 CDBG	Community Redevelopment	<u>156,000</u>
		<u>\$ 240,974</u>
 General Fund	 Capital Outlay Fund	 <u>\$ 113,000</u>

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Year of Levy	Balance 6/30/2020	Taxes Levied	Collections & Adjustments	Balance 6/30/2021
2020	\$ -	\$ 34,267,772	\$ 33,532,262	\$ 735,510
2019	904,963	-	(651,481)	253,482
2018	397,327	-	(216,667)	180,660
2017	185,700	-	(80,905)	104,795
2016	193,492	-	(35,190)	158,302
2015	209,580	-	(45,770)	163,810
2014	192,875	-	(49,740)	143,135
2013	202,260	-	(25,324)	176,936
2012	322,623	-	(17,325)	305,298
2011 and prior	301,997	-	(74,992)	227,005
	<u>\$ 2,910,817</u>	<u>\$ 34,267,772</u>	<u>\$ 32,334,868</u>	<u>2,448,933</u>
			Estimated 2021 tax levy	33,947,129
			Less allowance	(1,519,585)
			Net taxes receivable	<u>\$ 34,876,477</u>

CITY OF JACKSON, TENNESSEE
SCHEDULE OF TAX RATES AND ASSESSMENTS
LAST TEN YEARS

<u>Year of Levy</u>	<u>Tax Rate</u>	<u>Assessed Valuation</u>
2020	1.96	\$ 1,749,619,038
2019	1.96	1,711,522,294
2018	1.96	1,719,467,687
2017	1.96	1,603,308,247
2016	1.96	1,564,300,034
2015	1.96	1,564,832,429
2014	1.97	1,532,815,538
2013	1.97	1,532,815,538
2012	1.97	1,482,624,991
2011	1.97	1,431,434,365

* Per \$100 of assessed valuation.

**COMPLIANCE
SECTION**



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

**The Honorable Mayor and Members
of the City Council of the
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 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2022. Our report includes a reference to other auditors who audited the financial statement for the Jackson Energy Authority, the Jackson Community Redevelopment Agency, and the Jackson Transit Authority, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2021-001, 2021-002, 2021-003, 2021-004 and 2021-005 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompany schedule of findings and questioned costs as item 2021-006 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we and the other auditors 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 financial statements. 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 other auditors, disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2021-005.

City's Responses to the Findings

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

Purpose of this Report

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

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
March 28, 2022



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

**The Honorable Mayor and Members
of the City Council of the
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, 2021. 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 federal statutes, regulations, and the terms and condition of its federal awards 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 of Jackson, Tennessee'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 and material effect on each of its major federal programs for the year ended June 30, 2021.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee

