

CITY OF JACKSON, TENNESSEE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

CITY OF JACKSON, TENNESSEE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1
Administrative Organizational Chart	7
List of Principal Officials	8
 FINANCIAL SECTION	
Independent Auditor's Report	9
Management's Discussion and Analysis	11
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	21
Statement of Activities	24
Fund Financial Statements:	
Balance Sheet - Governmental Funds	25
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	26
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	27
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28
Statement of Net Assets - Proprietary Funds	29
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	32
Statement of Fiduciary Net Assets - Fiduciary Funds	34
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	35
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	36
Detailed Schedule of Revenues - Budget and Actual - General Fund	37
Detailed Schedule of Expenditures - Budget and Actual - General Fund	41
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Solid Waste Collection Fund	47
Notes to the Financial Statements	48
Required Supplementary Information:	
Schedule of Funding Progress - Employee Retirement System	75
Schedule of Employer Contributions	76

TABLE OF CONTENTS (Cont.)

OTHER SUPPLEMENTARY INFORMATION SECTION

Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund	77
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Capital Outlay Fund	78
Combining Balance Sheet - Other Governmental Funds	81
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Other Governmental Funds	82
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Police Drug Fund	83
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Metro Drug Fund	84
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Grant Fund #1 CDBG	85
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Grant Fund #2 HOME	86
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Grant Fund #3 ESGP	87
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Grant Fund #4 HOME Match	88
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Grant Fund #5 CDBG ARRA	89
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Community Redevelopment Fund	90
Schedule of Investments	91
Schedule of Principal and Interest Requirements - General Obligation Debt	92
Schedule of Changes in Property Taxes Receivable	93
Schedule of Uncollected Delinquent Taxes Filed	94
Schedule of Tax Rates and Assessments	95
Schedule of Expenditures of Federal Awards	96
Schedule of State Financial Assistance	100

HISTORICAL AND OTHER MISCELLANEOUS INFORMATION - UNAUDITED

General Government Expenditures by Function	101
General Government Revenues by Source	102
Property Tax Levies and Collections	103
Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to General Government Expenditures	104
General Description	105
Demographic Information	106
Pro Forma General Obligation Debt Statement	109
Schedule of Assessed, Appraised, and Estimated Actual Values	110
Schedule of Ten Largest Taxpayers	111
Summary of Revenues and Expenditures - General Fund and Debt Service Fund	112

TABLE OF CONTENTS (Cont.)

INTERNAL CONTROL AND COMPLIANCE SECTION

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	113
Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance with <i>OMB Circular A-133</i>	115
Schedule of Findings and Questioned Costs	117
Summary Schedule of Prior Audit Findings	119
Corrective Action Plan	120

INTRODUCTORY SECTION



JERRY GIST
MAYOR

ALAN L. LAFFOON
CITY RECORDER

December 17, 2010

The Honorable Mayor, City Council and Citizens of Jackson:

The Financial Statements and Supplementary Information of the City of Jackson for the fiscal year ending June 30, 2010 are hereby submitted as required by state statutes. These statutes require that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. Pursuant to that requirement, we whereby issue the financial statements and supplementary information of the City of Jackson.

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

This continuing presentation provides users of the Financial Statements and Other Supplementary Information with additional information to assist in their review of financial position and results of operations. The objective of the Statement was to enhance the understandability and usefulness of the general-purpose external financial reports of state and local government to the citizenry, legislative and oversight bodies, and investors and creditors. The City fully implemented the GASB 34 requirements in FY 2003 and the results were reflected in the subsequent FY 2003 Audit Report. During the FY 2004 review/update process on Infrastructure, additional data pertaining to the FY 2003 reported Infrastructure numbers was identified. The time frame required to complete the review was of a magnitude that resulted in City Management's decision not to report Infrastructure numbers on the FY 2004 Statement of Net Assets. Any/all updates and/or corrections were reported in FY 2005.

This report consists of management's representation concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these



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

Alexander Thompson Arnold PLLC, a firm of licensed certified public accountants, has audited the City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Jackson for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; in assessing the accounting principles used and significant estimate made by management; and evaluating the overall financial statement presentation.

The independent auditor concludes, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Jackson's financial statement for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government:

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

The City of Jackson occupies a land area of 54 square miles and serves a population of approximately 62,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing body. The City undertook the annexation of fourteen square miles and 5,000 new



residents in the city limits during the last decade. The City is currently pursuing a proposed annexation of 45 sub-areas of land (Proposed Northwest Annexation) that encompasses 4,975 acres and 2,543 new residents.

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

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

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

The annual budget serves as the foundation for the City of Jackson's financial planning and control. The budget preparation process begins in January when City departments begin preparation of their long-range capital improvement requests. During the subsequent months, the finance and accounting staff initiates the review and evaluation of each request in light of available revenues and in accordance with the City's overall goals and objectives. By April, the Accounting Department compiles a draft capital plan, which is submitted to the Mayor for review, refinement, and approval.

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



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

Amendments may be made by resolution to the original appropriations ordinance at any time during a current fiscal year. Except for changes of small amounts or emergency expenditures, the Mayor and department heads are not allowed to transfer funds between accounts. Increases in overall appropriations can be made only with Council approval.

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

Factors Affecting Financial Condition:

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

The City of Jackson and Madison County benefit from the highest per capita retail sales in the State of Tennessee. While the per capita income is less than some of the wealthier "bedroom communities" that surround the metropolitan cities Jackson serves as the cultural, economic, and entertainment hub of West Tennessee.

The City's population grew by almost 20% between 1990 and 2000 according to the U.S. Census reports.

While the recent slowdown in the national economy commencing in the fourth quarter of CY 2008 has affected Jackson's economy, the local economy remains relatively strong compared to other communities. Local Option Sales Tax collections in FY 10 were up 1.5% from FY 09, which is very favorable in comparison to State collections, which were down over 10%. In fiscal year 2010, Jackson had a total assessed value of property of \$1.457 billion.

Jackson has a well-diversified manufacturing base, with over 8,000 manufacturing jobs. Not dependent on a single, large employer, the Top 10 Manufacturing Companies averaged 600 employees each. There are approximately 30 manufacturing locations in Jackson. Among Non-Manufacturing employers, West Tennessee Healthcare was the leader at 4,362 jobs.

Jackson is the regional or corporate headquarters for Procter & Gamble's Pringles division, Delta Faucet, Pinnacle Foods, Gerdau Ameristeel, and several other companies. In 2003, the Bodine



division of Toyota Motor Company selected Jackson as the site for its newest engine plant and has already undertaken significant expansion in volume.

Jackson is the healthcare center for West Tennessee, boasting two major hospitals with a combined number of beds in excess of 750. The larger of the two issued \$85 million in new bonds for a major expansion which was completed in FY 09 and one large medical office building which was completed in FY 10. There are also 44 medical clinics, 19 retirement or nursing homes and more than 450 practicing physicians.

The expansion of retail, manufacturing and healthcare delivery services have broadened the tax base of the city and made Jackson less dependent on property tax alone. Prior to the FY 2003-2004 fiscal year, the City of Jackson had provided continuing and expanded services for nineteen years without a rate increase in property tax. For FY 2004, the public has shown the willingness to accept the increase in the property tax rate from \$1.98 to \$2.22. The six-year reappraisal process resulted in the 2005 Tax Rate being decreased to \$2.10 and subsequently reduced to \$1.97 as a result of the 2010 reappraisal.

Major Initiatives for the Year:

The thrust for current and future fiscal years continues to be the rebuilding of the downtown and East Jackson areas damaged in the tornadoes of May 4, 2003. The Urban Land Institute study will serve as a guide to the redevelopment of the storm-blighted areas. FY06 saw the completion of the West Tennessee Healthcare Sportsplex, a \$13.4 million seventeen-field baseball/softball complex for both traveling teams and local leagues. This facility is anticipated to bring in approximately \$8 million in tourism dollars annually after the initial start-up years. FY 10 team registrations totaled 1,415 and included teams from fourteen surrounding states. The \$9.2 million Debt Service was reduced to \$6.5 million after the first four years of operation.

The City initiated a major Debt Service Refunding/Restructure in FY 09 totaling \$58 million, taking advantage of the low interest rates. This enabled the City to spread the current Debt Service payments at an equal amount over the next 15 years roughly equal to less than 20% of Property Tax collections.



Acknowledgements:

The efforts of the members of the Finance department staff and the cooperation of each of the City's departments were essential in the preparation of this report. Specific appreciation is expressed to the Director of Finance, Audit, and Budgeting, Karen Bell, on her preparation and thoroughness throughout the audit process, and to Jennifer Hicks, and Shirley Crick for their expertise in determining the historical valuation of fixed assets.

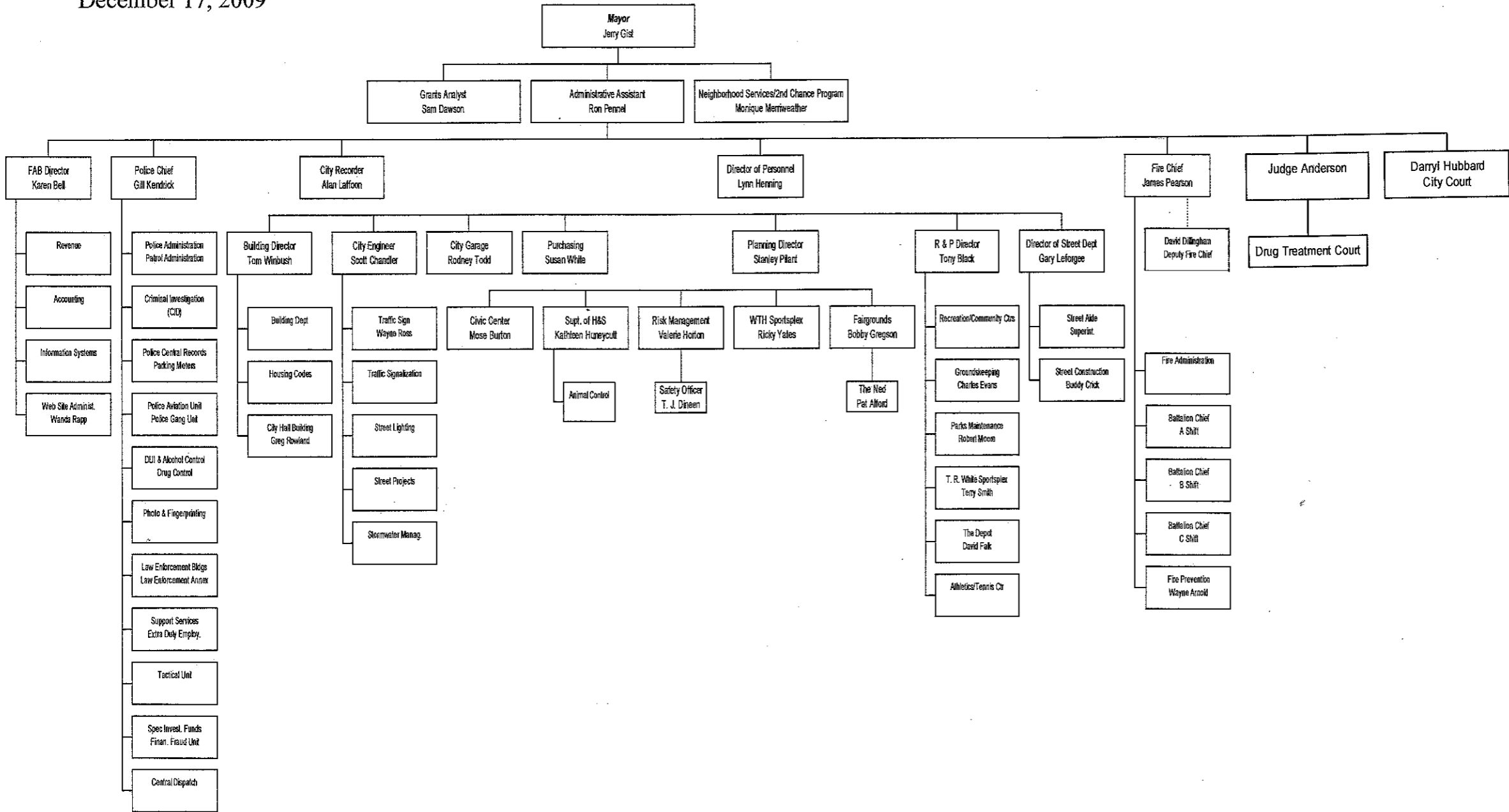
Also, the City is indebted to the staff of Alexander Thompson Arnold PLLC, and specifically Jack Matthis, for their valuable guidance and assistance. Credit also must be given to the Mayor and City Council for their unfailing support for maintaining the highest standard of professionalism in the management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

Respectfully submitted,

Alan L. Laffoon
City Recorder

City Of Jackson

December 17, 2009



**The Ned is the same as the Fairgrounds.
No room to be listed beside the Fairgrounds.

CITY OF JACKSON, TENNESSEE**LIST OF PRINCIPAL OFFICIALS**

JUNE 30, 2010

<u>Title</u>	<u>Name</u>
Mayor	Jerry Gist
Vice-Mayor/Council Member	Charles Bray
Treasurer/Council Member	Randy Wallace
Council Member	Maurice Hays
Council Member	David Cisco
Council Member	Harvey Buchanan
Council Member	Ernest Brooks, II
Council Member	Johnny Dodd
Council Member	Frank Neudecker
Council Member	Charles Rahm
City Attorney	Lewis Cobb
City Recorder	Al Laffoon
Director of Finance, Audit, and Budgeting	Karen Bell
Police Chief	Gill Kendrick
Fire Chief	James Pearson
Director of Personnel	Lynn Henning

FINANCIAL SECTION



Certified Public Accountants

www.atacpa.net

227 Oil Well Road
Jackson, TN 38305

Telephone:(731) 427-8571
Fax: (731) 424-5701

Members of

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee, (the City) as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. 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 34 percent, 57 percent, and 62 percent, respectively, of the total assets, net assets, and revenues of the business-type activities. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for JTA, is based solely on the report of the other auditor.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund and Solid Waste Collection Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2010, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Dyersburg, TN
Henderson, TN
Jackson, TN
Martin, TN
McKenzie, TN

Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 20 and the required supplementary information on pages 75 to 76 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 the other auditor, have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section and accompanying financial information listed as other supplementary information and historical and other miscellaneous information in the Table of Contents is presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying financial information listed as other supplementary information, including the schedule of expenditures of federal awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United State of America. In our opinion, the information based on our audit and the report of the other auditor, is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and historical and other miscellaneous information – unaudited as listed in the Table of Contents 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.

Alexander Thompson Arnold PLLC

Certified Public Accountants

Jackson, Tennessee
December 16, 2010

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, 2010. The City of Jackson implemented the Government Accounting Standards Board (GASB) Statement 34 during FY 2003.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. Please consider the information presented here in conjunction with our Letter of Transmittal (pages 1-6) and the City's financial statements (beginning on page 21).

FINANCIAL HIGHLIGHTS

- The assets of the City of Jackson exceeded its liabilities at the close of the most recent fiscal year by \$94.7 million (net assets). Of this amount, \$53.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$31.5 million. Approximately 91% of this total amount, \$28.6 million, is available for spending at the government's direction (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$23.1 million, or 40% of total general fund expenditures. The General Fund reflected a \$6.6 million increase at June 30, 2010 as the result of \$3.7 million Excess Revenue over Expense and a \$2.9 million Other Financing Sources, primarily from Solid Waste Collection.
- The City of Jackson's total debt decreased by \$4.3 million or 6% during the current fiscal year. The \$4.3 million decrease is the result of \$7.2 million in refunding bonds offset by \$4.3 million principal payments. \$4.0 million in 12-Year Capital Outlay Notes to finance the Sportsplex, a 17-field baseball/softball complex, were reduced by \$.5 million in the fourth year after a double payment against the principal in the second year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

There are two government-wide financial statements:

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

➤ **Statement of Activities** - The statement of activities presents information showing how the City's net assets 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, and Public Buildings. The business-type activities of the City of Jackson include Solid Waste Disposal (H&S), Hwy 70 Landfill, Sportsplex, Jackson Transit Authority, and Community Development.

The government-wide financial statements include not only the City itself (known as the primary government) but also three legally separate entities (known as component units). The Jackson Transit Authority, although legally separate, is important because the City is financially accountable for it. Issued separately, audited financial reports for the Jackson Transit Authority can be obtained from the Transit Authority, 241 East Deaderick Street, Jackson, TN.

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. For the first time, the newly established Jackson Community Redevelopment Agency is also reflected as a discretely presented component unit.

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 (such as the Robertson Trust fund), or to show that it is meeting legal responsibilities for how certain taxes, grants and other monies are used (such as grants received from the United States Department of Housing and Urban Development).

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

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

The City maintains a General Fund, multiple Special Revenue Funds, a Debt Service Fund, and a Capital Projects Fund as Governmental Funds. Information is presented separately in the governmental statement for the General Fund, 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 major Governmental Funds is found in the fund statements of this report. Budgetary comparisons are provided to demonstrate compliance with the budget.

The basic Governmental Fund financial statements can be found on pages 25-28 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 Sportsplex, Solid Waste, Jackson Transit Authority, and Community Development 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.

The basic Proprietary Fund Financial Statements can be found on pages 29-33 of this report.

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

The Fiduciary Fund Financial Statements can be found on pages 34-35 of this report.

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.

The notes to the financial statements can be found on pages 48-74 of this report.

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.

Required Supplementary Information can be found on pages 75-76 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

Net Assets

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceed liabilities by \$94.7 million as of June 30, 2010.

An additional portion of the City's net assets represents resources that are subject to restrictions as to how they may be used. These include net assets restricted for roads and streets \$.2 million, insurance claims \$1.9 million and other purposes \$.5 million.

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

CITY OF JACKSON, TENNESSEE
NET ASSETS - PRIMARY GOVERNMENT
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Current and other assets	\$ 68,908	\$ 66,791	\$ 2,457	\$ 3,013	\$ 71,365	\$ 69,804
Capital assets	117,914	117,040	15,305	15,489	133,219	132,529
Total assets	<u>\$ 186,822</u>	<u>\$ 183,831</u>	<u>\$ 17,762</u>	<u>\$ 18,502</u>	<u>\$ 204,584</u>	<u>\$ 202,333</u>
Long-term liabilities	\$ 68,075	\$ 71,349	\$ 6,579	\$ 7,097	\$ 74,654	\$ 78,446
Other liabilities	33,910	33,411	1,281	1,214	35,191	34,625
Total liabilities	<u>101,985</u>	<u>104,760</u>	<u>7,860</u>	<u>8,311</u>	<u>109,845</u>	<u>113,071</u>
Net assets:						
Invested in capital assets	30,500	23,862	8,798	8,484	39,298	32,346
Restricted	2,313	2,074	-	-	2,313	2,074
Unrestricted, reserved	571	325	-	-	571	325
Unrestricted	<u>51,453</u>	<u>52,810</u>	<u>1,104</u>	<u>1,707</u>	<u>52,557</u>	<u>54,517</u>
Total net assets	<u>84,837</u>	<u>79,071</u>	<u>9,902</u>	<u>10,191</u>	<u>94,739</u>	<u>89,262</u>
Total liabilities and net assets	<u>\$ 186,822</u>	<u>\$ 183,831</u>	<u>\$ 17,762</u>	<u>\$ 18,502</u>	<u>\$ 204,584</u>	<u>\$ 202,333</u>

Changes in Net Assets

Net assets of the City's governmental activities increased by \$5.8 million, or 7.3%. This increase is primarily the result of the increase in Fund Balances.

During the same period, the net assets of the business-type activities decreased by \$289 thousand, with no noteworthy factors.

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

CITY OF JACKSON, TENNESSEE
CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2010 AND 2009
(in thousands)

Revenues:	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$ 16,367	\$ 15,862	\$ 2,448	\$ 2,474	\$ 18,815	\$ 18,336
Operating grants	7,458	4,447	2,172	1,882	9,630	6,329
Capital grants/contributions	1,043	2,258	1,653	589	2,696	2,847
General revenues:						
Property taxes	32,049	30,787	-	-	32,049	30,787
Local option & State-Shared sales tax	15,225	14,883	-	-	15,225	14,883
Business taxes and licenses	6,402	5,964	-	-	6,402	5,964
Other sources	592	1,255	-	-	592	1,255
Grants, unrestricted	69	11	-	-	69	11
Investment earnings	296	577	21	9	317	586
Transfers	(611)	(450)	611	450	-	-
Total revenues	<u>78,890</u>	<u>75,594</u>	<u>6,905</u>	<u>5,404</u>	<u>85,795</u>	<u>80,998</u>
Expenditures:					Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Governmental activities:						
General government	10,791	10,658	-	-	10,791	10,658
Public safety	32,378	30,242	-	-	32,378	30,242
Public works	19,562	16,597	-	-	19,562	16,597
Recreation and parks	9,777	9,705	-	-	9,777	9,705
Interest on long-term debt	2,703	1,990	-	-	2,703	1,990
Other	378	357	-	-	378	357
Business-type activities:						
Community development	-	-	17	36	-	36
Solid waste	-	-	45	58	45	58
Jackson Transit Authority	-	-	3,252	3,369	3,252	3,369
Sportsplex	-	-	2,125	2,120	2,125	2,120
Total expenditures	<u>75,589</u>	<u>69,549</u>	<u>5,439</u>	<u>5,583</u>	<u>81,011</u>	<u>75,132</u>
Change in net assets	3,301	6,044	1,466	(179)	4,767	5,865
Net assets - beginning	79,071	73,052	10,191	10,370	89,262	83,422
Prior period adjustment	2,464	(26)	(1,755)	-	-	(26)
Net assets - ending	<u>\$ 84,836</u>	<u>\$ 79,070</u>	<u>\$ 9,902</u>	<u>\$ 10,191</u>	<u>\$ 94,738</u>	<u>\$ 89,261</u>

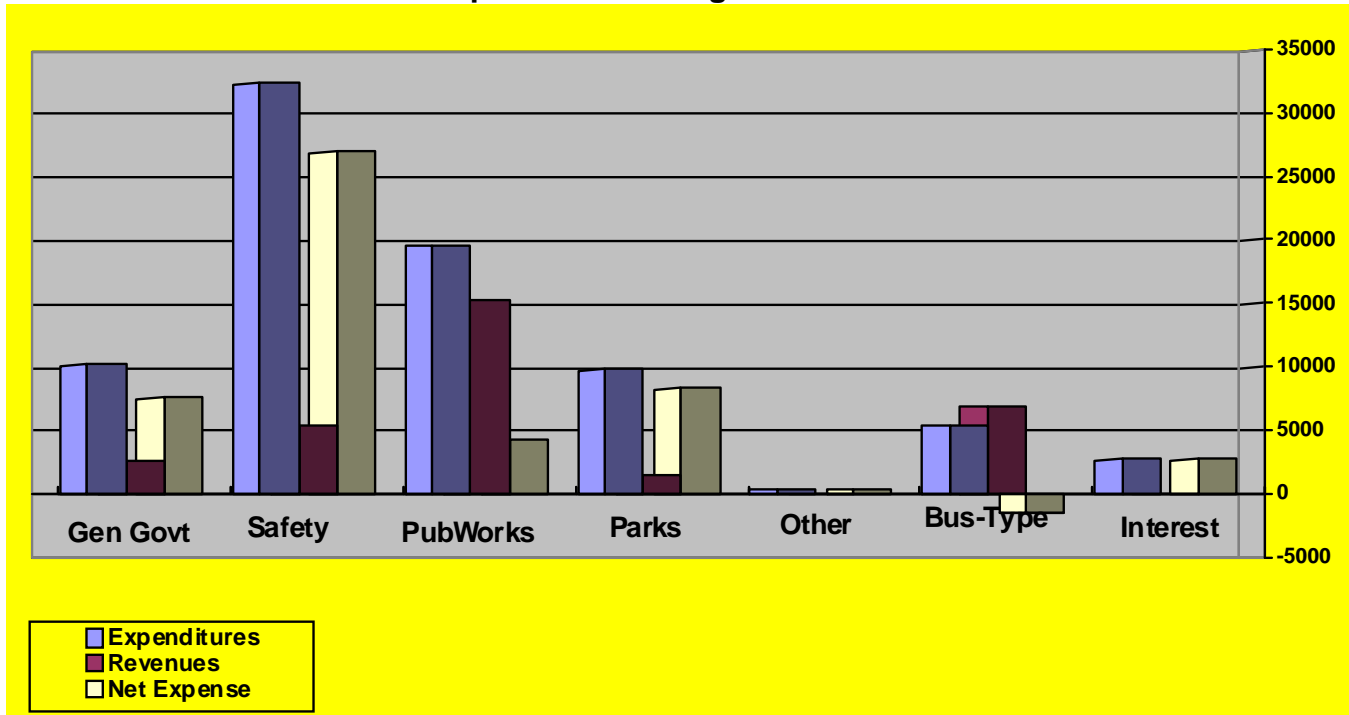
Governmental Activities

Current fiscal year revenues for the City’s governmental activities were \$78.9 million while the same period expenses were \$75.6 million, resulting in a positive impact of \$3.3 million on Net Assets.

- Property tax collections, including “in lieu of” increased \$1.3 million or 4.1% for the FY 2010 fiscal year, a result of the increased commercial growth in the north corridor of the City, and were \$.8 million or 2.9% over Budget.
- Local Option Sales Tax at \$11.3 million was .6% over Budget.
- State-Shared revenues of \$7.3 million were basically flat compared to FY 09, but were \$520 thousand above Budget.

The graphs below show the revenue generated by the largest programs of the City as compared with the expenses associated with providing each service. This will show the net cost, or the financial burden placed on City taxpayers for each program. Also presented are the major sources of revenue for governmental activities.

Expenses and Program Revenues



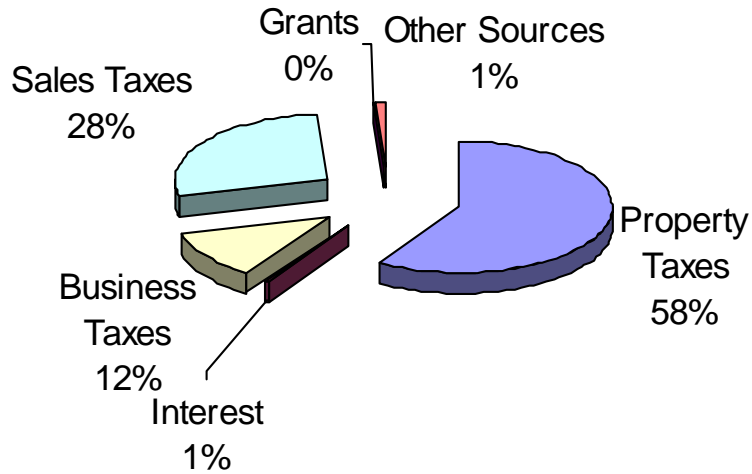
	Gen Govt	Safety	PubWorks	Parks	Other	Bus-Type	Interest
Expenditures	10,192	32,378	19,562	9,777	378	5,438	2,703
Revenues	2,642	5,405	15,299	1,522	0	6,903	0
Net Expense	7,550	26,973	4,263	8,255	378	(1,465)	2,703

The graph below shows the percentage of General Revenue derived from major sources. Property Tax accounts for 58% of revenue while the combined Local Option plus State-Shared Sales Tax makes up 28%. Property Tax historically averages 50%-55% while Sales Tax, Local Option plus State-Shared, 30%-35%. However, a continued growth in Property Tax and a general state-wide decline in Retail Sales resulted in the following:

Revenues by Source - Governmental Activities

Property taxes	32,050
Interest	296
Business taxes	6,402
Sales taxes	15,225
Grants	69
Other Sources	592

(Numbers in thousands)



Business-Type Activities

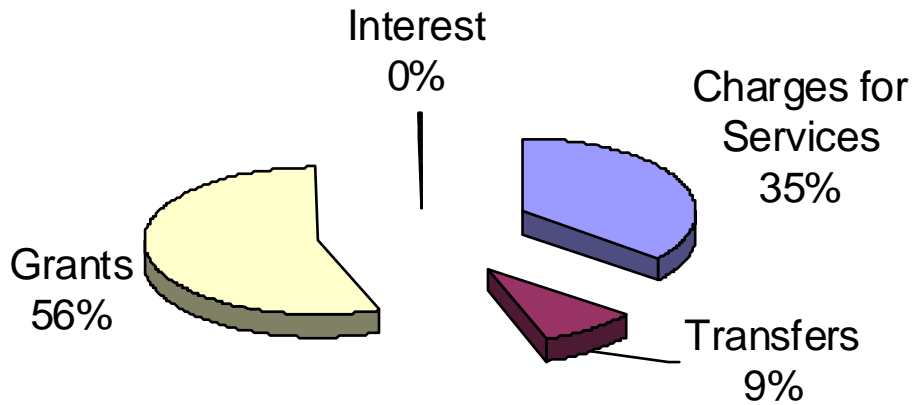
Revenues and transfers for the City’s business-type activities were \$6.9 million for the year just completed with operating expenses of \$5.4 million, resulting in an operating income of \$1.5 million.

The chart below shows the major sources of revenue for business-type activities.

Revenues by Source – Business-type Activities

Charges for Services	2,448
Transfers	611
Grants	3,824
Interest	21

(Numbers in thousands)



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, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$31.5 million, a decrease of \$.3 million in comparison with the prior year. The \$.3 million net decrease is basically due to a \$6.6 million increase in the General Fund offset by the \$8.7 million decrease in Debt Service Fund as the previous year bond proceeds were either expended on capital projects or transferred to the Capital Fund for FY 11 capital. Approximately 91% or \$28.6 million constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved 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, unreserved fund balance of the general fund was \$23.1 million. A measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 40% of total general fund expenditures of \$57.4 million.

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 \$2.3 million which will apply to the FY 11 Capital Plan.

- The City spent \$4.4 million on capital expenditures, primarily from proceeds of the \$6.0 million 2009 Bond Offering plus \$.5 million in Grants and miscellaneous revenue.
- Current year expenditures included \$2.6 million for Public Works projects, \$912 thousand for General Government, which included \$832 thousand for a City parking lot that had been committed to in the prior administration, \$378 thousand for Public Safety, and \$198 thousand for Public Welfare.

Proprietary Funds

The City of Jackson's Proprietary Funds provide the same type of information found in the Government-Wide Financial statements, but in more detail.

As the City completed the fiscal year, its proprietary funds had a fund balance of \$9.9 million. Of this amount, \$1.1 million was available to meet on-going obligations with the remainder invested in capital assets. Key factors within the major enterprise funds are presented below:

- Net Assets of the Solid Waste Disposal Fund were zero at FY 10 year-end, as a result of the \$11.5 million transfer to the General Fund in FY 07. This fund remains open only to cover the post-closure expense of the "Old Highway 70 Landfill".
- The other major factor in the Proprietary Funds category was the introduction of the Sportsplex Fund, an Enterprise Fund for the City's (17) field baseball/softball complex for "Travel Ball". Subject complex was under construction at the end of FY06 and opening tournaments started in August of FY07. The total capital cost of the subject complex came in under the \$14.0 million budget at \$13.4 million.

General Fund Budgetary Highlights

Revenues

- Property Taxes were \$.5 million over budget, despite the effects of defaults, foreclosures, and bankruptcies.
- Licenses and Permits were \$210 thousand over budget at \$4.2 million.
- Tax equivalents were \$316 thousand over budget at \$3.5 million.
- Fines, Interest & Penalties were \$644 thousand over budget at \$2.3 million, primarily as a result of Speed Enforcement.
- Local Option Sales Tax collections were \$11.3 million or \$68 thousand, .6%, over the budgeted amount of \$11.3 million.
- State-Shared Sales Tax to the City was \$3.9 million, which is \$60 thousand or 1.6% over budget.
- The state-shared Hall Income tax receipts were \$8 thousand over budget at \$393 thousand.
- Total State-Shared Revenues were \$7.3 million.

Expenditures

- Health insurance contributions on behalf of employees were \$1.5 million under budgeted amounts. This \$1.5 million positive variance is a major contributor to the \$3.8 million overall “Excess Revenue over Expense” for the General Fund, all other factors being equal.
- It should also be noted that \$1 million in net 2010 Flood Expense adversely affected FY 2010.

Fund Balances of Governmental Funds

The fund balance of the City of Jackson’s General Fund increased by \$6.6 million during the current fiscal year. Key factors in this increase are as follows:

- \$3.8 million in Excess Revenue over Expense, primarily the result of health insurance savings, lower operating cost, and a \$1.4 million positive Revenue variance to Budget.
- \$1.8 million transfer in Fund Balance from H&S Fund, which no longer requires a large fund balance subsequent to the 2005 sale of the City-owned landfill.

CAPITAL ASSET AND DEBT ADMINISTRATION

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

- A total of \$2.6 million for Public Works projects, including Roads, Streets, and Bridges.
- Only \$.4 million was expended for Public Safety, reflecting an “off-year” in vehicle replacements.
- \$198 thousand was expended for Public Welfare and Community Services.
- \$912 thousand was expended for General Government projects, of which \$832 thousand was for a City parking lot committed to in a previous administration.

The City’s capital improvement program was sharply curtailed in the FY10 Budget, as the major projects of the past two years came to completion and the Debt Service was spread equally over 15 years as part of the major Refunding/Restructure.

Debt

At the end of the current fiscal year, the City of Jackson had total long-term general obligation debt outstanding of \$72 million. This entire amount is backed by the full faith and credit of the City. There are no bonds secured solely by specified revenue sources (revenue bonds).

CITY OF JACKSON, TENNESSEE
OUTSTANDING DEBT - GENERAL OBLIGATION AND REVENUE BONDS
(in thousands)

	Governmental Activities		Business-Type Activities		Total	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
General obligation bonds	\$ 64,901	\$ 61,507	\$ 3,029	\$ 3,029	\$ 67,930	\$ 64,536
TN Bond Fund loans	-	7,168	-	-	-	7,168
Capital Outlay Notes	-	-	3,478	3,976	3,478	3,976
JMCGH Note	650	-	-	-	650	-
Total Outstanding Debt	<u>\$ 65,551</u>	<u>\$ 68,675</u>	<u>\$ 6,507</u>	<u>\$ 7,005</u>	<u>\$ 72,058</u>	<u>\$ 75,680</u>

The City of Jackson's total long-term debt decreased by \$3.6 million or 4.8%, during the current fiscal year. General Government debt was decreased by \$3.1 million or 4.5%, while Business-Type debt (i.e.: Sportsplex) was reduced by \$.5 million. The \$67,930,000 General Obligation Bonds are at the following rates: \$55 million at 3.84%; \$6 million at 3.52%; and \$7 million at 3.56%. The Capital Outlay Notes are at 62.5% of Prime with a cap of 5.3% and a floor of 2.7%. The rate fluctuates daily and is closely tied to short-term Treasury bills.

The City of Jackson maintains an A-Plus rating from Standard & Poor's Investors Service for its general obligation debt.

State statutes allow cities to establish limits to the amount of general obligation debt they may issue against the assessed value within their corporate limits. The City of Jackson has adopted a Debt Management Policy which limits the annual Debt Service payments to 25% of the annual Property Tax Budgeted Revenues.

Contacting the City's Financial Management

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

BASIC FINANCIAL STATEMENTS

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Primary Government			Component Unit	Component Unit
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency
ASSETS					
Cash and cash equivalents	\$ 209,432	\$ 1,285,316	\$ 1,494,748	\$ 50,630,585	\$ 74,235
Investments	28,572,115	337,160	28,909,275	20,846,686	-
Receivables:					
Interest	16,724	-	16,724	35,607	-
Dividends	-	-	-	659,205	-
Taxes (net of allowance for uncollectible accounts)	29,317,956	-	29,317,956	-	-
Accounts (net of allowance for uncollectible accounts)	1,326,183	342,298	1,668,481	17,916,153	-
Grants	4,657,816	-	4,657,816	89,993	-
Intergovernmental	3,467,536	-	3,467,536	-	35,664
Court fines (net of allowance for uncollectible accounts)	457,164	-	457,164	-	-
Current maturities of long-term notes receivable	-	100,000	100,000	3,098	-
Internal balances	614,809	(614,809)	-	-	-
Inventories:					
Parts and supplies	212,302	121,734	334,036	4,847,784	-
Gasoline and diesel	50,418	-	50,418	-	-
For resale	1,825	-	1,825	-	-
Prepaid expenses	3,282	-	3,282	1,231,956	-
Other assets	-	9,118	9,118	-	-
Unamortized bond issue cost	-	-	-	1,217,201	-
Deferred cost - GIS project	-	-	-	590,415	-
Other deferred costs	-	-	-	3,431,813	-
Unrecovered purchased gas cost	-	-	-	(150,282)	-
Reimbursable costs	-	-	-	1,064,366	-
Deferred outflows from interest rate swaps	-	-	-	11,760,285	-
Long-term notes receivable	-	875,955	875,955	727,699	-
Restricted assets:					
Cash and cash equivalents	-	-	-	8,154,765	-
Investments	-	-	-	19,454,877	-
Capital assets not being depreciated:					
Land	19,514,883	5,205,209	24,720,092	-	1,710,745
Construction in progress	-	-	-	28,172,576	-
Capital assets (net of accumulated depreciation):					
Buildings	34,101,307	8,082,974	42,184,281	-	1,157,593
Improvements other than buildings	56,775,419	-	56,775,419	-	-
Machinery and equipment	2,080,232	1,730,360	3,810,592	-	-
Furniture and fixtures	5,442,684	286,288	5,728,972	-	-
Plant in service	-	-	-	379,223,361	-
Total assets	<u>\$ 186,822,087</u>	<u>\$ 17,761,603</u>	<u>\$ 204,583,690</u>	<u>\$ 549,908,143</u>	<u>\$ 2,978,237</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET ASSETS (Cont.)
 JUNE 30, 2010

	<u>Primary Government</u>			<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>	<u>Jackson Energy</u> <u>Authority</u>	<u>Jackson Community</u> <u>Redevelopment</u> <u>Agency</u>
LIABILITIES					
Accounts payable	\$ 1,995,894	\$ 673,171	\$ 2,669,065	\$ 24,822,728	\$ 7,618
Accrued expenses	1,747,401	171,389	1,918,790	2,164,855	-
Bank overdraft	927,586	-	927,586	-	-
Customer deposits	127,578	-	127,578	4,343,280	-
Payable to other governments	488,475	-	488,475	-	-
Accrued interest payable	752,716	5,880	758,596	-	-
Premium on debt issuance	307,573	-	307,573	-	-
Deferred revenue	27,562,950	-	27,562,950	-	-
Gas supply imbalances	-	-	-	(57,757)	-
Accrued landfill closure/postclosure costs	-	430,976	430,976	-	-
Current liabilities payable from restricted assets:					
Accrued revenue bond interest	-	-	-	471,083	-
Current portion - revenue bonds payable (net of discount)	-	-	-	2,019,259	-
Noncurrent liabilities:					
Due within one year	4,045,130	593,620	4,638,749	271,327	30,000
Due in more than one year	63,504,562	5,984,512	69,489,073	209,286,660	-
Deferred outflows from interest rate swaps	-	-	-	11,760,284	-
OPEB liability	525,619	-	525,619	3,234,089	-
Total liabilities	<u>\$ 101,985,483</u>	<u>\$ 7,859,547</u>	<u>\$ 109,845,030</u>	<u>\$ 258,315,808</u>	<u>\$ 37,618</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET ASSETS (Cont.)
 JUNE 30, 2010