March 28, 2022

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Agency/Pass-through Agency/ Program or Cluster Title	CFDA Number	Pass-through entity Identifying Number	Expenditures
FEDERAL AWARDS			
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Direct Program:			
<i>CDBG Entitlement Grants Cluster:</i>			
COVID 19 - Community Development Block Grant-CV	14.218	B20-MW-47-0011	\$ 172,601
Community Development Block Grant	14.218	B20-MC-47-0011	552,126
Community Development Block Grant	14.218	B19-MC-47-0011	27,777
<i>Total CDBG Entitlement Grants Cluster</i>			<u>752,504</u>
<i>HOME Investment Partnership Cluster:</i>			
HOME Investment Partnership Program	14.239	M20-MC-47-0207	1,005
HOME Investment Partnership Program	14.239	M19-MC-47-0207	47,902
HOME Investment Partnership Program	14.239	M18-MC-47-0207	44,016
HOME Investment Partnership Program	14.239	M16-MC-47-0207	2,096
<i>Total HOME Investment Partnership Cluster</i>			<u>95,019</u>
Total U.S. Department of Housing and Urban Development			<u>847,523</u>
U.S. DEPARTMENT OF JUSTICE:			
Pass-through State of Tennessee:			
<i>Violence Against Women Office:</i>			
Violence Against Women Formula Grants (STOP)	16.588	35603	85,057
<i>Total Violence Against Women Formula Grants</i>			<u>85,057</u>
<i>Safe Hope Center Navigator:</i>			
Safe Hope Center Formula Grants (VOCA)	16.575	41658	51,089
Safe Hope Center Formula Grants (VOCA)	16.575	43360	18,046
<i>Total Safe Hope Center Navigator</i>			<u>69,135</u>
<i>Edward Byrne Memorial Justice Assistance Grant Program:</i>			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-DJ-BX-0711	1,757
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2019-DJ-BX-0765	1,656
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0428	37,489
Edward Byrne Memorial Justice Assistance Grant Program (GRIT)	16.738	41563	95,818
<i>Total Edward Byrne Justice Assistance Grant Program</i>			<u>136,720</u>
Bulletproof Vest Partnership Program	16.607	2020	58,634
Total U.S. Department of Justice			<u>349,546</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Pass-through State of Tennessee:			
<i>Highway Planning and Construction Cluster</i>			
Highway Planning and Construction Bypass	20.205	HPP-NHE-1(225)	1,158,559
MPO SPR	20.205	40100-09718	2,360
MPO PL	20.205	40100-02519	88,103
Highway Planning and Construction FE Wright	20.205	57LPM-F3-017	692,213
<i>Total Highway Planning and Construction Cluster</i>			<u>1,941,235</u>
<i>National Priority Safety Programs Cluster</i>			
Alcohol Open Container Requirements Act	20.616	Z-20-THS-118	10,570
Alcohol Open Container Requirements Act	20.616	Z-21-THS-139	13,479
<i>Total National Priority Safety Programs Cluster</i>			<u>24,049</u>
<i>Total Highway Planning and Construction Cluster</i>			<u>1,965,284</u>
U.S. DEPARTMENT OF TREASURY:			
Equitable Sharing	21.016	TN0570100	4,527
Pass-through State of Tennessee:			
COVID-19 Coronavirus Relief Fund	21.019	N/A	1,003,545
Total U.S. Department of the Treasury			<u>1,008,072</u>
TOTAL FEDERAL AWARDS			\$ 4,170,425
			<i>continued</i>

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Federal Agency/Pass-through Agency/ Program or Cluster Title	CFDA Number	Pass-through entity Identifying Number	Expenditures
STATE AWARDS			
TENNESSEE ARTS COMMISSION			
Arts Access	n/a	31625-10958	\$ 6,380
Creative Placemaking	n/a	31625-10972	14,176
<i>Total Tennessee Arts Commission</i>			<u>20,556</u>
TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES			
Drug Court	n/a	66604	69,985
<i>Total Department of Mental Health and Substance Abuse Services</i>			<u>69,985</u>
TENNESSEE DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
Site Development	n/a	12979	221,644
<i>Total Department of Economic and Community Development</i>			<u>221,644</u>
TOTAL STATE AWARDS			\$ <u>312,185</u>

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued on whether financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal Control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified? yes 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 Section 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/ Entitlement Grants
21.019	Coronavirus Relief Fund

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

Auditee qualified as low-risk auditee? yes no

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS

2021-001 Revenue Recognition and Related Receivables

Criteria: Generally accepted accounting principles require revenues to be recognized in the accounting period in which they are earned for exchange transactions and when the eligibility requirements of non-exchange transactions have been met, funds are measureable and available.

Condition: During fiscal year 2021, several audit adjustments were required to correct the timing of the recognition of certain revenues.

Context: The following adjustments were required to correct the reporting of revenues as follows:

- Certain receivables were accrued in the General Fund, however, in accordance with GASB 33, *Accounting and Financial Reporting for Nonexchange Transactions*, revenues associated with non-exchange revenues must also be available to be recognized as revenues. Adjustments totaling approximately \$155,000 were needed to reduce the revenues reported in the current year and report the related deferred inflow of resources.
- Adjustments were required in the Debt Service Fund to reconcile the balances in the allowance on property tax receivables to agree with the subsidiary ledger balances. This entry decreased the current year revenues by approximately \$31,000.
- Adjustments were required in the Community Development Fund to properly reconcile the general ledger balances to agreement with the subledger balances. The management of the loan program is administered outside of the finance department and annual reconciliation of the subledger balances with the general ledger balances was not occurring. As a result, an adjustment to increase the general ledger receivables of approximately \$616,000, with approximately \$593,000 increasing opening fund balance for loans improperly expensed in the prior year.

Effect: Adjustments of approximately \$802,000 were required to correct the revenues and related receivables were required during the audit.

Cause: For the Water, Wastewater, and Gas departments, management was evaluating the total number of monthly billings reported in each year and noted there were twelve months in the revenue reporting. The Other Special Revenue Fund revenue was deferred due to the unusual nature of the new State funding related to the COVID pandemic. The Community Development Funds were improperly being reported as expenditures and revenues based on loan activity and therefore, the criteria of revenue availability was being applied to the outstanding balance of the receivables.

Recommendation: We recommend management carefully review all year-end balances of accrued revenues and consider applicable accounting guidance based on transaction type (exchange and non-exchange transactions) to ensure revenues are properly valued and reported in the proper period.

Views of Responsible Officials and Planned Corrective Action: We concur with the finding. We will implement the necessary controls and procedures to ensure that revenues and receivables are properly identified, recorded, and reconciled in a timely manner and ensure that all transactions are being properly recognized during the correct period.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS

2021-002 Expenditure/Expense and Related Liabilities

Criteria: Generally, expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows in accordance with generally accepted accounting principles (GAAP).

Condition: Misstatements were detected in the reporting of the City's expenditures/expenses and the related Statement of Net Position/Balance Sheet accounts.

Context/Cause: Audit adjustments were required to properly report the City's expenditures/expenses and related liability accounts as follows:

- The Solid Waste Fund required an adjustment to the post-closure monitoring costs by approximately \$26,000, with approximately \$24,500 decreasing the net position. The landfill estimate was initially recorded in 2012 and has not included the estimate for inflation in rates each year in the liability. As a result the adjustments applied the element of rate inflation to the liability as required.
- An adjustment was provided by management to accrue liabilities in the General Fund for liabilities associated with a sales tax contract from 2017, which had not been previously reported by the City. The total liability accrual amounted to approximately \$821,000 with \$500,000 being incurred in the current year.

Effects: Audit adjustments totaling approximately \$845,500 were required to correctly report the City's expenditures/expenses and related liabilities in accordance with GAAP.

Recommendation: We recommend the City carefully review all expenditures/expenses and related liability accounts to ensure they are reported in the proper reporting period and in accordance with generally accepted accounting principles.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that expenditures/expenses and their related liabilities are properly recorded.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS

2021-003 Capital Asset Accounting and Reporting (Repeat)

Criteria: Internal controls should be in place to ensure that all capital asset amounts reported within the financial statements are accurate, in accordance with generally accepted accounting principles.

Condition: Internal controls were not sufficient as several capital asset balances were not correctly reported by the City.

Context/Cause: During our testing, audit adjustments were required to properly report capital asset balances in governmental activities:

- The City has historically maintained the capital asset subledgers in a manual Microsoft Excel file rather than in a system subledger system. In review of the subledger, it was noted the City was not maintaining information such as an "installation date" of when the asset was capitalized, documented depreciable life of each asset, or department or function of assets.
- During testing of the construction in progress balances it was noted that approximately \$8.3 million of projects were completed and in service but had not been moved from "in progress" to depreciable categories. An adjustment was made to reclassify the assets.
- While bringing capital assets into a subsidiary ledger systems adjustments of approximately \$2.4 million were made to reconcile the system calculated depreciation to the historical depreciation.

Effects: Capital asset ledgers were being maintained in multiple files across numerous tabs within the files. Management was actively tracking current additions and outlays but the historical data was not being managed by the City. Additionally, depreciation expense was not calculated prior to the start of the audit.

Recommendation: We recommend the City acquire a software to actively manage the capital asset inventory of the City. This will allow the City to efficiently track the existence of capital assets, track assets by asset class and department or function of the City. The City should take a current inventory of the existing asset listings to ensure the listings are accurate and properly identified by each department throughout the City.

Auditee's Response: We concur with the finding. We will ensure that capital assets are properly reported during the year and at the conclusion of each financial reporting cycle.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS

2021-004 General Ledger Maintenance

Criteria: Internal controls should be in place to ensure that financial statements properly present the financial position and results of the City in accordance with generally accepted accounting principles.