	<u>Primary Government</u>			<u>Component Unit</u>	<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Jackson Energy Authority</u>	<u>Jackson Community Redevelopment Agency</u>
NET ASSETS					
Invested in capital assets, net of related debt	\$ 30,500,160	\$ 8,798,224	\$ 39,298,384	\$ 208,856,405	\$ 2,838,338
Restricted for:					
Self insurance	1,900,000	-	1,900,000	-	-
Sex offender	11,065	-	11,065	-	-
Drug litigation tax	223,426	-	223,426	-	-
State street aid	177,733	-	177,733	-	-
Debt service	-	-	-	27,138,560	-
Unrestricted	<u>52,024,220</u>	<u>1,103,832</u>	<u>53,128,052</u>	<u>55,597,370</u>	<u>102,281</u>
Total net assets	<u>\$ 84,836,604</u>	<u>\$ 9,902,056</u>	<u>\$ 94,738,660</u>	<u>\$ 291,592,335</u>	<u>\$ 2,940,619</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit	Component Unit
		Charges for Services	Operating	Capital	Governmental Activities	Primary Government		Jackson Energy Authority	Jackson Community Redevelopment Agency
			Grants and Contributions	Grants and Contributions		Business-type Activities	Total		
Primary government									
Governmental activities:									
General government	\$ 10,791,560	\$ 1,046,483	\$ 1,328,483	\$ 266,480	\$ (8,150,114)	\$ -	\$ (8,150,114)	\$ -	\$ -
Public safety	32,377,665	3,190,163	2,143,872	70,736	(26,972,894)	-	(26,972,894)	-	-
Public works	19,562,491	10,799,078	3,829,234	670,995	(4,263,184)	-	(4,263,184)	-	-
Public welfare and community service	9,776,818	1,330,954	156,338	34,702	(8,254,824)	-	(8,254,824)	-	-
Other	377,791	-	-	-	(377,791)	-	(377,791)	-	-
Interest on debt	2,702,703	-	-	-	(2,702,703)	-	(2,702,703)	-	-
Total governmental activities	75,589,028	16,366,678	7,457,927	1,042,913	(50,721,510)	-	(50,721,510)	-	-
Business-type activities:									
Solid waste	45,218	-	-	-	-	(45,218)	(45,218)	-	-
Jackson Transit Authority	3,251,846	763,065	1,971,651	1,652,578	-	1,135,448	1,135,448	-	-
Sportsplex	2,124,990	1,680,822	200,000	-	-	(244,168)	(244,168)	-	-
Community development	15,783	3,792	-	-	-	(11,991)	(11,991)	-	-
Total business-type activities	5,437,837	2,447,679	2,171,651	1,652,578	-	834,071	834,071	-	-
Total primary government	\$ 81,026,865	\$ 18,814,357	\$ 9,629,578	\$ 2,695,491	\$ (50,721,510)	\$ 834,071	\$ (49,887,439)	\$ -	\$ -
Component unit									
Jackson Energy Authority	\$ 211,213,688	\$ 214,968,867	\$ 3,637,824	\$ 1,541,171	-	-	-	8,934,174	-
Jackson Community Redevelopment Agency	\$ 42,083	\$ 28,701	\$ -	\$ 2,954,001	-	-	-	-	2,940,619
General revenues:									
Property taxes - levied for general government					27,927,794	-	27,927,794	-	-
In lieu of property taxes					4,121,778	-	4,121,778	-	-
Sales taxes					15,225,257	-	15,225,257	-	-
Franchise and excise taxes					128,311	-	128,311	-	-
Alcoholic beverage taxes					2,860,100	-	2,860,100	-	-
Business taxes					1,475,633	-	1,475,633	-	-
Income taxes					393,179	-	393,179	-	-
TVA taxes					657,664	-	657,664	-	-
Hotel-motel taxes					391,851	-	391,851	-	-
Rental and reimbursements					495,246	-	495,246	-	-
Other sources					592,134	-	592,134	31,627	-
Unrestricted grants and contributions					68,685	-	68,685	-	-
Unrestricted interest income					296,329	20,586	316,915	1,889,319	-
Transfers					(611,000)	611,000	-	-	-
Total general revenues and transfers					54,022,961	631,586	54,654,547	1,920,946	-
Changes in net assets					3,301,451	1,465,657	4,767,108	10,855,120	2,940,619
Net assets - beginning					79,070,818	10,191,119	89,261,937	280,737,215	-
Prior period adjustment					2,464,335	(1,754,720)	709,615	-	-
Net assets - beginning - restated					81,535,153	8,436,399	89,971,552	280,737,215	-
Net assets - ending					\$ 84,836,604	\$ 9,902,056	\$ 94,738,660	\$ 291,592,335	\$ 2,940,619

CITY OF JACKSON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
 JUNE 30, 2010

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 151,529	\$ -	\$ -	\$ -	\$ 57,903	\$ 209,432
Investments	22,589,265	1,568,285	3,829,224	239,540	345,801	28,572,115
Receivables:						
Interest	16,724	-	-	-	-	16,724
Taxes (net of allowance for uncollectible accounts)	24,490,263	4,827,693	-	-	-	29,317,956
Accounts (net of allowance for uncollectible accounts)	60,281	25,753	-	1,231,338	8,811	1,326,183
Grants	3,813,633	-	329,733	-	514,450	4,657,816
Intergovernmental	3,453,105	-	-	-	14,431	3,467,536
Court fines (net of allowance for uncollectible accounts)	381,100	-	-	-	76,064	457,164
Due from other funds	1,805,790	205,674	-	80,780	57,856	2,150,100
Inventories:						
Parts and supplies	212,302	-	-	-	-	212,302
Gasoline and diesel	50,418	-	-	-	-	50,418
For resale	1,825	-	-	-	-	1,825
Prepaid expenses	3,282	-	-	-	-	3,282
Total assets	<u>\$ 57,029,517</u>	<u>\$ 6,627,405</u>	<u>\$ 4,158,957</u>	<u>\$ 1,551,658</u>	<u>\$ 1,075,316</u>	<u>\$ 70,442,853</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Bank overdraft	\$ 927,586	\$ -	\$ -	\$ -	\$ -	\$ 927,586
Accounts payable	1,457,503	350	289,378	1,230	247,433	1,995,894
Accrued expenses	1,724,222	-	-	23,179	-	1,747,401
Due to other funds	251,027	24	1,284,240	-	-	1,535,291
Deferred revenue	381,100	-	261,066	-	-	642,166
Deferred revenue - intergovernmental	2,115,445	-	-	-	169,915	2,285,360
Deferred revenue - property taxes	24,360,830	4,805,849	-	-	-	29,166,679
Payable to other governments	61,015	-	-	-	427,460	488,475
Customer deposits	-	-	-	127,578	-	127,578
Total liabilities	<u>31,278,728</u>	<u>4,806,223</u>	<u>1,834,684</u>	<u>151,987</u>	<u>844,808</u>	<u>38,916,430</u>
Fund balances:						
Reserved for:						
Self insurance	1,900,000	-	-	-	-	1,900,000
Sex offender	11,065	-	-	-	-	11,065
Drug litigation tax	223,426	-	-	-	-	223,426
State street aid	177,733	-	-	-	-	177,733
Unreserved, designated for, reported in:						
General Fund:						
Inventory	264,545	-	-	-	-	264,545
Midnight Basketball	2,275	-	-	-	-	2,275
Traffic safety	33,136	-	-	-	-	33,136
Drug court	15,591	-	-	-	-	15,591
Liberty Gardens	23,331	-	-	-	-	23,331
Capital Outlay Fund:						
Soccer	-	-	1,333	-	-	1,333
Special revenue funds	-	-	-	-	230,508	230,508
Unreserved, undesignated	23,099,687	1,821,182	2,322,940	1,399,671	-	28,643,480
Total fund balances	<u>25,750,789</u>	<u>1,821,182</u>	<u>2,324,273</u>	<u>1,399,671</u>	<u>230,508</u>	<u>31,526,423</u>
Total liabilities and fund balances	<u>\$ 57,029,517</u>	<u>\$ 6,627,405</u>	<u>\$ 4,158,957</u>	<u>\$ 1,551,658</u>	<u>\$ 1,075,316</u>	<u>\$ 70,442,853</u>

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

CITY OF JACKSON, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2010

Amounts reported for the governmental activities in the statement of net assets (Pages 21 - 23) are different because:

Fund balance - total governmental funds (Page 25)	\$ 31,526,423
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds	117,914,525
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds	4,531,255
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in the funds	(1,060,289)
Long-term liabilities, including notes and bonds payable, are not due in the current period and, therefore, are not reported in the funds	<u>(68,075,310)</u>
Net assets - governmental activities (Page 23)	<u><u>\$ 84,836,604</u></u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General	Debt Service	Capital Outlay	Solid Waste Collection	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 28,871,125	\$ 4,523,875	\$ -	\$ -	\$ -	\$ 33,395,000
Licenses and permits	4,175,097	-	-	-	-	4,175,097
Fines, interest and penalties	2,289,929	-	-	-	84,796	2,374,725
Use of money and property	1,805,738	18,408	93,084	7,162	61,558	1,985,950
Intergovernmental	21,012,865	89,703	372,427	-	1,358,286	22,833,281
Sales and service charges	511,775	-	-	10,485,171	149,795	11,146,741
Other	2,474,546	-	-	-	274,888	2,749,434
Total revenues	<u>61,141,075</u>	<u>4,631,986</u>	<u>465,511</u>	<u>10,492,333</u>	<u>1,929,323</u>	<u>78,660,228</u>
Expenditures:						
Current:						
General government	9,976,874	-	911,705	-	-	10,888,579
Public safety	31,375,560	-	377,619	-	200,925	31,954,104
Public works	9,077,920	-	2,589,058	7,957,917	-	19,624,895
Public welfare and community services	7,015,739	-	198,148	-	1,432,727	8,646,614
Other	-	-	306,590	-	171,728	478,318
Capital Outlay:						
Public safety	-	-	-	-	102	102
Public works	-	-	-	602	1,189,134	1,189,736
Debt Service:						
Principal	-	3,725,000	-	-	-	3,725,000
Interest	-	2,533,634	-	-	-	2,533,634
Other	-	1,179	-	-	-	1,179
Total expenditures	<u>57,446,093</u>	<u>6,259,813</u>	<u>4,383,120</u>	<u>7,958,519</u>	<u>2,994,616</u>	<u>79,042,161</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,694,982</u>	<u>(1,627,827)</u>	<u>(3,917,609)</u>	<u>2,533,814</u>	<u>(1,065,293)</u>	<u>(381,933)</u>
Other financing sources (uses):						
Sale of notes	-	-	-	-	650,000	650,000
Refunding bonds issued	-	7,169,663	-	-	-	7,169,663
Operating transfers in	3,530,000	-	6,384,429	-	650,000	10,564,429
Retirement of bonds refunded	-	(7,168,000)	-	-	-	(7,168,000)
Operating transfers out	(611,000)	(7,034,429)	-	(3,500,000)	(30,000)	(11,175,429)
Total other financing sources (uses)	<u>2,919,000</u>	<u>(7,032,766)</u>	<u>6,384,429</u>	<u>(3,500,000)</u>	<u>1,270,000</u>	<u>40,663</u>
Net changes in fund balances	6,613,982	(8,660,593)	2,466,820	(966,186)	204,707	(341,270)
Fund balances - beginning	<u>19,136,807</u>	<u>10,481,775</u>	<u>(142,547)</u>	<u>2,365,857</u>	<u>25,801</u>	<u>31,867,693</u>
Fund balances - ending	<u>\$ 25,750,789</u>	<u>\$ 1,821,182</u>	<u>\$ 2,324,273</u>	<u>\$ 1,399,671</u>	<u>\$ 230,508</u>	<u>\$ 31,526,423</u>

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

CITY OF JACKSON, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Amounts reported for the governmental activities in the statement of activities (Page 24) are different because:

Net change in fund balances - total governmental funds (Page 27)	\$ (341,270)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlays exceeded depreciation in the current period	(172,247)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds	737,765
Some expenses reported in the statement of activities, such as accrued leave, interest payable and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds	(24,721)
The issuance of long-term debt provides current financial resources to governmental funds. These transactions do not have any effect on net assets	(7,791,076)
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 assets	<u>10,893,000</u>
Change in net assets of governmental activities (Page 24)	<u><u>\$ 3,301,451</u></u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2010

ASSETS	<u>Solid Waste</u>	<u>Jackson Transit Authority</u>	<u>Sportsplex</u>	<u>Community Development</u>	<u>Totals</u>
Current assets:					
Cash and cash equivalents	\$ -	\$ 810,367	\$ 9,000	\$ 465,949	\$ 1,285,316
Investments	337,160	-	-	-	337,160
Accounts receivable (net of allowance for uncollectible accounts)	-	37,553	304,745	-	342,298
Due from other funds	-	-	-	20,130	20,130
Current maturities of long-term notes receivable	-	-	-	100,000	100,000
Inventory	-	55,127	66,607	-	121,734
Total current assets	<u>337,160</u>	<u>903,047</u>	<u>380,352</u>	<u>586,079</u>	<u>2,206,638</u>
Noncurrent assets:					
Other assets:					
Foreclosed property	-	-	-	9,118	9,118
Long-term notes receivable	-	-	463,675	412,280	875,955
Total other assets	<u>-</u>	<u>-</u>	<u>463,675</u>	<u>421,398</u>	<u>885,073</u>
Capital assets (net of accumulated depreciation):					
Land	-	352,173	4,853,036	-	5,205,209
Buildings	-	3,145,099	4,937,875	-	8,082,974
Machinery and equipment	-	1,730,360	-	-	1,730,360
Furniture and fixtures	-	45,237	241,051	-	286,288
Net capital assets	<u>-</u>	<u>5,272,869</u>	<u>10,031,962</u>	<u>-</u>	<u>15,304,831</u>
Total assets	<u>\$ 337,160</u>	<u>\$ 6,175,916</u>	<u>\$ 10,875,989</u>	<u>\$ 1,007,477</u>	<u>\$ 18,396,542</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF NET ASSETS (Cont.)
PROPRIETARY FUNDS
JUNE 30, 2010

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 1,235	\$ 364,213	\$ 54,051	\$ 253,672	\$ 673,171
Due to other funds	2,214	-	632,725	-	634,939
Current maturities of long-term notes payable	-	-	593,620	-	593,620
Accrued expenses	-	123,344	48,045	-	171,389
Accrued interest payable	-	-	5,880	-	5,880
Accrued leave	-	71,524	-	-	71,524
Total current liabilities	<u>3,449</u>	<u>559,081</u>	<u>1,334,321</u>	<u>253,672</u>	<u>2,150,523</u>
Noncurrent liabilities:					
Long-term notes payable	-	-	5,912,988	-	5,912,988
Accrued closure and post closure costs	430,976	-	-	-	430,976
Total noncurrent liabilities	<u>430,976</u>	<u>-</u>	<u>5,912,988</u>	<u>-</u>	<u>6,343,964</u>
Total liabilities	<u>434,425</u>	<u>559,081</u>	<u>7,247,308</u>	<u>253,672</u>	<u>8,494,486</u>
NET ASSETS					
Invested in capital assets, net of related debt	-	5,272,869	3,525,355	-	8,798,224
Unrestricted	(97,265)	343,966	103,326	753,805	1,103,832
Total net assets	<u>(97,265)</u>	<u>5,616,835</u>	<u>3,628,681</u>	<u>753,805</u>	<u>9,902,056</u>
Total liabilities and net assets	<u>\$ 337,160</u>	<u>\$ 6,175,916</u>	<u>\$ 10,875,989</u>	<u>\$ 1,007,477</u>	<u>\$ 18,396,542</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Operating revenues:					
Charges for services	\$ -	\$ 763,065	\$ 1,042,566	\$ -	\$ 1,805,631
Hotel/ Motel tax	-	-	271,449	-	271,449
Sponsorships	-	-	352,575	-	352,575
Reimbursements	-	-	190	-	190
Other operating revenues	-	-	14,042	3,792	17,834
Total operating revenues	<u>-</u>	<u>763,065</u>	<u>1,680,822</u>	<u>3,792</u>	<u>2,447,679</u>
Operating expenses:					
Salaries and employee benefits	-	2,089,194	644,104	-	2,733,298
Operation	45,218	666,550	712,213	15,783	1,439,764
Maintenance	-	76,338	133,077	-	209,415
Provision for depreciation	-	419,764	411,723	-	831,487
Total operating expenses	<u>45,218</u>	<u>3,251,846</u>	<u>1,901,117</u>	<u>15,783</u>	<u>5,213,964</u>
Operating income (loss)	<u>(45,218)</u>	<u>(2,488,781)</u>	<u>(220,295)</u>	<u>(11,991)</u>	<u>(2,766,285)</u>
Nonoperating revenues (expenses):					
Interest and other income (expense)	1,340	19,246	-	-	20,586
Interest expense	-	-	(223,873)	-	(223,873)
Donations	-	-	200,000	-	200,000
Grant revenues	-	1,971,651	-	-	1,971,651
Total nonoperating revenues (expenses)	<u>1,340</u>	<u>1,990,897</u>	<u>(23,873)</u>	<u>-</u>	<u>1,968,364</u>
Income (loss) before operating transfers	(43,878)	(497,884)	(244,168)	(11,991)	(797,921)
Operating transfers:					
Operating transfers in	-	611,000	-	-	611,000
Total operating transfers in (out)	<u>-</u>	<u>611,000</u>	<u>-</u>	<u>-</u>	<u>611,000</u>
Income (loss) before contributions	(43,878)	113,116	(244,168)	(11,991)	(186,921)
Capital contributions	-	1,652,578	-	-	1,652,578
Change in net assets	(43,878)	1,765,694	(244,168)	(11,991)	1,465,657
Total net assets - beginning	(53,387)	3,851,141	5,627,569	765,796	10,191,119
Prior period adjustment	-	-	(1,754,720)	-	(1,754,720)
Net assets - beginning - restated	<u>(53,387)</u>	<u>3,851,141</u>	<u>3,872,849</u>	<u>765,796</u>	<u>8,436,399</u>
Total net assets - ending	<u>\$ (97,265)</u>	<u>\$ 5,616,835</u>	<u>\$ 3,628,681</u>	<u>\$ 753,805</u>	<u>\$ 9,902,056</u>

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Solid Waste	Jackson Transit Authority	Sportsplex	Community Development	Totals
Cash flows from operating activities:					
Cash received from consumers	\$ -	\$ 751,905	\$ 1,314,015	\$ 3,792	\$ 2,069,712
Cash received from other operations	-	36,628	362,998	-	399,626
Cash paid to suppliers of goods and services	(75,462)	(774,682)	(827,353)	(15,783)	(1,693,280)
Cash paid to employees for services	-	(2,050,984)	(633,048)	-	(2,684,032)
Cash (paid to) received from other funds	214	-	331,670	34,429	366,313
Net cash provided (used) by operating activities	<u>(75,248)</u>	<u>(2,037,133)</u>	<u>548,282</u>	<u>22,438</u>	<u>(1,541,661)</u>
Cash flows from non-capital financing activities:					
Disbursements of community development loans	-	-	-	(289,024)	(289,024)
Principal collections of community development loans	-	-	-	54,468	54,468
Principal payments on debt	-	-	(498,750)	-	(498,750)
Appropriations from City	-	611,000	-	-	611,000
Cash received from grants	-	2,236,162	-	-	2,236,162
Net cash provided (used) by non-capital financing activities	<u>-</u>	<u>2,847,162</u>	<u>(498,750)</u>	<u>(234,556)</u>	<u>2,113,856</u>
Cash flows from capital and related financing activities:					
Construction and acquisition of property and equipment	-	(2,376,200)	(49,432)	-	(2,425,632)
Capital grants received	-	1,652,578	-	-	1,652,578
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(723,622)</u>	<u>(49,432)</u>	<u>-</u>	<u>(773,054)</u>
Cash flows from investing activities:					
Purchase of investments	-	-	(40,368)	-	(40,368)
Redeemed/matured investments	73,908	-	40,368	-	114,276
Interest earned	1,340	3,735	-	-	5,075
Net cash provided (used) by investing activities	<u>75,248</u>	<u>3,735</u>	<u>-</u>	<u>-</u>	<u>78,983</u>
Net increase (decrease) in cash and cash equivalents	-	90,142	100	(212,118)	(121,876)
Cash and cash equivalents - Beginning of year	-	720,225	8,900	678,067	1,407,192
Cash and cash equivalents - End of year	\$ -	\$ 810,367	\$ 9,000	\$ 465,949	\$ 1,285,316
Cash and cash equivalents					
Unrestricted cash on hand	\$ -	\$ -	\$ 9,000	\$ -	\$ 9,000
Unrestricted cash and cash equivalents on deposit	-	810,367	-	465,949	1,276,316
Total cash and cash equivalents	\$ -	\$ 810,367	\$ 9,000	\$ 465,949	\$ 1,285,316

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF CASH FLOWS (Cont.)
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Solid Waste</u>	<u>Jackson Transit Authority</u>	<u>Sportsplex</u>	<u>Community Development</u>	<u>Totals</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ (45,218)	\$ (2,488,781)	\$ (220,295)	\$ (11,991)	\$ (2,766,285)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	-	419,764	411,723	-	831,487
Change in closure/postclosure liability	(16,192)	-	-	-	(16,192)
(Increase) decrease in accounts receivable	-	25,502	(40,359)	-	(14,857)
(Increase) decrease in notes receivable	-	-	36,550	-	36,550
(Increase) decrease in inventory	-	(5,128)	163	-	(4,965)
(Increase) decrease in due from other funds	-	-	12,500	588	13,088
Increase (decrease) in accounts payable and accrued expenses	(14,052)	11,510	28,830	2,574	28,862
Increase (decrease) in due to other funds	214	-	319,170	31,267	350,651
Net cash provided (used) by operating activities	\$ (75,248)	\$ (2,037,133)	\$ 548,282	\$ 22,438	\$ (1,541,661)

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
 JUNE 30, 2010

	Robertson Trust Fund	Deferred Compensation Trust Fund	Totals
ASSETS			
Investments	\$ 1,038,792	\$ 10,166,194	\$ 11,204,986
Total assets	\$ 1,038,792	\$ 10,166,194	\$ 11,204,986
LIABILITIES			
Deferred compensation benefits payable	\$ -	\$ 10,166,194	\$ 10,166,194
Total liabilities	-	10,166,194	10,166,194
NET ASSETS			
Reserve for endowment	1,038,792	-	1,038,792
Total liabilities and net assets	\$ 1,038,792	\$ 10,166,194	\$ 11,204,986

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

CITY OF JACKSON, TENNESSEE
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Robertson Trust Fund	Deferred Compensation Trust Fund	Totals
Revenues:			
Other:			
Interest and investment income	\$ 37,105	\$ -	\$ 37,105
Increase (decrease) in FMV of investments	(12,174)	764,525	752,351
Employee contributions	-	721,254	721,254
Total revenues	24,931	1,485,779	1,510,710
Expenditures:			
General Government:			
Employee benefits	-	1,485,779	1,485,779
Total expenditures	-	1,485,779	1,485,779
Excess (deficiency) of revenues over under (expenditures)	24,931	-	24,931
Net assets - beginning	1,013,861	-	1,013,861
Net assets - ending	\$ 1,038,792	\$ -	\$ 1,038,792