Condition: The City's reviews and manual adjustments were not sufficient to detect, correct, and prevent errors in the reporting of several general ledger accounts.

Context/Cause: During our audit for the year ended June 30, 2021, several misstatements were identified due to a lack of maintenance of certain balances within the system. There were several adjustments required as a result of the audit to correct misstatements, and they are as follows:

- The current year tax levies were not adjusted from the prior year balances. An adjustment of approximately \$1.2 million was required in the General Fund to decrease the receivable balance and the respective deferred inflows for the 2021 digest balance.
- The current year tax levies were not adjusted from the prior year balances. An adjustment of approximately \$835,000 was required in the Debt Service Fund to increase the receivable balance and the respective deferred inflows for the 2021 digest balance.
- The City was not actively reconciling the general ledger receivable and allowance for Court Fines with the subsidiary ledger balance maintained in the Courts. Adjustments were required to increase the receivable balances in the General Fund, the Police Drug Fund, and the Metro Drug Fund by approximately \$493,000, \$52,000, and \$34,000, respectively.

Effects: Audit adjustments of approximately \$2,614,000 were needed to correctly report general ledger balances.

Recommendation: We recommend the City carefully review the financial statements and the underlying transactions involved in the reporting of the City's subsidiary ledgers, as well as the accruals of expenses.

Auditee's Response: We will take necessary steps in the future to the financial statements properly present the financial position and results of the City, in accordance with generally accepted accounting principles.

CITY OF JACKSON, TENNESSEE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION II
FINANCIAL STATEMENT FINDINGS**

2021-005 Investigative Report – State of Tennessee Comptroller of the Treasury – Released February 4, 2021

Criteria: The Office of the Comptroller of the Treasury investigated allegations of malfeasance related to the City of Jackson. The Comptroller’s Office initiated the investigation after current city officials reported questionable transactions executed during the tenure of the former Mayor and his administration.

Condition: Allegations were filed against the City, which pertained to a local professional baseball team as well as inconsistencies with a contract for solid waste collections. The investigation was limited to selected baseball team records for the period June 1, 2011 through October 31, 2019, and solid waste records for the period August 1, 2016 through October 31, 2019. The results of the investigation were communicated with the Office of the District Attorney General of the 26th Judicial District..

Context/Cause: The following are the findings released by the Comptroller’s Office Investigative Report:

- The City Council approved the 2011 amended lease agreement without any discussion of a material change in the lease terms noted in Article IV(C).
- Investigators questioned the authority of the former Mayor to sign a letter assuming \$500,000 per annum of Club expenses by the City without appropriate and adequate disclosure to the Council.
- Investigators noted a lack of transparency and questionable oversight over transactions between the City and the Club.
- The former City Recorder approved questionable payments of at least \$526,642 for goods and services the Club received from vendors through trade (bartered type) transactions.
- Investigators noted operational discrepancies, material omissions, ambiguities, and other issues in the 2016 contract for solid waste collections.
- Investigators noted multiple issues and weaknesses during preparation of bid documents, evaluations of bidders, voting process, and finalization of the contract.

Effects: The lack of proper adherence to the City’s policies and procedures and lack of accountability within the City allowed for the issues to occur.

Recommendation: We recommend the City carefully review all bids with detail, discussing uncertain items with the vendors sufficiently to present the full scope of the services with governance. All contracts should be presented to the governance, including all details from scope of services, terms, budgeted costs, budget allotments per account to cover the costs, and other pertinent information to allow governance to make proper decisions. Governance should ensure all questions have been addressed before approving the City to move forward with contracts and not allow time crunch to force contracts to be signed without full understanding of the terms.

Auditee’s Response: Management is making every effort to implement necessary processes to be in compliance.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

SECTION II
FINANCIAL STATEMENT FINDINGS

2021-006 Segregation of Duties

Criteria: Internal controls should be in place, which provide reasonable assurance that an individual cannot misappropriate funds without such actions being detected during the normal course of business.

Condition: The City does not have a current review of the bank reconciliations and documented approval.