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues:	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
Taxes	\$ 27,909,402	\$ 27,909,402	\$ 28,871,125	\$ 961,723
Licenses and permits	3,965,475	3,965,475	4,175,097	209,622
Fines, interest and penalties	1,645,500	1,645,500	2,289,929	644,429
Use of money and property	2,060,735	2,060,735	1,805,738	(254,997)
Intergovernmental	20,876,748	25,128,486	21,012,865	(4,115,621)
Sales and service charges	546,000	546,000	511,775	(34,225)
Other	1,209,541	1,262,541	2,474,546	1,212,005
Total revenues	58,213,401	62,518,139	61,141,075	(1,377,064)
 Expenditures:				
Current:				
General government	13,409,129	14,440,963	9,976,874	4,464,089
Public safety	31,299,705	34,037,009	31,375,560	2,661,449
Public works	7,116,612	7,953,938	9,077,920	(1,123,982)
Public welfare and community services	7,130,973	7,165,973	7,015,739	150,234
Total expenditures	58,956,419	63,597,883	57,446,093	6,151,790
Excess (deficiency) of revenues over (under) expenditures	(743,018)	(1,079,744)	3,694,982	4,774,726
 Other financing sources (uses):				
Operating transfers in from:				
Police Drug Fund	-	-	30,000	30,000
Solid Waste Fund	1,500,000	1,500,000	3,500,000	2,000,000
Operating transfers out to:				
Capital Outlay Fund	(73,000)	(73,000)	-	73,000
Jackson Transit Authority	(683,982)	(683,982)	(611,000)	72,982
Total other financing sources (uses)	743,018	743,018	2,919,000	2,175,982
Net changes in fund balances	\$ -	\$ (336,726)	6,613,982	\$ 6,950,708
Fund balance - beginning			19,136,807	
Fund balance - ending			\$ 25,750,789	

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Taxes:				
Property taxes	\$ 23,082,356	\$ 23,082,356	\$ 23,535,468	\$ 453,112
Tax equivalents:				
Electric Department	1,968,256	1,968,256	2,153,426	185,170
Water Department	222,498	222,498	272,290	49,792
Gas Department	984,128	984,128	1,045,608	61,480
Jackson Housing	13,692	13,692	33,383	19,691
St. Mary's Manor	4,621	4,621	4,316	(305)
Wesley	3,851	3,851	3,597	(254)
City beer tax	<u>1,630,000</u>	<u>1,630,000</u>	<u>1,823,037</u>	<u>193,037</u>
Total taxes	<u>27,909,402</u>	<u>27,909,402</u>	<u>28,871,125</u>	<u>961,723</u>
Licenses and permits:				
Automobile license	1,000,000	1,000,000	1,048,501	48,501
Mechanical permits	38,000	38,000	41,404	3,404
Building permits	335,650	335,650	317,830	(17,820)
Electric permits	50,000	50,000	86,545	36,545
Chauffeur permits	250	250	422	172
Development permits	9,000	9,000	7,700	(1,300)
Tradesman license fees	70,000	70,000	64,142	(5,858)
Business tax	1,425,000	1,425,000	1,475,633	50,633
Plumbing permits	50,000	50,000	34,163	(15,837)
Wholesale liquor tax	470,000	470,000	580,461	110,461
Beer privilege tax	25,000	25,000	28,953	3,953
Gas pipe fitters permits	20,000	20,000	15,988	(4,012)
Other review/evaluation fees	4,000	4,000	4,610	610
Liquor application fee	500	500	1,250	750
Moving permits	75	75	75	-
Other investigation fees	10,000	10,000	14,000	4,000
Mixed drink taxes	50,000	50,000	45,915	(4,085)
Sign permits	18,000	18,000	15,654	(2,346)
Hotel-motel tax	<u>390,000</u>	<u>390,000</u>	<u>391,851</u>	<u>1,851</u>
Total licenses and permits	<u>\$ 3,965,475</u>	<u>\$ 3,965,475</u>	<u>\$ 4,175,097</u>	<u>\$ 209,622</u>

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Fines, interest, and penalties:				
Police and city court revenue	\$ 853,500	\$ 853,500	\$ 1,059,020	\$ 205,520
City jail fees	1,500	1,500	9,712	8,212
Parking tickets	59,000	59,000	64,674	5,674
Speed enforcement	-	-	417,750	417,750
City sticker tickets	50,000	50,000	69,453	19,453
Privilege license and business tax penalties	25,000	25,000	19,031	(5,969)
Drug litigation tax	100,000	100,000	81,999	(18,001)
Delinquent real estate taxes, interest and penalties	550,000	550,000	554,760	4,760
Sex offender registration	6,500	6,500	13,530	7,030
Total fines, interest and penalties	<u>1,645,500</u>	<u>1,645,500</u>	<u>2,289,929</u>	<u>644,429</u>
Use of money and property:				
Rent income	28,000	28,000	31,145	3,145
Recreation revenue	10,500	10,500	7,729	(2,771)
Casey Jones Museum rent	4,000	4,000	8,644	4,644
Interest on investments	605,000	605,000	256,332	(348,668)
Vending machine commissions	-	-	993	993
T. R. White revenue	25,000	25,000	35,741	10,741
Westwood Community Center revenue	6,000	6,000	2,349	(3,651)
Bemis Community Center revenue	4,000	4,000	1,653	(2,347)
South Jackson Community Center revenue	6,300	6,300	5,153	(1,147)
Oman Arena revenue	251,350	251,350	268,572	17,222
Civic Center revenue	319,985	319,985	274,410	(45,575)
Fairgrounds revenue	180,000	180,000	206,557	26,557
Ned Center revenue	70,608	70,608	62,046	(8,562)
Community education	8,000	8,000	30,450	22,450
NAIA Tournament	144,295	144,295	143,666	(629)
Athletics revenue	75,000	75,000	76,118	1,118
Tennis court revenues	25,000	25,000	29,994	4,994
Farmer's Market rent	26,000	26,000	34,474	8,474
Depot rent	1,125	1,125	1,087	(38)
Civil Defense rent	11,000	11,000	5,156	(5,844)
Ticket surcharges - Pringles Park	15,000	15,000	8,650	(6,350)
Seat licensing fees - Pringles Park	30,000	30,000	30,000	-
Theater	4,000	4,000	31,048	27,048
Concessions	82,850	82,850	74,419	(8,431)
Miscellaneous	126,722	126,722	176,635	49,913
Swimming pool revenue	1,000	1,000	2,717	1,717
Total use of money and property	<u>\$ 2,060,735</u>	<u>\$ 2,060,735</u>	<u>\$ 1,805,738</u>	<u>\$ (254,997)</u>

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Intergovernmental:				
State of Tennessee:				
Excise tax	\$ 134,137	\$ 134,137	\$ 128,311	\$ (5,826)
Income tax	385,044	385,044	393,179	8,135
Beer tax	19,252	19,252	29,557	10,305
Special petroleum tax	93,120	93,120	128,063	34,943
Sales tax	3,760,400	3,760,400	3,820,896	60,496
Mixed drink tax	297,180	297,180	350,927	53,747
TVA tax	554,374	554,374	657,664	103,290
Law enforcement education supplement	125,400	125,400	118,800	(6,600)
Fire protection education supplement	85,200	85,200	87,000	1,800
Child and adult care food program grant	3,500	3,500	4,305	805
West Tennessee river basin	-	20,000	20,000	-
Gasoline tax	1,329,720	1,329,720	1,584,535	254,815
Highway maintenance	1,206,674	1,206,674	217,638	(989,036)
Madison County:				
Local sales tax apportioned	11,246,480	11,246,480	11,314,658	68,178
Federal Government:				
Stop Domestic Violence grant	-	81,881	70,736	(11,145)
Drug court grant	77,985	77,985	65,711	(12,274)
Municipal planning office grant	207,000	207,000	152,048	(54,952)
2006 meth grant	80,000	80,000	25,773	(54,227)
COPS grant	-	1,639,800	410,666	(1,229,134)
COPS meth grant	350,000	350,000	49,450	(300,550)
Project Safe Neighborhoods grant	551,276	551,276	224,805	(326,471)
Re-entry grant	-	755,000	114,432	(640,568)
GHSO grant	24,300	24,300	34,702	10,402
JAG	79,361	605,816	431,461	(174,355)
Brownsfield cleanup grant	186,345	186,345	161,070	(25,275)
Anderson Creek Trail grant	-	-	26,875	26,875
FEMA: 2008 tornado	-	348,935	316,878	(32,057)
Miscellaneous grants	-	879,667	12,248	(867,419)
SART grant	80,000	80,000	60,477	(19,523)
Total intergovernmental	<u>\$ 20,876,748</u>	<u>\$ 25,128,486</u>	<u>\$ 21,012,865</u>	<u>\$ (4,115,621)</u>

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF REVENUES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Sales and service charges:				
Supply sales	\$ 10,000	\$ 10,000	\$ 16,305	\$ 6,305
Plans review	140,000	140,000	109,341	(30,659)
Fire protection contracts & reports	100	100	31	(69)
Fire training fees	20,000	20,000	29,511	9,511
Board of Appeals fees	1,000	1,000	7,800	6,800
Accident report fees by police	6,825	6,825	8,681	1,856
Police security	244,000	244,000	199,738	(44,262)
Police program fees	8,000	8,000	6,190	(1,810)
Building code book sales	5,000	5,000	2,589	(2,411)
JTA ticket sales commission	-	-	65	65
Business tax recording fees	15,000	15,000	8,435	(6,565)
Handling fees	4,500	4,500	5,542	1,042
Planning Dept, maps and services	28,025	28,025	29,750	1,725
Zoning application fees	3,750	3,750	7,350	3,600
Traffic sign	3,000	3,000	2,118	(882)
Sale of waste oil & tires	-	-	1,925	1,925
Sale of merchandise and services	53,800	53,800	52,244	(1,556)
Seizures/forfeitures	3,000	3,000	27	(2,973)
Miscellaneous	-	-	24,133	24,133
Total sales and service charges	<u>546,000</u>	<u>546,000</u>	<u>511,775</u>	<u>(34,225)</u>
Other revenues:				
CATV revenues	800,000	800,000	845,917	45,917
Donations	29,016	29,016	68,685	39,669
House demolitions	-	-	2,855	2,855
Riverside Cemetery trust fund income	3,000	3,000	4,056	1,056
Sponsors- t-shirt uniforms	2,500	2,500	3,476	976
Insurance recoveries	16,000	16,000	1,155,284	1,139,284
Reimbursements	359,025	412,025	394,602	(17,423)
Cash over (short)	-	-	(329)	(329)
Total other revenues	<u>1,209,541</u>	<u>1,262,541</u>	<u>2,474,546</u>	<u>1,212,005</u>
Total revenues	<u>\$ 58,213,401</u>	<u>\$ 62,518,139</u>	<u>\$ 61,141,075</u>	<u>\$ (1,377,064)</u>

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
General Government Administration:				
Office of Mayor:				
Salaries	\$ 394,285	\$ 725,521	\$ 424,578	\$ 300,943
Community services	16,586	16,586	23,354	(6,768)
Operating	20,119	20,119	25,369	(5,250)
City Council:				
Salaries	111,239	111,239	108,140	3,099
Operating	10,451	10,451	30,750	(20,299)
Municipal Court:				
Salaries	601,042	601,042	542,058	58,984
Operating	23,844	23,844	28,387	(4,543)
Drug Treatment:				
Salaries	211,023	211,023	199,257	11,766
Operating	64,323	64,323	32,426	31,897
Legal Department:				
Operating	180,000	180,000	184,374	(4,374)
Planning and Zoning:				
Salaries	496,864	496,864	495,821	1,043
Operating	42,140	42,140	28,289	13,851
Code/Zoning Appeals Boards:				
Salaries and operating	300	300	-	300
Civil Service:				
Salaries and operating	3,700	3,700	1,300	2,400
Public buildings and services:				
Salaries - janitors	107,494	107,494	91,040	16,454
Operating	337,620	337,620	332,326	5,294
Revenue and finance:				
Salaries	389,370	389,370	375,974	13,396
Printing and binding	15,400	15,400	10,965	4,435
Publicity, subscriptions and dues	6,000	6,000	7,424	(1,424)
Auditing	58,400	58,400	54,620	3,780
Office supplies and postage	17,500	17,500	12,316	5,184
Insurance and bonding premiums	735,744	735,744	557,604	178,140
Travel	1,700	1,700	2,260	(560)
Office equipment maintenance	700	700	-	700
Other operating expenses	17,860	17,860	7,064	10,796
County Trustee/Clerk commission	151,000	151,000	145,046	5,954

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

General Government Administration (Cont.):	<u>Budgeted Amounts</u>		Actual	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Accounting:				
Salaries	\$ 312,236	\$ 312,236	\$ 254,600	\$ 57,636
Operating	11,800	11,800	10,609	1,191
Information systems:				
Salaries	510,901	510,901	491,077	19,824
Operating	286,757	286,757	223,607	63,150
Farmer's market:				
Salaries	64,892	64,892	33,756	31,136
Operating	24,320	24,320	35,068	(10,748)
Purchasing:				
Salaries	115,234	115,234	114,908	326
Operating	16,027	16,027	10,731	5,296
Building Department:				
Salaries	751,797	751,797	755,270	(3,473)
Operating	100,707	100,707	44,480	56,227
Risk management:				
Salaries	172,628	172,628	177,512	(4,884)
Operating	5,731	5,731	4,452	1,279
Reimbursable Planning Act:				
Operating	1,033,000	1,033,000	208,633	824,367
Housing Codes Enforcement:				
Salaries	225,514	225,514	231,276	(5,762)
Operating	75,767	75,767	44,165	31,602
Neighborhood Services:				
Salaries	42,407	42,407	41,778	629
Operating	47,593	47,593	17,334	30,259
Personnel:				
Salaries	231,825	231,825	234,160	(2,335)
Operating	22,351	22,351	18,081	4,270
Anderson Creek Trail Grant:				
Operating	-	423,764	43,621	380,143
Miscellaneous expenditures:				
Contributions	200,000	200,000	181,068	18,932
Grant expenses	179,966	353,934	139,620	214,314
EDI grant expenses	173,967	173,967	-	173,967
Damage claims and court costs	21,000	21,000	29,494	(8,494)
Municipal development	92,000	92,000	74,978	17,022
Payroll taxes	66,000	66,000	20,513	45,487
Group health insurance	356,500	356,500	(1,123,946)	1,480,446
Group vision insurance	-	-	1,980	(1,980)
Group dental insurance	-	-	(2,989)	2,989

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
General Government Administration (Cont.):				
Publicity and marketing	\$ 179,000	\$ 179,000	\$ 267,734	\$ (88,734)
On-the-job injury	577,228	577,228	462,674	114,554
Tax sales expense	100,000	100,000	60,533	39,467
City sticker collection fees	60,000	60,000	64,338	(4,338)
Employee education and training	35,000	35,000	12,227	22,773
Group life insurance	164,800	164,800	146,967	17,833
Employee benefits	926,000	926,000	570,125	355,875
Reappraisal costs	-	-	76,121	(76,121)
Retirement benefits	1,023,000	1,023,000	861,121	161,879
Unemployment insurance	30,000	30,000	52,775	(22,775)
Appropriation to Madison County	133,110	133,110	124,868	8,242
Appropriation to Airport Authority	8,500	8,500	8,500	-
Appropriation to Jackson-Madison County Library	487,597	487,597	487,597	-
Appropriation to IDB	-	-	149,667	(149,667)
Appropriation to EMA	118,640	118,640	94,450	24,190
Appropriations to other agencies	241,600	344,466	294,072	50,394
Contractual services	78,430	78,430	89,068	(10,638)
Long-term disability insurance	56,600	56,600	56,055	545
Credit card charges	-	-	6,464	(6,464)
Sundry/other	34,000	34,000	54,940	(20,940)
Total General Government Administration	<u>13,409,129</u>	<u>14,440,963</u>	<u>9,976,874</u>	<u>4,464,089</u>
Public Safety:				
Police Department:				
Salaries	6,751,291	6,751,291	6,482,770	268,521
Operating	917,949	999,830	1,238,566	(238,736)
Patrol Department:				
Salaries	8,530,378	8,530,378	8,048,336	482,042
Operating	735,052	735,052	996,390	(261,338)
Police grant programs	1,075,385	3,241,640	1,228,477	2,013,163
DUI and Alcohol Control	24,300	24,300	8,725	15,575
Speed Enforcement:				
Salaries	-	-	55,629	(55,629)
Operating	-	-	177,885	(177,885)
Fire Department:				
Salaries	10,457,064	10,457,064	10,355,689	101,375
Operating	670,945	1,160,113	852,274	307,839
Occupational health and safety:				
Salaries	8,000	8,000	3,320	4,680

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public Safety (Cont.):				
Correctional administration:				
Salaries	\$ 11,088	\$ 11,088	\$ 7,588	\$ 3,500
Operating	11,900	11,900	8,904	2,996
Traffic and street crimes	985,467	985,467	843,472	141,995
Central dispatch operations:				
Salaries	1,018,151	1,018,151	968,660	49,491
Operating	102,735	102,735	98,875	3,860
Total Public Safety	<u>31,299,705</u>	<u>34,037,009</u>	<u>31,375,560</u>	<u>2,661,449</u>
Public Works:				
Engineer:				
Salaries	407,320	407,320	402,418	4,902
Operating	366,820	1,057,520	425,413	632,107
State Street Aid:				
Salaries	1,696,527	1,696,527	1,625,391	71,136
Operating	374,434	521,060	593,465	(72,405)
Street lighting	1,656,157	1,656,157	1,494,428	161,729
Street construction:				
Salaries	1,069,257	1,069,257	1,064,294	4,963
Operating	259,831	259,831	253,004	6,827
Street cleaning:				
Salaries	74,318	74,318	74,534	(216)
Flood damages	-	-	2,038,362	(2,038,362)
Operating	29,081	29,081	26,059	3,022
Animal control:				
Salaries	89,437	89,437	92,950	(3,513)
Operating	13,701	13,701	10,660	3,041
Jackson City Beautiful:				
Operating	17,269	17,269	16,035	1,234
Garage operations:				
Salaries	317,619	317,619	241,854	75,765
Operating	70,750	70,750	95,871	(25,121)
Traffic sign and signalization:				
Salaries	213,122	213,122	192,676	20,446
Operating	460,969	460,969	430,506	30,463
Total Public Works	<u>\$ 7,116,612</u>	<u>\$ 7,953,938</u>	<u>\$ 9,077,920</u>	<u>\$ (1,123,982)</u>

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public Welfare and Community Service:				
Recreation, parks and public property:				
Salaries	\$ 2,686,446	\$ 2,686,446	\$ 2,646,006	\$ 40,440
Operating	741,868	741,868	735,865	6,003
Direct assistance recreation grants	7,000	42,000	17,233	24,767
Westwood Community Center:				
Salaries	97,769	97,769	93,958	3,811
Operating	58,770	58,770	61,879	(3,109)
South Jackson Community Center:				
Salaries	59,974	59,974	61,307	(1,333)
Operating	19,894	19,894	20,024	(130)
Pringles Park:				
Operating	225,000	225,000	325,918	(100,918)
Cypress Grove Nature Park:				
Salaries	16,665	16,665	13,466	3,199
Operating	9,836	9,836	8,670	1,166
Depot:				
Salaries	86,402	86,402	86,088	314
Operating	17,459	17,459	16,195	1,264
Riverside Cemetery:				
Operating	25,000	25,000	18,600	6,400
Oman Arena:				
Salaries	87,157	87,157	57,421	29,736
Operating	379,098	379,098	368,410	10,688
Civic Center:				
Salaries	461,383	461,383	453,348	8,035
Operating	580,018	580,018	567,392	12,626
Fairgrounds:				
Salaries	328,808	328,808	295,618	33,190
Operating	157,010	157,010	170,160	(13,150)
Carnegie/Ned:				
Salaries	135,429	135,429	131,420	4,009
Operating	188,625	188,625	136,888	51,737

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

CITY OF JACKSON, TENNESSEE
GENERAL FUND
DETAILED SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Public Welfare and Community Service (Cont.):				
T. R. White Sportsplex:				
Salaries	\$ 373,927	\$ 373,927	\$ 355,429	\$ 18,498
Operating	148,453	148,453	135,549	12,904
Tennis Center:				
Salaries	24,867	24,867	24,515	352
Operating	17,925	17,925	21,755	(3,830)
Bemis Community Center:				
Operating	11,690	11,690	12,053	(363)
Tremendous projects	2,000	2,000	640	1,360
NAIA tournament:				
Operating	<u>182,500</u>	<u>182,500</u>	<u>179,932</u>	<u>2,568</u>
Total Public Welfare and Community Service	<u>7,130,973</u>	<u>7,165,973</u>	<u>7,015,739</u>	<u>150,234</u>
Total expenditures	<u><u>\$ 58,956,419</u></u>	<u><u>\$ 63,597,883</u></u>	<u><u>\$ 57,446,093</u></u>	<u><u>\$ 6,151,790</u></u>

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

CITY OF JACKSON, TENNESSEE
SOLID WASTE COLLECTION FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Use of money and property:				
Interest earned	\$ 30,000	\$ 30,000	\$ 7,162	\$ (22,838)
Sales and service charges:				
Garbage collection revenue	10,238,867	10,238,867	10,485,171	246,304
Miscellaneous	<u>50</u>	<u>8,828</u>	<u>-</u>	<u>(8,828)</u>
Total revenues	<u>10,268,917</u>	<u>10,277,695</u>	<u>10,492,333</u>	<u>214,638</u>
Expenditures:				
Current:				
Public Works:				
Salaries	452,318	452,318	455,576	(3,258)
Employee benefits	170,418	170,418	165,662	4,756
Travel and training	500	500	957	(457)
Materials and supplies	21,000	21,000	13,698	7,302
Motor vehicle	93,500	93,500	110,057	(16,557)
Communication and transportation	1,600	1,600	1,529	71
Uniforms and clothing	2,000	2,000	2,334	(334)
Utilities and telephone	2,100	2,100	2,020	80
Professional services	3,000	3,000	1,614	1,386
Insurance	-	-	4,579	(4,579)
Bad debt expense	-	-	23,658	(23,658)
BFI landfill dumping	2,600,000	2,600,000	2,444,459	155,541
Postage	12,000	12,000	8,683	3,317
H&S landfill dumping	39,581	39,581	61,144	(21,563)
Repair and maintenance	5,900	5,900	2,771	3,129
Recycling	-	8,778	8,778	-
Bank charges	-	-	922	(922)
Fuel surcharges	-	-	23,190	(23,190)
Residential garbage charges	2,650,000	2,650,000	2,172,505	477,495
Commercial garbage charges	<u>2,650,000</u>	<u>2,650,000</u>	<u>2,453,781</u>	<u>196,219</u>
	8,703,917	8,712,695	7,957,917	754,778
Capital outlay	<u>-</u>	<u>-</u>	<u>602</u>	<u>(602)</u>
Total expenditures	<u>8,703,917</u>	<u>8,712,695</u>	<u>7,958,519</u>	<u>754,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,565,000</u>	<u>1,565,000</u>	<u>2,533,814</u>	<u>968,814</u>
Other financing sources (uses)				
Operating transfers to other funds	<u>(1,565,000)</u>	<u>(1,565,000)</u>	<u>(3,500,000)</u>	<u>(1,935,000)</u>
Excess of revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ -</u>	<u>(966,186)</u>	<u>\$ (966,186)</u>
Fund balance - beginning			<u>2,365,857</u>	
Fund balance - ending			<u>\$ 1,399,671</u>	

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

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

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

Additionally, the City reports the following fiduciary fund types:

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

The Robertson Trust fund is a private-purpose trust fund used to account for principal amounts received and related interest income, which may be used to provide recreational services and facilities to the citizens of Jackson.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

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

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

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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

D. Assets, Liabilities, and Net Assets or Equity

Deposits and Investments

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

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

Investments for the City, as well as for its component units, are reported at fair value. The State Local Government Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Receivables and Payables

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

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

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

Property taxes are levied annually on January 1. The taxes are due and payable from the following October through December in the year of the tax levy. Taxes uncollected at October 31 of the succeeding year are submitted to the Chancery Court for collection. Discounts are allowed to taxpayers for early payment of property taxes.

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

Inventories and Prepaid Items

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

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

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Assets, Liabilities, and Net Assets or Equity (Cont.)

Capital Assets

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

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

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

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

Deferred Revenue

Deferred revenue represents amounts that were receivable and measurable at June 30, 2010, but were not available to finance expenditures for the year ended June 30, 2010. Deferred revenues primarily include unearned or unavailable revenues.

Compensated Absences

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

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

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

Accrued compensated absences at June 30, 2010, are:

City of Jackson	\$1,998,265
Jackson Transit Authority	71,524

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

D. Assets, Liabilities, and Net Assets or Equity (Cont.)

Long-Term Obligations

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

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

Fund Equity

In the fund financial statements, governmental fund report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

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

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

The reconciliation of the balance sheet of governmental funds to the statement of net assets includes reconciliation between fund balance - total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$68,075,310 are as follows:

Bonds payable	\$ 64,901,426
Notes payable	650,000
OPEB liability	525,619
Compensated absences payable	<u>1,998,265</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u><u>\$ 68,075,310</u></u>

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont.)

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this \$(172,247) difference are as follows:

Capital outlay, net change	\$ 5,538,435
Depreciation expense	<u>(5,710,682)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (172,247)</u>

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this \$737,765 difference are as follows:

Change in deferred court fine revenue	\$ 15,766
Loss on disposal of assets	(1,512,567)
State shared revenue received in August 2010	1,640,722
Change in property taxes	(77,151)
Capital contributions for fixed asset additions	<u>670,995</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 737,765</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Cont.)

B. Deficit Fund Equity

The Solid Waste Fund has a deficit fund equity of \$97,265, Grant Fund #2 HOME has a deficit fund equity of \$2,010, Grant Fund #4 HOME Match has a deficit fund equity of \$16,186, and Grant Fund #5 CDBG ARRA has a deficit fund equity of \$13,787. These are expected to be recovered through future revenues.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

At June 30, 2010, investments of the City consisted of the following:

	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value or Carrying Amount</u>
U.S. Government agency securities	7	\$ 493,349
U.S. Government agency bonds	6-39	4,632,786
Certificates of deposit	7-47	1,898,040
Deferred Compensation Fund	N/A	10,166,194
Local Government Investment Pools	N/A	<u>22,923,892</u>
		<u>\$ 40,114,261</u>

Interest Rate Risk

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

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described below. State statute required that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2010, all bank deposits were fully collateralized or insured.

Credit Risk

The City's policies are designed to maximize investment earnings, while protecting the security of principal and providing adequate liquidity, in accordance with all applicable state laws. At June 30, 2009, the City's investments in U.S. Government agency securities include Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, and Federal Agriculture Mortgage Corporation bonds, which were rated AAA by Standard & Poor's or Aaa by Moody's Investor Services.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

B. Receivables

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

	General	Debt Service	Solid Waste Collection	Capital Outlay	Sportsplex	Jackson Transit Authority	Nonmajor and Other Funds	Total
Receivables:								
Taxes	\$ 25,464,003	\$ 4,991,816	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,455,819
Interest	16,724	-	-	-	-	-	-	16,724
Accounts	60,281	25,753	1,253,703	-	304,745	55,516	8,811	1,708,809
Grants	3,788,494	-	-	329,733	-	-	514,450	4,632,677
Intergovernmental	3,478,244	-	-	-	-	-	14,431	3,492,675
Court fines	3,389,944	-	-	-	-	-	676,598	4,066,542
Gross receivables	36,197,690	5,017,569	1,253,703	329,733	304,745	55,516	1,214,290	44,373,246
Less: Allowance for uncollectibles	(3,982,584)	(164,123)	(22,365)	-	-	(17,963)	(600,534)	(4,787,569)
Net total receivables	<u>\$ 32,215,106</u>	<u>\$ 4,853,446</u>	<u>\$ 1,231,338</u>	<u>\$ 329,733</u>	<u>\$ 304,745</u>	<u>\$ 37,553</u>	<u>\$ 613,756</u>	<u>\$ 39,585,677</u>

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

2010 property tax assessment	\$ 27,303,077
Delinquent property taxes	1,863,602
Grant revenues considered to be deferred revenues	2,470,362
Court fines receivable	457,164
Total deferred revenue for governmental funds	<u>\$ 32,094,205</u>

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Community Development	General	\$ 20,130
Solid Waste Collection	Sportsplex	2,367
Solid Waste Collection	General	78,413
Debt Service	Sportsplex	108,756
Debt Service	General	96,918
Police Drug	General	838
Metro Drug	General	54,728
Metro Drug	Capital Outlay	2,290
General	Capital Outlay	1,281,950
General	Debt Service	24
General	Landfill	2,214
General	Sportsplex	<u>521,602</u>
Total		<u>\$ 2,170,230</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. All interfund transfers were consummated within the normal operations of the City. The City intends 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, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

C. Interfund Receivables, Payables, and Transfers (Cont.)

Interfund transfers during the year ended June 30, 2010, were as follows:

Transfer Out:	Transfer In:				Total
	General	Capital Outlay	Jackson Transit Authority	Nonmajor Governmental Funds	
General	\$ -	\$ -	\$ 611,000	\$ -	\$ 611,000
Debt Service	-	6,384,429	-	650,000	7,034,429
Solid Waste Collection	3,500,000	-	-	-	3,500,000
Nonmajor Governmental Funds	30,000	-	-	-	30,000
	<u>\$ 3,530,000</u>	<u>\$ 6,384,429</u>	<u>\$ 611,000</u>	<u>\$ 650,000</u>	<u>\$ 11,175,429</u>

D. Capital Assets

Capital asset activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 19,831,721	\$ 1,195,729	\$ 1,512,567	\$ 19,514,883
Construction in progress	-	-	-	-
Total capital assets, not being depreciated	<u>19,831,721</u>	<u>1,195,729</u>	<u>1,512,567</u>	<u>19,514,883</u>
Capital assets, being depreciated				
Buildings	64,420,199	-	-	64,420,199
Improvements other than buildings	1,837,173	-	-	1,837,173
Machinery and equipment	26,335,231	540,955	301,920	26,574,266
Infrastructure	77,413,882	6,586,893	-	84,000,775
Total capital assets, being depreciated	<u>170,006,485</u>	<u>7,127,848</u>	<u>301,920</u>	<u>176,832,413</u>
Less accumulated depreciation for:				
Buildings	28,770,169	1,548,723	-	30,318,892
Improvements other than buildings	549,933	34,604	-	584,537
Machinery and equipment	17,673,943	1,629,286	251,879	19,051,350
Infrastructure	25,804,621	2,673,371	-	28,477,992
Total accumulated depreciation	<u>72,798,666</u>	<u>5,885,984</u>	<u>251,879</u>	<u>78,432,771</u>
Total capital assets, being depreciated, net	<u>97,207,819</u>	<u>1,241,864</u>	<u>50,041</u>	<u>98,399,642</u>
Governmental activities capital assets, net	<u>\$ 117,039,540</u>	<u>\$ 2,437,593</u>	<u>\$ 1,562,608</u>	<u>\$ 117,914,525</u>

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

D. Capital Assets (Cont.)

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated				
Land	\$ 2,881,569	\$ -	\$ 146,104	\$ 2,735,465
Construction in progress	-	-	-	-
Total capital assets not being depreciated	2,881,569	-	146,104	2,735,465
Capital assets, being depreciated				
Land improvements	519,392	2,552,112	164,962	2,906,542
Buildings	12,041,556	1,779,052	4,305,154	9,515,454
Machinery and equipment	4,991,277	592,299	-	5,583,576
Furniture and fixtures	1,138,244	22,177	10,645	1,149,776
Total capital assets being depreciated	18,690,469	4,945,640	4,480,761	19,155,348
Less accumulated depreciation for:				
Land improvements	429,283	7,515	-	436,798
Buildings	1,404,740	343,877	316,137	1,432,480
Machinery and equipment	3,498,400	354,816	-	3,853,216
Furniture and fixtures	750,334	125,279	12,125	863,488
Total accumulated depreciation	6,082,757	831,487	328,262	6,585,982
Total capital assets, being depreciated, net	12,607,712	4,114,153	4,152,499	12,569,366
Business-type activities capital assets, net	\$ 15,489,281	\$ 4,114,153	\$ 4,298,603	\$ 15,304,831

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

Governmental activities:	
General government	\$ 3,028,371
Public safety	1,195,924
Public works	472,030
Public welfare and community service	1,014,357
Total depreciation expense - governmental activities	\$ 5,710,682
Business-type activities:	
Sportsplex	\$ 411,723
Jackson Transit Authority	419,764
Total depreciation expense - business-type activities	\$ 831,487

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

E. Operating Leases

During the year ending June 30, 2010, the City entered into an operating lease for the use of a Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$199, with a maturity date of September 24, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$1,791.

During the year ending June 30, 2010, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$199, with a maturity date of January 1, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$1,194.

During the year ending June 30, 2010, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$364, with a maturity date of January 8, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$2,184.

During the year ending June 30, 2010, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$99.75, with a maturity date of February 16, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$399.

During the year ending June 30, 2010, the City entered into an operating lease for the use of a Kyocera copy machine. The lease requires thirty-six (36) monthly payments of \$192.50, with a maturity date of May 5, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$192.

During the year ending June 30, 2010, the City entered into an operating lease for the use of another Kyocera copy machine. The lease requires thirty-six (36) monthly payments of \$192.50, with a maturity date of May 12, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$192.

During the year ending June 30, 2010, the City entered into an operating lease for the use of another Kyocera copy machine. The lease requires thirty-six (36) monthly payments of \$354, with a maturity date of May 25, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$354.

During the year ending June 30, 2009, the City entered into an operating lease for the use of a Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$181, with a maturity date of January 23, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,172.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$181, with a maturity date of January 23, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,172.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$181, with a maturity date of January 23, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,172.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$181, with a maturity date of April 1, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,172.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

E. Operating Leases (Cont.)

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires forty-eight (48) monthly payments of \$165, with a maturity date of January 8, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$1,980.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires forty-eight (48) monthly payments of \$165, with a maturity date of January 7, 2013. The total lease expense of this lease for the year ended June 30, 2010, was \$1,980.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$199, with a maturity date of March 2, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,388.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$199, with a maturity date of March 17, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,388.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$199, with a maturity date of April 1, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,388.

During the year ending June 30, 2009, the City entered into an operating lease for the use of another Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$247, with a maturity date of April 16, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$2,963.

During the year ending June 30, 2008, the City entered into an operating lease for the use of a Copystar 5050 copy machine. The lease requires forty-eight (48) monthly payments of \$126, with a maturity date of June 1, 2012. The total lease expense of this lease for the year ended June 30, 2010, was \$1,512.

During the year ending June 30, 2008, the City entered into an operating lease for the use of a Minolta Bizhub copy machine. The lease requires forty-eight (48) monthly payments of \$229, with a maturity date of August 16, 2011. The total lease expense of this lease for the year ended June 30, 2010, was \$2,748.

During the year ending June 30, 2008, the City entered into an operating lease for the use of a Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$427, with a maturity date of February 19, 2011. The total lease expense of this lease for the year ended June 30, 2010, was \$5,124.

During the year ending June 30, 2007, the City entered into an operating lease for the use of a Minolta Bizhub copy machine. The lease requires thirty-six (36) monthly payments of \$260, with a maturity date of January 8, 2010. The total lease expense of this lease for the year ended June 30, 2010, was \$1,820.

The City also entered into another lease agreement during the year ending June 30, 2007, for the use of a Kyocera copy machine. This lease has a maturity date of April 12, 2010, and requires thirty-six (36) monthly payments of \$225. The total lease expense of this lease for the year ended June 30, 2010, was \$2,250.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

E. Operating Leases (Cont.)

The City entered into a third lease agreement for the use of a Kyocera copy machine during the year ending June 30, 2007. This lease requires thirty-six (36) monthly payments of \$249, with a maturity date of April 12, 2010. The total lease expense on this lease was \$2,490 for the year ended June 30, 2010.

During the year ending June 30, 2007, the City entered into a fourth operating lease for the use of a Kyocera copy machine. The lease requires thirty-six (36) monthly payments of \$235, with a maturity date of September 29, 2009. The total lease expense of this lease for the year ended June 30, 2010, was \$705.

The future minimum lease payments are as follows:

Year Ending June 30	Amount
2011	\$ 47,503
2012	36,753
2013	<u>14,470</u>
Total	<u>\$ 98,726</u>

F. Note Receivable

During the year ended June 30, 2006, the City entered into a Joint Development Agreement with a local real estate developer to develop acreage adjacent to the baseball/softball complex under construction. Under the terms of this agreement, the City holds a note receivable in the amount of \$1,000,000, which was initiated to reimburse the City for road construction and improvements in the area around the Sportsplex. The note holds a maturity date of July 1, 2014, 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, 2010, was \$463,675.

G. Long-term Debt

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. General obligation debt at June 30, 2010, is comprised of the following bonds and notes payable:

General Obligation Bonds, Series 2009, original issue was \$6,000,000 due in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.00% depending on CUSIP issue	\$ 5,670,000
General Obligation Refunding Bonds, Series 2009, original issue was \$58,535,000, payable in annual installments beginning 2010 through 2024, fixed rates of interest ranging from 2.00% to 4.50% depending on CUSIP issue	55,640,000

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

G. Long-term Debt (Cont.)

General Obligation Refunding Bonds, Series 2009A, original issue was \$7,120,000, payable in annual installments beginning 2010 through 2014, fixed rates of interest ranging from 3.00% to 3.25% depending on CUSIP issue	6,620,000
Note Payable, Jackson-Madison County General Hospital District, original issue was \$650,000, payable in annual installments beginning 2012 through 2014, interest-free	650,000
General Obligation Capital Outlay Note Series 2006, original issue was \$1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	1,329,905
General Obligation Capital Outlay Note Series 2006-A, original issue was \$1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	1,329,394
General Obligation Capital Outlay Note Series 2006-B, original issue was \$1,995,000, payable in annual installments beginning 2007 through 2018, variable interest rate ranging from a high of 3.125% to a low of 2.75% during current year, interest rate of 2.75% at year end	<u>818,736</u>
	<u><u>\$72,058,035</u></u>

The annual requirements to amortize all general long-term debt, except compensated absences and accrued closure and post-closure costs, at June 30, 2010, including interest payments of \$22,247,822 are as follows:

Fiscal Year	Notes		General Obligation Bonds		Totals	
	Ending	Principal	Interest	Principal	Interest	Principal
2011	\$ 498,750	\$ 93,763	\$ 3,840,000	\$ 2,558,425	\$ 4,338,750	\$ 2,652,188
2012	548,750	80,124	3,965,000	2,428,225	4,513,750	2,508,349
2013	598,750	66,373	4,070,000	2,320,800	4,668,750	2,387,173
2014	998,750	52,675	4,185,000	2,209,075	5,183,750	2,261,750
2015	486,236	39,082	4,365,000	2,057,525	4,851,236	2,096,607
2016-2020	996,799	52,867	24,310,000	7,812,838	25,306,799	7,865,705
2021-2024	-	-	23,195,000	2,476,050	23,195,000	2,476,050
	<u>\$ 4,128,035</u>	<u>\$ 384,884</u>	<u>\$ 67,930,000</u>	<u>\$ 21,862,938</u>	<u>\$ 72,058,035</u>	<u>\$ 22,247,822</u>

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 4 - DETAILED NOTES ON ALL FUNDS (Cont.)

G. Long-term Debt (Cont.)

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

During the year ended June 20, 2010, the City issued \$7,120,000 of general obligation refunding bonds for a current refunding of the City's previously issued 2003 General Obligation Refunding and Capital Outlay Extension Notes. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$49,663. This amount is being netted against the new debt and amortized over the new debt's life.

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 61,506,427	\$ 7,120,000	\$ 3,725,000	\$ 64,901,427	\$ 3,745,130
Capital outlay notes	7,168,000	650,000	7,168,000	650,000	-
OPEB liability	268,803	256,816	-	525,619	200,000
Compensated absences	2,405,195	92	407,022	1,998,265	100,000
	<u>\$ 71,348,425</u>	<u>\$ 8,026,908</u>	<u>\$ 11,300,022</u>	<u>\$ 68,075,311</u>	<u>\$ 4,045,130</u>
Business-type activities:					
General obligation bonds	\$ 3,028,573	\$ -	\$ -	\$ 3,028,573	\$ 94,870
Capital outlay notes	3,976,785	-	498,750	3,478,035	498,750
Compensated absences	91,851	-	20,327	71,524	-
Accrued closure/postclosure	447,168	-	16,192	430,976	-
	<u>\$ 7,544,377</u>	<u>\$ -</u>	<u>\$ 535,269</u>	<u>\$ 7,009,108</u>	<u>\$ 593,620</u>

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

NOTE 5 - OTHER INFORMATION

A. Risk Management

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

A. Risk Management (Cont.)

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

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

At June 30, 2010, the estimated liability for claims incurred but not paid was \$946,485. Changes in liability for the last five fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2005-2006	\$ (91,591)	\$ 4,977,878	\$ 4,952,876	\$ (66,589)
2006-2007	(66,589)	5,353,303	6,267,076	(980,362)
2007-2008	(980,362)	7,452,119	7,780,543	(1,308,786)
2008-2009	(1,308,786)	8,153,764	5,121,211	1,723,767
2009-2010	1,723,767	4,545,244	5,322,526	946,485

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, 2010, the estimated liability for claims incurred but not paid was \$114,858.