Context/Cause: Although the small size of the City's staff limits the segregation of duties, it is important that incompatible duties be assigned to different individuals and/or compensating controls implemented. One employee should not have access to both physical assets and the related accounting records, or to all phases of a transaction.

Effects: Failure to properly segregate duties or implement compensating controls can lead to misappropriation of funds or abuse of the system that is not detected in a timely manner by employees in the normal course of performing their assigned functions.

Recommendation: We recommend the City segregate duties and/or implement compensating controls in the key area noted above.

Auditee's Response: We will continue to review our operations to determine the most efficient and effective solution to properly segregate duties.

CITY OF JACKSON, TENNESSEE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

**SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

None noted.

CITY OF JACKSON, TENNESSEE

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

Finding Number	Finding Title	Status/Current Year Finding
2020-001	Exceeding Budgeted Expenditures (Noncompliance and Significant Deficiency) (original finding #2013-001)	Issue was resolved in 2021
2020-002	Capital Asset Records (Significant Deficiency)	Repeat – see 2021-004
2020-003	Investigative Report – State of Tennessee Comptroller of the Treasury – Released June 4, 2020 (Significant Deficiency and Noncompliance)	A separate report was issued in 2021, see 2021-005

**INTRODUCTORY
SECTION**

Bobby Arnold
101 E. Main St., STE 203
Jackson, Tennessee 38301



Telephone: 731-425-8278
Email: barnold@jacksontn.gov

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2021-001 Revenue Recognition and Related Receivables

Contact Person Responsible for the Corrective Action Plan: Bobby Arnold, City Recorder

Corrective Action Plan: The City is planning to make the necessary changes to properly review the revenues reported throughout the year.

Anticipated Completion Date: June 30, 2022

2021-002 Expenditures / Expenses and Related Liability Accounts

Contact Person Responsible for the Corrective Action Plan: Bobby Arnold, City Recorder

Corrective Action Plan: The City is planning to make the necessary changes to properly review the cut-off and accrual of expenditures/expenses reported throughout the year.

Anticipated Completion Date: June 30, 2022

2021-003 Capital Asset Ledger Maintenance

Contact Person Responsible for the Corrective Action Plan: Bobby Arnold, City Recorder

Corrective Action Plan: The City is planning to make the necessary changes to properly track capital assets throughout the year.

Anticipated Completion Date: June 30, 2022

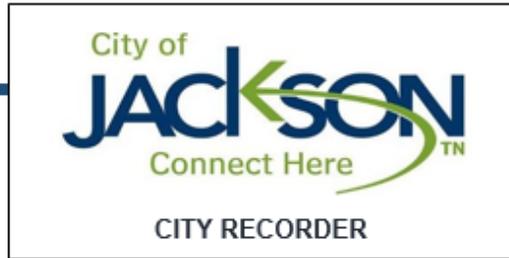
2021-004 General Ledger Maintenance

Contact Person Responsible for the Corrective Action Plan: Bobby Arnold, City Recorder

Corrective Action Plan: The City is looking to hire a new Accountant to assist with duties within the finance department operations and to strengthen the accounting and reporting environment at the City.

Anticipated Completion Date: June 30, 2022

Bobby Arnold
101 E. Main St., STE 203
Jackson, Tennessee 38301



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Email: barnold@jacksontn.gov

**MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

2021-005 Investigative Report – State of Tennessee Comptroller of the Treasury – Released February 4, 2021

Contact Person Responsible for the Corrective Action Plan: Bobby Arnold, City Recorder

Corrective Action Plan: The City continues to work on improvements in the purchasing and procurement process to ensure all details and clearly communicated during the procurement process. Additionally, management will continue to work on ensuring contracts are presented timely to the Council with sufficient time for review, discussions, and even tabling actions.

Anticipated Completion Date: June 30, 2022

2021-006 Segregation of Duties

Contact Person Responsible for the Corrective Action Plan: Bobby Arnold, City Recorder

Corrective Action Plan: We will continue to review our operations to determine the most efficient and effective solution to properly segregate duties. The City is looking to hire a new Accountant to help segregate duties within the finance department operations and to strengthen the accounting and reporting environment at the City.

Anticipated Completion Date: June 30, 2022