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

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
2005-2006	\$ (62,569)	\$ 587,569	\$ 495,142	\$ 29,858
2006-2007	29,858	440,145	432,856	37,147
2007-2008	37,147	487,853	512,341	12,659
2008-2009	12,659	512,341	627,141	(102,141)
2009-2010	(102,141)	602,141	385,142	114,858

No designation of assets has been made by the City to fund future claims liabilities. However, the General Fund balance has been reserved in the amount of \$1,900,000 for possible future claims.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

B. Contingent Liabilities

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

During our audit of the City's Hazard Mitigation Grant for the year ended June 30, 2006, we noted that the comparable housing allowance was paid to several individuals receiving assistance under the grant who were not eligible to receive this additional allowance. Unallowable grant expenditures of approximately \$214,565 occurred through the year ended June 30, 2006, with no additional amounts for the years ended June 30, 2007 and 2008. The grant had not been formally closed by the grantor agency as of June 30, 2010; therefore, the ultimate resolution of this matter has not been determined.

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.

C. Closure and Post-closure Care Cost

State and federal laws and regulations require the City to place a final cover on its Red Lane and Highway 70 east landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the sites for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The liability reported as landfill closure and postclosure care liability at June 30, 2010, 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 2010. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Closure on the Highway 70 landfill was begun in the fiscal year ended June 30, 1994, and was completed in the fiscal year ended June 30, 1996. Accrued closure and post-closure care costs at June 30, 2010, are \$430,976.

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

D. Commitments

The City is continually involved in road construction and improvement projects. Various commitments of this nature totaling \$2,159,279 were effective at June 30, 2010.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

E. Other Matters

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

F. Joint Ventures

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

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

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

Jackson-Madison County General Hospital (Hospital) provides health care for the entire West Tennessee area. The five members of the board of the Hospital are alternately appointed each year by the City and Madison County. The City has certain real estate of the Hospital in the amount of \$1,356,888 included in the governmental activities section of the Statement of Net Assets. The Hospital has decided to pay a portion of its profits to the City annually. This donation has been designated by the City Council to fund capital expenditures related to tourism. For the fiscal year ended June 30, 2010, the donation was \$200,000.

Jackson-Madison County Library (Library) administers the operations of the local library. The board of the Library consists of five members alternately appointed by the City and Madison County. The City has certain real estate of the Library in the amount of \$412,214 included in the governmental activities section of the Statement of Net Assets. 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.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

F. Joint Ventures (Cont.)

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

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

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

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

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

G. Retirement Plans

City Pension Plans

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

Membership Data: Membership of each plan consisted of the following at July 1, 2010:

Retirees & beneficiaries receiving benefits	54
Active plan members	<u>0</u>
Total	<u>54</u>

Contributions: Employee contributions were 3% of salary.

The information presented in the required supplementary schedules was determined as part of the actuarial valuation at July 1, 2009. Additional information as of the latest actuarial valuation follows:

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Fiscal Year Ending	Actual Employer Contribution Made	Annual Required Contribution (ARC)	Percentage of ARC Contributed
June 30, 2010	\$ 863,801	\$ 1,090,016	79.25%
June 30, 2009	917,581	1,331,729	68.90%
June 30, 2008	946,952	1,331,729	71.11%

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

G. Retirement Plans (Cont.)

City Pension Plans (Cont.)

Actuarial Methods, Assumptions and Participant Data: The actuarial cost method used is the projected unit credit, at a discount rate of 5.0% per annum. Prior to July 1, 2009, the discount rate was 7.0% per annum. Compensation increases are no longer applicable and cost of living increases are 3% per annum. Mortality rates were determined using the RP-2000 Healthy Annuitant Mortality Table, blended male and female rates. Census data appeared reasonable for valuation purposes although it was not totally complete. When a beneficiary birth date was not available, it was assumed that the male spouse is three years older than the female. When a birth date for neither the retired participant nor beneficiary is available, the participant is assumed to be age 77. The sex of each participant was assigned by reference to the first name; doubtful individuals were assumed to be male.

ANNUAL PENSION COST AND NET PENSION OBLIGATION

Annual required contribution	
Annual normal cost	\$ -
10-year amortization of unfunded actuarial accrued liability	1,038,110
Interest	51,906
	1,090,016
Interest on net pension obligation	77,365
Adjustment to annual required contribution	(190,836)
	976,545
Annual pension cost	976,545
Employer contributions made	(863,801)
	112,744
Increase (Decrease) in Net Pension Obligation	112,744
Net Pension Obligation Beginning of Year	1,547,299
Net Pension Obligation End of Year	\$ 1,660,043

ANNUAL DEVELOPMENT OF PENSION COST

Fiscal Year Ending	Annual Required Contribution at End of Year	Interest on Net Pension Obligation	Annual Required Contribution Adjustment	Annual Pension Cost	Employer Contribution Made
6/30/2010	\$ 1,090,016	\$ 77,365	\$ 190,836	\$ 976,545	\$ 863,801
6/30/2009	1,331,729	86,833	194,158	1,224,404	917,581
6/30/2008	1,331,729	64,647	132,482	1,263,894	946,952
Change in Net Pension Obligation	Net Pension Obligation Balance	Interest Loss/(Gain)	Amortization Factor	Amortization of Loss/(Gain)	Ending Balance
\$ 112,744	\$ 1,660,042	\$ 226,215	8.108	\$ 190,836	\$ 1,660,043
306,823	1,547,299	414,148	6.389	194,158	1,547,299
316,942	1,240,476	384,777	6.971	132,482	1,240,476

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

G. Retirement Plans (Cont.)

City Pension Plans (Cont.)

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

TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (BOY)
6/30/2010	\$ 976,545	88.45%	\$ 1,660,043
6/30/2007	1,293,398	75.59%	923,534
6/30/2004	1,034,224	93.62%	487,988

State Retirement System

Plan Description: Employees of the City are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who became disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and members joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as the City participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, Tennessee 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy: The City has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

The City is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2010, was 17.26% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the City is established and may be amended by the TCRS Board of Trustees.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

G. Retirement Plans (Cont.)

State Retirement System (Cont.)

Annual Pension Cost: For the year ending June 30, 2010, the City's annual pension cost of \$5,130,952 to TCRS was equal to the City's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. The City's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 8 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

TREND INFORMATION

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation (BOY)
6/30/2010	\$ 5,130,952	100.00%	\$ -
6/30/2009	5,217,264	100.00%	-
6/30/2008	4,530,763	100.00%	-

As of July 1, 2009, the most recent actuarial valuation date, the plan was 76.31% funded. The actuarial accrued liability for benefits was \$133.25 million, and the actuarial value of assets was \$101.68 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$31.57 million. The covered payroll (annual payroll of active employees covered by the plan) was \$29.28 million, and the ratio of the UAAL to the covered payroll was 107.82%.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of the plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

H. Other Postemployment Benefits

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

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

H. Other Postemployment Benefits (Cont.)

Employees retiring after July 1, 1992, have limited benefits. There are currently 73 retirees under the PPO plan. Under the new PPO plan, the City pays 32% of individual medical and hospitalization premiums for 58 pre-Medicare retirees and 44% of family premiums for 24 pre-Medicare retirees.

Post 65 retirees are covered by a "Medicare carve out" plan that provides similar benefits. The City pays 70% of individual medical and hospitalization premiums for 1 post 65 retiree 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, 2010, these costs are not separable from the costs for active employees.

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

The City provides post-retirement life insurance benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Currently, 276 retirees of the City and 11 retirees of 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, 2010, is not separable from the costs for active employees.

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

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

Components of Net OPEB Obligation

Annual Required Contribution	\$1,094,300
Interest on Net OPEB Obligation	0
Adjustment to Annual Required Contribution	0
Annual OPEB Cost (Expense)	1,094,300
Contributions/Expense	(837,484)
Increase in Net Obligation	256,816
Net OPEB Obligation (BOY)	268,803
Net OPEB (Asset) Obligation (EOY)	<u>\$ 525,619</u>

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2010

NOTE 5 - OTHER INFORMATION (Cont.)

H. Other Postemployment Benefits (Cont.)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 are as follows:

Fiscal Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
6/30/09	\$ 1,094,300	75.44%	\$ 268,803

Funded Status and Funding Progress: As of July 1, 2008, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was \$12,908,100 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$12,908,100. The covered payroll (annual payroll of active employees covered by the plan) and the ratio of the UAAL to the covered payroll was undetermined as of the actuarial valuation date.

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

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

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 10.0% initially, reduced by decrements to an ultimate rate of 5% after ten years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2008 was 30 years.

NOTE 6 - PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2010, there was a prior period adjustment of \$2,464,335 posted in the Governmental Activities portion of the primary government. Of this adjustment, \$1,888,803 represented land improvements and roadway transferred from the Sportsplex Fund with the remaining balance of the prior period adjustment being associated with deferred revenues recorded in the Statement of Net Assets in the prior year in error.

During the year ended June 30, 2010, there was a prior period adjustment of \$(1,754,720) posted to the Sportsplex Fund. This adjustment was made to reclassify land improvements and roadway from the Sportsplex Fund to general fixed assets.

CITY OF JACKSON, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010

NOTE 7 - LITIGATION

The City is involved in legal proceedings arising in the normal course of business. In the opinion of management, after consulting with counsel, the ultimate resolution of these matters will not have a material adverse effect on the financial condition of the City as of June 30, 2010.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FUNDING PROGRESS - EMPLOYEE RETIREMENT SYSTEM
 JUNE 30, 2010

Schedule of Funding Progress

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
City Pension Plan:						
7/1/2009	\$ 68	\$ 8,484	\$ 8,416	0.80%	N/A	N/A
7/1/2006	62	9,415	9,353	0.66%	50	18706.00%
7/1/2003	58	8,850	8,792	0.66%	48	18316.67%
State Retirement System:						
7/1/2009	101,682	133,250	31,568	76.31%	29,278	107.82%
7/1/2007	97,721	114,155	16,434	85.60%	27,693	59.34%
Other Postemployment Benefits:						
6/30/2008	-	12,908	12,908	0.00%	28,677	45.01%

- a. The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contributions requirements and in ratios that use the pension benefit obligations as a factor.
- b. Looking at the actuarial accrued liability or the unfunded actuarial accrued liability in isolation can be misleading.
 - (i.) Expressing the actuarial value of assets as a percentage of the actuarial accrued liability provides one indication of the extent to which a plan is funded. Analysis of this percentage over time indicates whether the plan is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the plan.
 - (ii.) Expressing the unfunded actuarial accrued liability as a percentage of the annual covered payroll approximately adjusts for the effects of inflation and aids analysis of funding progress. Generally, the smaller the unfunded percentage, the stronger the plan.
- c. The Governmental Accounting Standards Board (GASB) requires the State Retirement System plan to prepare the Schedule of Funding Progress using the age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method change was made during the year of the most recent actuarial valuation date; therefore only the most current year is presented.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EMPLOYER CONTRIBUTIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>City of Jackson Pension</u>
Additions:	
Contributions:	
Employer	\$ 861,121
Deductions:	
Benefits	<u>861,091</u>
Net increase (decrease)	30
Net assets held in trust for pension benefits, July 1	<u>67,715</u>
Net assets held in trust for pension benefits, June 30	<u><u>\$ 67,745</u></u>

See independent auditor's report.

**OTHER SUPPLEMENTARY
INFORMATION SECTION**

CITY OF JACKSON, TENNESSEE
DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues:	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Taxes:				
Property tax apportionments	\$ 3,890,469	\$ 3,890,469	\$ 3,914,717	\$ 24,248
Tax equivalent apportionments	<u>538,854</u>	<u>538,854</u>	<u>609,158</u>	<u>70,304</u>
Total taxes	<u>4,429,323</u>	<u>4,429,323</u>	<u>4,523,875</u>	<u>94,552</u>
Use of money & property:				
Interest income	<u>25,000</u>	<u>25,000</u>	<u>18,408</u>	<u>(6,592)</u>
Intergovernmental:				
Madison County:				
Local option sales tax - Pringles Park	30,000	30,000	27,782	(2,218)
State of Tennessee:				
Sales tax - Pringles Park	<u>60,000</u>	<u>60,000</u>	<u>61,921</u>	<u>1,921</u>
Total intergovernmental	<u>90,000</u>	<u>90,000</u>	<u>89,703</u>	<u>(297)</u>
Total revenues	<u>4,544,323</u>	<u>4,544,323</u>	<u>4,631,986</u>	<u>87,663</u>
Expenditures:				
Principal	3,730,000	3,730,000	3,725,000	5,000
Interest	2,704,361	2,704,361	2,533,634	170,727
Other expenditures	<u>-</u>	<u>-</u>	<u>1,179</u>	<u>(1,179)</u>
Total expenditures	<u>6,434,361</u>	<u>6,434,361</u>	<u>6,259,813</u>	<u>174,548</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,890,038)</u>	<u>(1,890,038)</u>	<u>(1,627,827)</u>	<u>262,211</u>
Other financing sources (uses):				
Refunding bonds issued	-	-	7,169,663	(7,169,663)
Retirement of bonds refunded	-	-	(7,168,000)	7,168,000
Transfers to other funds	<u>-</u>	<u>-</u>	<u>(7,034,429)</u>	<u>7,034,429</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(7,032,766)</u>	<u>7,032,766</u>
Net changes in fund balances	<u>\$ (1,890,038)</u>	<u>\$ (1,890,038)</u>	(8,660,593)	<u>\$ 7,294,977</u>
Fund balance - beginning			<u>10,481,775</u>	
Fund balance - ending			<u>\$ 1,821,182</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final</u>
Revenues:				<u>Budget</u>
Use of money and property:				
Interest	\$ -	\$ -	\$ 13,724	\$ 13,724
Sale of capital assets	-	-	79,360	79,360
Total use of money and property	<u>-</u>	<u>-</u>	<u>93,084</u>	<u>93,084</u>
Intergovernmental:				
Transportation enhancement grants	2,549,429	2,549,429	372,427	(2,177,002)
Total intergovernmental	<u>2,549,429</u>	<u>2,549,429</u>	<u>372,427</u>	<u>(2,177,002)</u>
Total revenues	<u>2,549,429</u>	<u>2,549,429</u>	<u>465,511</u>	<u>(2,083,918)</u>
Expenditures:				
General government:				
Office of mayor	-	40,000	38,779	1,221
Municipal Court	-	-	7,590	(7,590)
Farmer's Market	2,000	2,000	-	2,000
Information Systems	40,000	40,000	33,025	6,975
City parking lot	-	835,000	832,311	2,689
Total general government	<u>42,000</u>	<u>917,000</u>	<u>911,705</u>	<u>5,295</u>
Public Safety:				
Support services	238,953	271,953	261,772	10,181
Gang control	-	-	1,729	(1,729)
Fire Dept buildings/operations	136,308	136,308	114,118	22,190
Total Public Safety	<u>\$ 375,261</u>	<u>\$ 408,261</u>	<u>\$ 377,619</u>	<u>\$ 30,642</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Expenditures (cont.):	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Public Works:				
Street maintenance	\$ 5,194,958	\$ 5,194,958	\$ 2,589,058	\$ 2,605,900
Total Public Works	<u>5,194,958</u>	<u>5,194,958</u>	<u>2,589,058</u>	<u>2,605,900</u>
Public Welfare and Community Services:				
Groundskeeping	28,020	28,020	21,086	6,934
T. R. White Sportsplex	9,700	9,700	9,448	252
Fairgrounds	15,950	48,350	49,492	(1,142)
Civic Center	2,000	12,000	17,012	(5,012)
Carnegie Center	4,000	4,000	-	4,000
Pringles Park	-	-	36,082	(36,082)
Depot	1,100	1,100	1,100	-
Oman Arena	5,000	5,000	-	5,000
South Jackson Community Center	1,100	1,100	743	357
Recreation	26,441	70,941	61,302	9,639
Bemis Community Center	3,550	3,550	595	2,955
Westwood Community Center	1,752	1,752	1,288	464
Total Public Welfare and Community Services	<u>\$ 98,613</u>	<u>\$ 185,513</u>	<u>\$ 198,148</u>	<u>\$ (12,635)</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
CAPITAL OUTLAY FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Expenditures (cont.):				
Other:				
Jackson-Madison County Public Library	\$ 34,650	\$ 34,650	\$ 10,406	\$ 24,244
Jackson Transit Authority	254,000	254,000	226,715	27,285
Airport Authority	50,025	50,025	49,683	342
Auction expense	-	-	19,786	(19,786)
Total other	<u>338,675</u>	<u>338,675</u>	<u>306,590</u>	<u>32,085</u>
Total expenditures	<u>6,049,507</u>	<u>7,044,407</u>	<u>4,383,120</u>	<u>2,661,287</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,500,078)</u>	<u>(4,494,978)</u>	<u>(3,917,609)</u>	<u>577,369</u>
Other financing sources (uses)				
Transfer from other funds	<u>3,500,078</u>	<u>4,494,978</u>	<u>6,384,429</u>	<u>1,889,451</u>
Total other financing sources (uses)	<u>3,500,078</u>	<u>4,494,978</u>	<u>6,384,429</u>	<u>1,889,451</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	2,466,820	<u>\$ 2,466,820</u>
Fund balance - beginning			<u>(142,547)</u>	
Fund balance - ending			<u>\$ 2,324,273</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
 JUNE 30, 2010

	Special Revenue Funds								Totals
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Grant Fund #4 HOME Match	Grant Fund #5 CDBG ARRA	Community Redevelopment	
ASSETS									
Cash and cash equivalents	\$ -	\$ 100	\$ 57,803	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,903
Investments	91,400	218,737	-	-	-	-	-	35,664	345,801
Receivables:									
Accounts (net of allowance for uncollectible accounts)	-	8,811	-	-	-	-	-	-	8,811
Intergovernmental	-	-	-	-	-	14,431	-	-	14,431
Grants	-	-	170,396	166,702	51,215	16,186	109,951	-	514,450
Court fines (net of allowance for uncollectible accounts)	50,933	25,131	-	-	-	-	-	-	76,064
Due from other funds	838	57,018	-	-	-	-	-	-	57,856
Total assets	<u>\$ 143,171</u>	<u>\$ 309,797</u>	<u>\$ 228,199</u>	<u>\$ 166,702</u>	<u>\$ 51,215</u>	<u>\$ 30,617</u>	<u>\$ 109,951</u>	<u>\$ 35,664</u>	<u>\$ 1,075,316</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Accounts payable and accrued expenses	\$ 3,217	\$ 117,326	\$ 23,657	\$ 155	\$ 6,790	\$ -	\$ 96,288	\$ -	\$ 247,433
Deferred revenue	50,933	25,131	59,817	4,061	-	16,186	13,787	-	169,915
Due to other governments	-	-	138,595	164,496	44,425	30,617	13,663	35,664	427,460
Total liabilities	<u>54,150</u>	<u>142,457</u>	<u>222,069</u>	<u>168,712</u>	<u>51,215</u>	<u>46,803</u>	<u>123,738</u>	<u>35,664</u>	<u>844,808</u>
Fund balances									
Unreserved, undesignated	89,021	167,340	6,130	(2,010)	-	(16,186)	(13,787)	-	230,508
Total fund balances	<u>89,021</u>	<u>167,340</u>	<u>6,130</u>	<u>(2,010)</u>	<u>-</u>	<u>(16,186)</u>	<u>(13,787)</u>	<u>-</u>	<u>230,508</u>
Total liabilities and fund balances	<u>\$ 143,171</u>	<u>\$ 309,797</u>	<u>\$ 228,199</u>	<u>\$ 166,702</u>	<u>\$ 51,215</u>	<u>\$ 30,617</u>	<u>\$ 109,951</u>	<u>\$ 35,664</u>	<u>\$ 1,075,316</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES
OTHER GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Special Revenue Funds								Totals
	Police Drug	Metro Drug	Grant Fund #1 CDBG	Grant Fund #2 HOME	Grant Fund #3 ESGP	Grant Fund #4 HOME Match	Grant Fund #5 CDBG ARRA	Community Redevelopment	
Revenues:									
Fines, interest and penalties	\$ 70,542	\$ 14,254	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,796
Use of money and property	352	344	-	-	-	-	-	60,862	61,558
Intergovernmental	-	152,658	543,328	505,680	156,620	-	-	-	1,358,286
Sales and service charges	4,715	145,080	-	-	-	-	-	-	149,795
Other	-	-	68,547	54,308	-	14,431	137,602	-	274,888
Total revenues	<u>75,609</u>	<u>312,336</u>	<u>611,875</u>	<u>559,988</u>	<u>156,620</u>	<u>14,431</u>	<u>137,602</u>	<u>60,862</u>	<u>1,929,323</u>
Expenditures:									
Current:									
Public safety	53,258	147,667	-	-	-	-	-	-	200,925
Other	-	-	-	-	-	-	-	171,728	171,728
Public welfare and community services	-	-	663,145	490,805	96,771	30,617	151,389	-	1,432,727
Capital outlay:									
Public safety	-	102	-	-	-	-	-	-	102
Other	-	-	-	-	-	-	-	1,189,134	1,189,134
Total expenditures	<u>53,258</u>	<u>147,769</u>	<u>663,145</u>	<u>490,805</u>	<u>96,771</u>	<u>30,617</u>	<u>151,389</u>	<u>1,360,862</u>	<u>2,994,616</u>
Excess (deficiency) of revenues over (under) expenditures	22,351	164,567	(51,270)	69,183	59,849	(16,186)	(13,787)	(1,300,000)	(1,065,293)
Other financing sources (uses)									
Sale of notes	-	-	-	-	-	-	-	650,000	650,000
Operating transfers in	-	-	-	-	-	-	-	650,000	650,000
Operating transfers out	(30,000)	-	-	-	-	-	-	-	(30,000)
Total other financing sources (uses)	<u>(30,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,300,000</u>	<u>1,270,000</u>
Net changes in fund balances	(7,649)	164,567	(51,270)	69,183	59,849	(16,186)	(13,787)	-	204,707
Fund balances - beginning	<u>96,670</u>	<u>2,773</u>	<u>57,400</u>	<u>(71,193)</u>	<u>(59,849)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,801</u>
Fund balances - ending	<u>\$ 89,021</u>	<u>\$ 167,340</u>	<u>\$ 6,130</u>	<u>\$ (2,010)</u>	<u>\$ -</u>	<u>\$ (16,186)</u>	<u>\$ (13,787)</u>	<u>\$ -</u>	<u>\$ 230,508</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues:				
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 90,000	\$ 90,000	\$ 70,542	\$ (19,458)
Use of money and property:				
Interest earned	2,000	2,000	352	(1,648)
Sales and service charges:				
Seized assets/unclaimed evidence	9,000	9,000	4,715	(4,285)
Total revenues	<u>101,000</u>	<u>101,000</u>	<u>75,609</u>	<u>(25,391)</u>
Expenditures:				
Current:				
Public Safety:				
Rent	52,125	52,125	52,156	(31)
Contractual services	1,500	1,500	1,095	405
Court clerk fees	1,500	1,500	7	1,493
Total expenditures	<u>55,125</u>	<u>55,125</u>	<u>53,258</u>	<u>1,867</u>
Excess of revenues over (under) expenditures	<u>45,875</u>	<u>45,875</u>	<u>22,351</u>	<u>(23,524)</u>
Other financing sources (uses)				
Operating transfers out	<u>(40,000)</u>	<u>(40,000)</u>	<u>(30,000)</u>	<u>10,000</u>
Net changes in fund balances	<u>\$ 5,875</u>	<u>\$ 5,875</u>	<u>(7,649)</u>	<u>\$ (13,524)</u>
Fund balance - beginning			<u>96,670</u>	
Fund balance - ending			<u>\$ 89,021</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
METRO DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Revenues:	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final</u> <u>Budget</u>
Fines, interest and penalties:				
Fines, forfeits and penalties	\$ 83,500	\$ 83,500	\$ 14,254	\$ (69,246)
Use of money and property:				
Interest earned	-	-	344	344
Intergovernmental:				
Federal sharing	-	42,462	152,658	110,196
Sales and service charges:				
Controlled substance tax	11,000	11,000	33,295	22,295
Seizures	<u>68,000</u>	<u>68,000</u>	<u>111,785</u>	<u>43,785</u>
Total revenues	<u>162,500</u>	<u>204,962</u>	<u>312,336</u>	<u>107,374</u>
Expenditures:				
Current:				
Public Safety:				
Telephone	19,000	19,000	17,298	1,702
Vehicle tow-in/storage	2,000	2,000	1,295	705
Subscriptions and dues	2,665	2,665	2,434	231
Professional services	-	-	190	(190)
Computer/IS services	3,900	3,900	3,920	(20)
Travel and training	20,000	20,000	8,035	11,965
Office supplies	15,000	15,000	11,382	3,618
Operating expenditures	18,000	18,000	15,956	2,044
Canine expenditures	7,000	7,000	8,471	(1,471)
Rent	22,000	22,000	23,129	(1,129)
Court clerk fees	4,750	4,750	521	4,229
Special investigative funds	40,000	40,000	24,865	15,135
Federal sharing expense	-	42,462	27,494	14,968
Uniforms and clothing	<u>8,000</u>	<u>8,000</u>	<u>2,677</u>	<u>5,323</u>
	<u>162,315</u>	<u>204,777</u>	<u>147,667</u>	<u>57,110</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>102</u>	<u>(102)</u>
Total expenditures	<u>162,315</u>	<u>204,777</u>	<u>147,769</u>	<u>57,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 185</u>	<u>\$ 185</u>	164,567	<u>\$ 164,382</u>
 			<u>2,773</u>	
Fund balance - beginning				
Fund balance - ending			<u>\$ 167,340</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #1 - CDBG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues:				
Intergovernmental:				
Block Grant - CDBG	\$ 586,849	\$ 586,814	\$ 543,328	\$ (43,486)
Other income	60,000	60,000	68,547	8,547
	<u>646,849</u>	<u>646,814</u>	<u>611,875</u>	<u>(34,939)</u>
Total revenues				
	<u>646,849</u>	<u>646,814</u>	<u>611,875</u>	<u>(34,939)</u>
Expenditures:				
Current:				
Public Welfare and Community Services				
Administration and Program Delivery:				
Salaries	129,370	129,363	77,273	52,090
Employee benefits	-	-	18,221	(18,221)
Travel and training	-	-	215	(215)
Accounting	-	-	3,780	(3,780)
Publications	-	-	1,349	(1,349)
Dues and subscriptions	-	-	1,717	(1,717)
Telephone	-	-	2,056	(2,056)
Office supplies	-	-	2,758	(2,758)
Advertising	-	-	2,829	(2,829)
Computer	-	-	6,028	(6,028)
Freight	-	-	1,551	(1,551)
Miscellaneous	-	-	1,329	(1,329)
Repairs and maintenance	-	-	5,327	(5,327)
Insurance	-	-	2,436	(2,436)
	<u>129,370</u>	<u>129,363</u>	<u>126,869</u>	<u>2,494</u>
Program:				
Housing	265,000	265,000	243,192	21,808
Public services	166,465	157,460	162,791	(5,331)
Community facilities and public improvements	86,014	86,014	130,293	(44,279)
	<u>517,479</u>	<u>508,474</u>	<u>536,276</u>	<u>(27,802)</u>
	<u>646,849</u>	<u>637,837</u>	<u>663,145</u>	<u>(25,308)</u>
Total expenditures				
	<u>646,849</u>	<u>637,837</u>	<u>663,145</u>	<u>(25,308)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 8,977</u>	(51,270)	<u>\$ (60,247)</u>
Fund balance - beginning			<u>57,400</u>	
Fund balance - ending			<u>\$ 6,130</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #2 - HOME
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Intergovernmental:				
HOME Grant	\$ 426,156	\$ 426,156	\$ 505,680	\$ 79,524
Other income	<u>100,000</u>	<u>100,000</u>	<u>54,308</u>	<u>(45,692)</u>
Total revenues	<u>526,156</u>	<u>526,156</u>	<u>559,988</u>	<u>33,832</u>
Expenditures:				
Current:				
Public Welfare and Community Services				
Administration:				
Salaries	52,616	52,616	17,240	35,376
Employee benefits	<u>-</u>	<u>-</u>	<u>7,713</u>	<u>(7,713)</u>
	<u>52,616</u>	<u>52,616</u>	<u>24,953</u>	<u>27,663</u>
Program:				
Housing	<u>473,540</u>	<u>473,540</u>	<u>465,852</u>	<u>7,688</u>
Total expenditures	<u>526,156</u>	<u>526,156</u>	<u>490,805</u>	<u>35,351</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	69,183	<u>\$ 69,183</u>
Fund balance - beginning			<u>(71,193)</u>	
Fund balance - ending			<u>\$ (2,010)</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #3 - ESGP
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
Revenues:				
Intergovernmental:				
State DHS Grant	\$ 96,772	\$ 96,772	\$ 156,620	\$ 59,848
Total revenues	<u>96,772</u>	<u>96,772</u>	<u>156,620</u>	<u>59,848</u>
Expenditures:				
Current:				
Public Welfare and Community Services				
Administration:				
Salaries	4,608	4,608	3,772	836
Employee benefits	-	-	836	(836)
	<u>4,608</u>	<u>4,608</u>	<u>4,608</u>	<u>-</u>
Program:				
Public services	<u>92,164</u>	<u>92,164</u>	<u>92,163</u>	<u>1</u>
Total expenditures	<u>96,772</u>	<u>96,772</u>	<u>96,771</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	59,849	<u>\$ 59,849</u>
Fund balance - beginning			<u>(59,849)</u>	
Fund balance - ending			<u>\$ -</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #4 - HOME MATCH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Other income	\$ -	\$ -	\$ 14,431	\$ 14,431
Total revenues	<u>-</u>	<u>-</u>	<u>14,431</u>	<u>14,431</u>
Expenditures:				
Current:				
Public Welfare and Community Services				
Economic development	<u>-</u>	<u>-</u>	<u>30,617</u>	<u>(30,617)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>30,617</u>	<u>(30,617)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(16,186)	<u>\$ (16,186)</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ (16,186)</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
GRANT FUND #5 - CDBG ARRA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		<u>Final</u> <u>Budget</u>
Revenues:				
Intergovernmental:				
Stimulus Grant	\$ 157,518	\$ 157,518	\$ 137,602	\$ (19,916)
Total revenues	<u>157,518</u>	<u>157,518</u>	<u>137,602</u>	<u>(19,916)</u>
Expenditures:				
Current:				
Public Welfare and Community Services				
Administration:				
Salaries	-	-	7,375	(7,375)
Employee benefits	-	-	1,792	(1,792)
Miscellaneous	15,751	31,504	455	31,049
	<u>15,751</u>	<u>31,504</u>	<u>9,622</u>	<u>21,882</u>
Program:				
Housing	141,767	126,014	141,767	(15,753)
Total expenditures	<u>157,518</u>	<u>157,518</u>	<u>151,389</u>	<u>6,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	(13,787)	<u>\$ (13,787)</u>
Fund balance - beginning			-	
Fund balance - ending			<u>\$ (13,787)</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
COMMUNITY REDEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Revenues:				
Rental income	\$ -	\$ 8,000	\$ 60,855	\$ 52,855
Interest earnings	-	-	7	7
Total revenues	<u>-</u>	<u>8,000</u>	<u>60,862</u>	<u>52,862</u>
Expenditures:				
Professional services	-	110,866	107,219	3,647
Repairs and maintenance	-	-	37,083	(37,083)
Utilities	-	-	9,404	(9,404)
Management fees	-	-	11,298	(11,298)
Miscellaneous	-	-	6,724	(6,724)
	<u>-</u>	<u>110,866</u>	<u>171,728</u>	<u>(60,862)</u>
Capital outlay	<u>-</u>	<u>-</u>	<u>1,189,134</u>	<u>(1,189,134)</u>
Total expenditures	<u>-</u>	<u>110,866</u>	<u>1,360,862</u>	<u>(1,249,996)</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(102,866)</u>	<u>(1,300,000)</u>	<u>(1,197,134)</u>
Other financing sources (uses)				
Sale of notes	-	-	650,000	650,000
Operating transfers from other funds	-	102,866	650,000	547,134
Total other financing sources (uses)	<u>-</u>	<u>102,866</u>	<u>1,300,000</u>	<u>1,197,134</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ -</u>	

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF INVESTMENTS
 JUNE 30, 2010

	Interest Rate	Yield	Maturity Date	Face Amount	Carrying Amount/ Market Value
Governmental funds					
General Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	\$ 16,589,528	\$ 16,589,528
Government Agency Bonds	Varies	Varies	Varies	4,529,896	4,632,786
Certificates of Deposit	Varies	Varies	Varies	1,366,951	1,366,951
Solid Waste Collection Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	239,540	239,540
Police Drug Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	91,400	91,400
Metro Drug Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	218,738	218,738
Debt Service Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	1,568,285	1,568,285
Capital Outlay Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	3,829,224	3,829,224
Community Redevelopment Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	35,663	35,663
Proprietary funds					
Solid Waste Fund:					
Tennessee Local Government Investment Pool	Varies	Varies	N/A	337,160	337,160
Fiduciary fund types					
Robertson Non-Expendable Trust Fund					1,038,792
Deferred Compensation Expendable Trust Fund					<u>10,166,194</u>
					<u>\$ 40,114,261</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT
 JUNE 30, 2010

	General Obligation Bonds Series 2009		General Obligation Refunding Bonds Series 2009 (2)		General Obligation Refunding Bonds Series 2009A		Note Payable Jackson-Madison County General Hospital District	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2011	\$ 335,000	\$ 197,675	\$ 1,835,000	\$ 2,158,050	\$ 1,670,000	\$ 202,700	\$ -
2012	340,000	190,975	1,965,000	2,084,650	1,660,000	152,600	50,000	-
2013	345,000	182,475	2,075,000	2,035,525	1,650,000	102,800	100,000	-
2014	355,000	172,125	2,190,000	1,983,650	1,640,000	53,300	500,000	-
2015	365,000	161,475	4,000,000	1,896,050	-	-	-	-
2016	375,000	150,525	4,160,000	1,736,050	-	-	-	-
2017	390,000	139,275	4,295,000	1,600,850	-	-	-	-
2018	405,000	126,600	4,445,000	1,450,525	-	-	-	-
2019	420,000	110,400	4,605,000	1,292,169	-	-	-	-
2020	435,000	93,600	4,780,000	1,112,844	-	-	-	-
2021	450,000	76,200	4,995,000	897,744	-	-	-	-
2022	465,000	58,200	5,220,000	672,969	-	-	-	-
2023	485,000	39,600	5,430,000	464,169	-	-	-	-
2024	505,000	20,200	5,645,000	246,968	-	-	-	-
	<u>\$ 5,670,000</u>	<u>\$ 1,719,325</u>	<u>\$ 55,640,000</u>	<u>\$ 19,632,213</u>	<u>\$ 6,620,000</u>	<u>\$ 511,400</u>	<u>\$ 650,000</u>	<u>\$ -</u>

	Notes Payable								
	General Obligation Capital Outlay Note, Series 2006 ** (1)		General Obligation Capital Outlay Note, Series 2006-A ** (1)		General Obligation Capital Outlay Note, Series 2006-B ** (1)		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2011	\$ 166,250	\$ 36,321	\$ 166,250	\$ 36,260	\$ 166,250	\$ 21,182	\$ 4,338,750	\$ 2,652,188	\$ 6,990,938
2012	166,250	31,742	166,250	31,692	166,250	16,690	4,513,750	2,508,349	7,022,099
2013	166,250	27,162	166,250	27,112	166,250	12,099	4,668,750	2,387,173	7,055,923
2014	166,250	22,583	166,250	22,534	166,250	7,558	5,183,750	2,261,750	7,445,500
2015	166,250	18,004	166,250	17,954	153,736	3,124	4,851,236	2,096,607	6,947,843
2016	166,250	13,424	166,250	13,375	-	-	4,867,500	1,913,374	6,780,874
2017	166,250	8,845	166,250	8,795	-	-	5,017,500	1,757,765	6,775,265
2018	166,155	4,241	165,644	4,187	-	-	5,181,799	1,585,553	6,767,352
2019	-	-	-	-	-	-	5,025,000	1,402,569	6,427,569
2020	-	-	-	-	-	-	5,215,000	1,206,444	6,421,444
2021	-	-	-	-	-	-	5,445,000	973,944	6,418,944
2022	-	-	-	-	-	-	5,685,000	731,169	6,416,169
2023	-	-	-	-	-	-	5,915,000	503,769	6,418,769
2024	-	-	-	-	-	-	6,150,000	267,168	6,417,168
	<u>\$ 1,329,905</u>	<u>\$ 162,322</u>	<u>\$ 1,329,394</u>	<u>\$ 161,909</u>	<u>\$ 818,736</u>	<u>\$ 60,653</u>	<u>\$ 72,058,035</u>	<u>\$ 22,247,822</u>	<u>\$ 94,305,857</u>

(1) Notes have variable interest rates. The interest requirements are estimated, not exact.

(2) A portion of this debt is held by the Sportsplex Fund (\$3,028,573 at June 30, 2010).

** Obligations of the Sportsplex Fund, an Enterprise fund of the City.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
 FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Year of Levy	Balance 7/1/09	Taxes Levied	Adjustments	Collections	Balance 6/30/10
2009	\$ -	\$ 26,497,571	\$ 1,094,672	\$ 26,192,753	\$ 1,399,490
2008	1,346,538	-	(23,513)	899,870	423,155
2007	413,564	-	12,920	244,517	181,967
2006	221,192	-	(2,894)	46,882	171,416
2005	357,705	-	-	23,641	334,064
2004	110,322	-	(7,812)	9,165	93,345
2003	147,391	-	(5,792)	9,595	132,004
2002	151,007	-	(391)	4,529	146,087
2001	94,497	-	17	2,318	92,196
2000	87,937	-	(544)	2,216	85,177
1999	95,441	-	(4)	1,749	93,688
1998	81,072	-	(80,665)	254	153
	<u>\$ 3,106,666</u>	<u>\$ 26,497,571</u>	<u>\$ 985,994</u>	<u>\$ 27,437,489</u>	<u>\$ 3,152,742</u>

Property taxes receivable allocated as follows:

	General Fund	Sinking Fund	Total
Considered current receivable	\$ 129,433	\$ 21,844	\$ 151,277
Allowance for uncollectibles	973,740	164,123	1,137,863
Deferred revenues	<u>1,594,800</u>	<u>268,802</u>	<u>1,863,602</u>
	2,697,973	454,769	3,152,742
Estimated 2010 tax levy due			
October 1, 2010 considered as			
deferred revenue	<u>22,766,030</u>	<u>4,537,047</u>	<u>27,303,077</u>
Total taxes receivable	<u>\$ 25,464,003</u>	<u>\$ 4,991,816</u>	<u>\$ 30,455,819</u>

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF UNCOLLECTED DELINQUENT TAXES FILED
JUNE 30, 2010

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

<u>Year of Levy</u>	<u>Amount</u>
2008	\$ 423,155
2007	181,967
2006	171,416
2005	334,064
2004	93,345
2003	132,004
2002	146,087
2001	92,196
2000	85,177
1999	<u>93,688</u>
	<u>\$ 1,753,099</u>

See independent auditor's report.

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

<u>Year of Levy</u>	<u>Tax Rate*</u>	<u>Assessed Valuation</u>
2009	2.10	\$ 1,254,178,318
2008	2.10	1,222,320,600
2007	2.10	1,190,522,429
2006	2.10	1,165,945,283
2005	2.10	1,151,348,469
2004	2.22	1,026,628,559
2003	2.22	994,824,661
2002	1.98	993,964,591
2001	1.98	979,005,080
2000	1.98	942,443,570

*Per \$100 of assessed valuation.

See independent auditor's report.

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Grant Number	CFDA Number	Balance 7/1/09 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/10 (Receivable) Unearned
U.S. DEPARTMENT OF AGRICULTURE							
Food and Nutrition Service:							
Passed through the State of Tennessee Dept. of Human Services:							
Child and Adult Care Food Program (2008)	03-47-30026	10.558	\$ -	\$ 3,633	\$ 4,305	\$ -	\$ (672)
Child and Adult Care Food Program (2009)	03-47-30026	10.558	(365)	365	-	-	-
			(365)	3,998	4,305	-	(672)
<u>Total U.S. Department of Agriculture</u>			(365)	3,998	4,305	-	(672)
U.S. DEPARTMENT OF ENERGY							
ARRA - Energy Efficiency & Conservation Block Grant (EECBG)	DE-SC0001813	81.128	-	-	97,790	-	(97,790)
<u>Total U.S. Department of Energy</u>			-	-	97,790	-	(97,790)
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT							
Community Planning and Development:							
Community Development Block Grants/Entitlement	N/A	14.218*	(116,850)	549,599	603,145	-	(170,396)
ARRA - Community Development Block Grant ARRA/Entitlement	N/A	14.253*	-	41,438	151,389	-	(109,951)
			(116,850)	591,037	754,534	-	(280,347)
Passed through Tennessee Department of Human Services:							
Emergency Shelter Grants Program	DG-0924555	14.231	(59,849)	59,849	-	-	-
Emergency Shelter Grants Program	ESG-09-26	14.231	-	45,556	96,771	-	(51,215)
			(59,849)	105,405	96,771	-	(51,215)
HOME Investment Partnerships Program	N/A	14.239*	(208,928)	429,391	436,863	49,698	(166,702)
Passed through Tennessee Department of Human Services:							
HOME Investment Partnerships Program	HM-09-48	14.239*	-	-	16,186	-	(16,186)
			(208,928)	429,391	453,049	49,698	(182,888)
<u>Total U.S. Department of Housing & Urban Development</u>			\$ (385,627)	\$ 1,125,833	\$ 1,304,354	\$ 49,698	\$ (514,450)

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Grant Number	CFDA Number	Balance 7/1/09 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/10 (Receivable) Unearned
U.S. DEPARTMENT OF JUSTICE							
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government	2009-SB-B9-0344	16.804	\$ -	\$ 190,981	\$ 274,105	\$ -	\$ (83,124)
Congressionally Recommended Awards (Re-Entry)	2009-D1-BX-0011	16.753	-	62,228	114,432	-	(52,204)
Juvenile & Neighborhood Safe Program	2008-JL-FX-0018	16.541	(71,647)	237,311	224,805	-	(59,141)
Office of Justice Programs:							
Passed through the Tennessee Dept. of Finance and Administration,							
Office of Criminal Justice Programs:							
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States & Territories (Drug Court)	JAGARRA 3574	16.803	-	13,565	17,811	-	(4,246)
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants to States & Territories (Cold Case Unit)	JAGARRA 4233	16.803	-	62,954	68,566	-	(5,612)
			-	76,519	86,377	-	(9,858)
Byrne Formula Grant Program (Drug Court)	Z-06-027516-00	16.738	(6,899)	23,475	26,677	-	(10,101)
Office of Violence Against Women:							
Violence Against Women Formula Grants (STOP)	STOPARRA 3794	16.588	-	40,987	70,736	-	(29,749)
Violence Against Women Formula Grants (STOP)	Z-07-033073-00	16.588	(33,201)	65,037	60,964	487	(28,641)
			(33,201)	106,024	131,700	487	(58,390)
<u>Total passed through the Tennessee Dept. of Finance and Administration, Office of Criminal Justice Programs</u>			\$ (40,100)	\$ 206,018	\$ 244,754	\$ 487	\$ (78,349)

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Grant Number	CFDA Number	Balance 7/1/09 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/10 (Receivable) Unearned
U.S. DEPARTMENT OF JUSTICE (Cont.)							
Office of Community Oriented Policing Services:							
Public Safety Partnership and Community Policing	2006-CK-WX-0098	16.710*	\$ (140,118)	\$ 176,998	\$ 36,880	\$ -	\$ -
Public Safety Partnership and Community Policing	2006-CK-WX-0484	16.710*	(25,698)	25,773	5,899	-	(5,824)
Public Safety Partnership and Community Policing	2007-CK-WX-0324	16.710*	(2,455)	49,449	63,263	-	(16,269)
ARRA - Public Safety Partnership and Community Policing	2009-RK-WX-0809	16.710*	-	188,664	320,751	-	(132,087)
Public Safety Partnership and Community Policing	2004-CK-WX-0153	16.710*	(88,962)	209,119	120,157	-	-
			(257,233)	650,003	546,950	-	(154,180)
Office of Justice Programs:							
Byrne Memorial Justice Assistance Grant Program	2006-DJ-BX-0857	16.738	(3,298)	3,711	413	-	-
Byrne Memorial Justice Assistance Grant Program	2007-DJ-BX-1182	16.738	(77,744)	87,749	10,005	-	-
Byrne Memorial Justice Assistance Grant Program	2008-DJ-BX-0545	16.738	(57)	13,417	13,360	-	-
Byrne Memorial Justice Assistance Grant Program	2009-DJ-BX-1008	16.738	-	26,354	47,164	-	(20,810)
			(81,099)	131,231	70,942	-	(20,810)
<u>Total U.S. Department of Justice</u>			(450,079)	1,477,772	1,475,988	487	(447,808)
U.S. DEPARTMENT OF TRANSPORTATION							
Federal Highway Administration:							
Passed through the State of Tennessee Dept. of Transportation:							
Highway Planning and Construction (MPO)	GG-08-22801-00	20.205*	(9,546)	19,055	41,432	-	(31,923)
Highway Planning and Construction (MPO)	Z-07-036294-00	20.205*	(36,610)	90,285	123,837	-	(70,162)
Highway Planning and Construction	CPD070177	20.205*	(3,051)	18,817	161,075	-	(145,309)
Highway Planning and Construction	CPD050170	20.205*	-	150,184	150,184	-	-
ARRA - Highway Planning and Construction	CPD080031	20.205*	-	-	160,510	-	(160,510)
Highway Planning and Construction	CPD080031	20.205*	(127,950)	281,526	322,799	-	(169,223)
			\$ (177,157)	\$ 559,867	\$ 959,837	\$ -	\$ (577,127)

CITY OF JACKSON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Cont.)
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Grant Number	CFDA Number	Balance 7/1/09 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/10 (Receivable) Unearned
Passed through the State of Tennessee Dept. of Transportation:							
Urban Mass Transportation Capital and Operating Assistance Formula Grants							
Alcohol Open Container Requirements	Z-09-214617-00	20.607	\$ (18,546)	\$ 34,702	\$ 16,156	\$ -	\$ -
<u>Total passed through the Tennessee Dept. of Transportation</u>			(195,703)	594,569	975,993	-	(577,127)
Passed through the State of Tennessee Dept. Environment and Conservation:							
Recreational Trails Program							
	Z-07-036648-00	20.219	-	26,875	26,875	-	-
<u>Total U.S. Department of Transportation</u>			(195,703)	621,444	1,002,868	-	(577,127)
U.S. ENVIRONMENTAL PROTECTION AGENCY							
Brownfields Assessment & Cleanup Cooperative Agreement							
	BF-96486907-0	66.818	(9,878)	168,641	161,763	-	(3,000)
<u>Total U.S. Environmental Protection Agency</u>			(9,878)	168,641	161,763	-	(3,000)
U.S. DEPARTMENT OF HOMELAND SECURITY							
Federal Emergency Management Agency:							
Passed through the State of Tennessee Emergency Management Agency:							
Hazard Mitigation Grant							
	GG-04-11286-00	97.039	(259,875)	-	-	-	(259,875)
Disaster Grants - Public Assistance (Presidentially Declared Disasters)							
	Unknown	97.036*	-	-	1,057,479	-	(1,057,479)
Public Assistance							
	Z-08-212831-00	97.036*	(234,418)	271,611	-	(37,193)	-
<u>Total passed through the Tennessee Emergency Management Agency</u>			(494,293)	271,611	1,057,479	(37,193)	(1,317,354)
<u>Total Expenditures of Federal Awards</u>			\$ (1,535,945)	\$ 3,669,299	\$ 5,104,547	\$ 12,992	\$ (2,958,201)

* Denotes a major program

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

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

CITY OF JACKSON, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Source/Grant Name	State Grant Number	Balance 7/1/09 (Receivable) Unearned	Cash Receipts	Expenditures	Adjustments	Balance 6/30/10 (Receivable) Unearned
TENNESSEE DEPARTMENT OF TRANSPORTATION						
Highway Planning and Construction	GG-08-22801-00	\$ (2,386)	\$ 4,763	\$ 10,358	\$ -	\$ (7,981)
Highway Planning and Construction	CPD070177	(763)	4,705	40,269	-	(36,327)
		<u>(3,149)</u>	<u>9,468</u>	<u>50,627</u>	<u>-</u>	<u>(44,308)</u>
TENNESSEE EMERGENCY MANAGEMENT AGENCY						
Public Assistance	Unknown	-	-	281,994	-	(281,994)
Public Assistance	Z-08-212831-00	(39,068)	45,267	-	(6,199)	-
		<u>(39,068)</u>	<u>45,267</u>	<u>281,994</u>	<u>(6,199)</u>	<u>(281,994)</u>
TENNESSEE DEPARTMENT OF ENVIRONMENT & CONSERVATION						
Cost Share Agreement on Gradient Control and Bank Stabilization Project - Dyer Creek Watershed	GG-10-2932-00	-	20,000	20,000	-	-
TENNESSEE OFFICE OF CRIMINAL JUSTICE						
Byrne Formula Grant Program (Drug Court)	Z-05-025516-00	(12,167)	12,172	-	(5)	-
Byrne Formula Grant Program (Drug Court)	4144	-	39,197	47,899	-	(8,702)
		<u>(12,167)</u>	<u>51,369</u>	<u>47,899</u>	<u>(5)</u>	<u>(8,702)</u>
TENNESSEE ARTS COUNCIL						
Passed through the Jackson Arts Council: Arts Builds Communities	Unknown	-	1,950	1,950	-	-
<u>Total State Financial Assistance</u>		<u>\$ (54,384)</u>	<u>\$ 128,054</u>	<u>\$ 402,470</u>	<u>\$ (6,204)</u>	<u>\$ (335,004)</u>

**HISTORICAL AND OTHER
MISCELLANEOUS INFORMATION**

CITY OF JACKSON, TENNESSEE
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	General Government	Public Safety	Public Works(1)	Public Welfare	Debt Service(2)	Capital Projects	Total
2001	\$ 15,088	\$ 17,819	\$ 8,934	\$ 7,418	\$ 7,221	\$ 6,858	\$ 63,338
2002	21,310	17,494	8,929	7,213	7,032	6,817	68,795
2003	23,333	19,502	15,029	8,470	7,391	6,908	80,633
2004	24,547	19,623	13,071	7,047	8,010	6,400	78,698
2005	28,419	20,051	12,648	7,079	5,949	13,099	87,245
2006	30,266	20,889	10,605	6,893	6,326	10,682	85,661
2007	28,862	22,128	13,702	7,233	10,539	5,936	88,400
2008	22,854	23,220	14,932	7,804	9,892	6,945	85,647
2009	9,926	31,386	16,182	8,507	1,986	2,801	70,788
2010	9,977	31,576	17,036	8,448	6,260	5,573	78,870

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

(2) Excludes debt refundings

UNAUDITED

CITY OF JACKSON, TENNESSEE
GENERAL GOVERNMENT REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Taxes	Licenses and Permits	Fines, Interest & Penalties	Use of Money and Property	Intergov- ernmental	Sales and Service Charges(1)	Other	Total
2001	\$ 22,158	\$ 3,194	\$ 1,317	\$ 1,937	\$ 21,657	\$ 8,266	\$ 1,983	\$ 60,512
2002	23,320	3,288	1,339	1,830	26,428	8,433	2,278	66,916
2003	24,275	3,262	1,208	1,801	27,826	8,306	2,108	68,786
2004	26,885	3,559	1,274	1,715	30,962	8,828	5,534	78,757
2005	28,087	3,636	1,375	1,955	36,458	9,372	4,656	85,539
2006	29,437	4,448	1,722	2,828	31,439	10,283	2,297	82,454
2007	31,166	4,445	1,858	3,255	32,787	11,067	1,513	86,091
2008	30,909	4,121	1,772	2,797	22,676	10,643	2,831	75,749
2009	32,014	4,156	1,815	2,451	22,418	11,028	2,462	76,344
2010	33,395	4,175	2,375	1,986	22,833	11,147	2,749	78,660

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

UNAUDITED

CITY OF JACKSON, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

<u>Fiscal Year</u>	<u>Assessed Valuation</u>	<u>Total Tax Levy</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Ratio of Delinquent Taxes to Total Tax Levy</u>
2001	\$ 942,444	\$ 18,660	\$ 17,277	92.6%	\$ 1,337	7.2%
2002	979,005	19,384	18,047	93.1%	1,209	6.2%
2003	993,965	19,052	18,406	96.6%	1,274	6.7%
2004	994,825	21,400	20,781	97.1%	1,787	8.4%
2005	1,026,629	22,140	21,353	96.4%	1,827	8.3%
2006	1,151,348	23,447	22,898	97.7%	1,806	7.7%
2007	1,165,945	24,485	24,217	98.9%	1,804	7.4%
2008	1,190,522	25,001	24,433	97.7%	1,631	6.5%
2009	1,222,321	25,669	25,325	98.7%	1,760	6.9%
2010	1,254,178	26,498	26,193	98.8%	1,753	6.6%

UNAUDITED

CITY OF JACKSON, TENNESSEE
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO GENERAL GOVERNMENTAL EXPENDITURES (1)
LAST TEN FISCAL YEARS
(amounts expressed in thousands)

Fiscal Year	Principal(2)	Interest(3)	Total Debt Service	Total General Government Expenditures(4)	Ratio of Debt Service to General Government Expenditures
2001	\$ 4,403	\$ 2,817	\$ 7,220	\$ 55,611	13.0%
2002	4,649	2,382	7,031	61,978	11.3%
2003	5,173	2,218	7,391	73,725	10.0%
2004	5,969	2,041	8,010	72,298	11.1%
2005	3,559	2,391	5,950	74,146	8.0%
2006	3,443	2,883	6,326	74,979	8.4%
2007	7,331	3,208	10,539	82,464	12.8%
2008	7,310	2,582	9,892	78,703	12.6%
2009	301	1,685	1,986	67,986	2.9%
2010	3,726	2,534	6,260	73,297	8.5%

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

UNAUDITED

CITY OF JACKSON, TENNESSEE
GENERAL DESCRIPTION

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

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

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

Economy. The City enjoys a diverse economy based on retail trade, manufacturing, agriculture and service-related businesses. The unemployment rate is consistently below the state average; however, the 2009/2010 levels are an anomaly. Major corporations currently operating manufacturing or distribution facilities in the City include Proctor & Gamble, Owens Corning, TBDN, Pinnacle Foods, Black and Decker, and Delta Faucet. Retail sales in the City were \$2.1 billion in 2005.

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

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

Healthcare. The City is served by two major healthcare facilities: Jackson-Madison County General Hospital, a 766-bed general acute care facility operated by a Board appointed by Madison County and the City, and Regional Hospital of Jackson, a 164-bed facility owned and operated by CHS. There are 59 medical clinics, 12 retirement, nursing, and/or assisted living homes, plus more than 500 physicians practicing in the Jackson area.

**CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION**

	POPULATION (in thousands)						Percent Change	
	2009	2000	1995	1990	1980	1970	1980-95	1970-95
	Jackson	62	60	53	49	49	40	7.8%
Tennessee	6,266	5,609	5,256	4,877	4,591	3,926	14.5%	33.9%
United States	606,624	283,876	262,755	249,632	226,546	203,302	16.0%	29.2%

Source: 2000 U.S. Census, 2009 Nielsen Market Demographics, 2009 Applied Geographic Solutions

2009 POPULATION BY AGE GROUP: CITY, STATE AND NATION

<u>Age Group</u>	<u>Jackson</u>	<u>Tennessee</u>	<u>United States</u>
Under 18 years	25.2%	23.7%	24.6%
18 to 24 years	12.4%	9.2%	9.7%
25 to 34 years	14.0%	13.5%	13.3%
35 to 44 years	12.5%	14.0%	13.9%
45 years and over	35.9%	39.6%	38.5%

Source: 2009 Nielsen Market Demographics, 2006-2008 American Community Survey-US Census

2000 PERCENTAGE OF HOUSEHOLD BY EFFECTIVE BUYING INCOME

	<u>Jackson</u>	<u>Tennessee</u>	<u>United States</u>
Under \$24,999	35.7%	28.3%	23.3%
\$25,000 - \$34,999	14.3%	12.3%	10.6%
\$35,000 - \$49,999	13.5%	15.5%	14.2%
\$50,000 and over	36.5%	43.9%	51.9%
Median Household Income	\$ 35,041	\$ 43,662	\$ 52,175

Source: 2006-2008 American Community Survey-US Census

CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION (Cont.)

SOCIAL AND ECONOMIC CHARACTERISTICS

	Tennessee	Jackson	Madison County
Median value owner occupied housing	\$ 130,900	\$ 109,200	\$ 114,000
% High school graduates or higher persons 25 years old & older	81.8%	84.1%	84.7%
% Families with income below poverty level	11.9%	18.9%	14.1%
Median family income	\$ 53,653	\$ 44,426	\$ 53,927

Source: 2006-2008 American Community Survey-US Census

LABOR FORCE TRENDS

Year	Persons Employed in Madison Cty	Persons Unemployed in Madison Cty	Unemployment Rate		
			Madison County	Tennessee	USA
1992	39,420	2,470	5.9%	6.4%	7.4%
1993	38,490	2,250	5.5%	5.7%	6.8%
1994	43,330	1,980	4.4%	4.8%	6.1%
1995	44,290	2,340	5.0%	5.2%	5.6%
1996	45,140	2,160	4.6%	5.2%	5.4%
1997	45,210	2,140	4.5%	5.4%	4.9%
1998	46,720	1,660	3.4%	4.2%	4.5%
1999	48,050	1,290	2.6%	3.4%	4.2%
2000	49,770	1,760	3.4%	4.2%	4.6%
2001	50,070	2,190	4.2%	4.0%	4.9%
2002	51,527	2,620	5.1%	5.1%	5.8%
2003	50,890	2,950	5.8%	5.8%	6.0%
2004	43,580	2,590	5.6%	5.5%	5.5%
2005	44,050	2,600	5.6%	5.6%	5.1%
2006	45,450	2,560	5.3%	5.1%	4.6%
2007	46,130	2,430	5.0%	4.7%	4.6%
2008	48,490	5,310	11.0%	10.5%	10.2%
2009	47,780	5,120	10.7%	10.5%	9.3%

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

UNAUDITED

**CITY OF JACKSON, TENNESSEE
DEMOGRAPHIC INFORMATION (Cont.)**

TOP TEN MANUFACTURERS

	Employees	Product
1. Procter and Gamble	824	Food Products
2. Black and Decker South	650	Professional Power Tools
3. Delta Faucet Company	600	Bath/Kitchen Products
4. Pinnacle Foods	592	Frozen Food Products
5. Black and Decker North	537	Professional Power Tools
6. TBDN Tennessee Company	480	Automotive Air Induction Systems, Oil Fuel Filters, Intake Manifolds
7. Perseus Distribution	400	Book Distribution
8. Gerdau Ameristeel	390	Reinforced Steel and Merchant Bar Products
9. Armstrong Hardwood Flooring	310	Hardwood Floor and Cabinet Products
10. Portfolio Recovery Associates	305	Outbound Call Center

Source: Jackson Area Chamber of Commerce

TOP TEN NON-MANUFACTURING EMPLOYERS

	Employees	Product
1. West Tennessee Healthcare	4,362	Hospital
2. Jackson-Madison County School System	1,582	School System
3. City of Jackson	650	City Government
4. Union University	637	Private University
5. Madison County	632	County Government
6. Regional Hospital of Jackson	574	Hospital
7. Madison-Haywood Developmental Center	450	Shelter Workshop
8. Wal-Mart #335	446	Retail
9. Lane College	412	Private University
10. Jackson Energy Authority	411	Utilities

Source: Jackson Area Chamber of Commerce

CITY OF JACKSON, TENNESSEE
PRO FORMA
GENERAL OBLIGATION DEBT STATEMENT
AS OF JUNE 30, 2010

Series 2009 General Obligation & Refunding Bonds	\$ 55,640,000
Series 2009 General Obligation Bonds	5,670,000
Series 2003 Tennessee Municipal Bond Fund Notes (General Improvement)	6,620,000
Series 2006 General Obligation Capital Outlay Note	1,329,905
Series 2006-A General Obligation Capital Outlay Note	1,329,394
Series 2006-B General Obligation Capital Outlay Note	818,736
Jackson-Madison County General Hospital District	<u>650,000</u>
 <u>Total General Obligation Debt</u>	 \$ 72,058,035
Overlapping General Obligation Debt (70.9% of Madison County)	<u>49,941,960</u>
 <u>General Obligation and Overlapping Debt</u>	 <u>\$ 121,999,995</u>

RATIOS

Total General Obligation Debt to Assessed Value	4.95%
Total General Obligation Debt to Estimated Actual Value	1.55%
General Obligation and Overlapping Debt to Assessed Value	8.37%
General Obligation and Overlapping Debt to Estimated Actual Value	2.62%

PER CAPITA

Assessed Value	\$ 23,498
Estimated Actual Value	75,236
Total General Obligation Debt	1,162
Net General Obligation and Underlying Debt	1,968

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

UNAUDITED

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

Type of Property	2010 Assessed Value	2010 Appraised Value
Industrial and commercial	\$ 682,516,000	\$ 1,706,290,000
Residences and farms	527,342,650	2,109,370,600
Personal tangible property	208,672,897	695,575,512
Public utilities**	38,357,439	153,429,756
Total	<u>\$ 1,456,888,986</u>	<u>\$ 4,664,665,868</u>

**Public Utilities as reported by State Board of Property Assessments, Jan 2009

The State of Tennessee classifies property for assessment as follows:

Industrial and Commercial
Residences and Farms
Personal Tangible Property
Public Utilities

NOTE: The effective date of the latest reappraisal program was 2010

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

Fiscal Year	Assessed Valuation	Total Tax Levy	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
2001	\$ 942,444	\$18,660	\$ 17,277	92.6%	\$ 1,337	7.2%
2002	979,005	19,384	18,047	93.1%	1,209	6.2%
2003	993,965	19,052	18,406	96.6%	1,274	6.7%
2004	994,825	21,400	20,781	97.1%	1,787	8.4%
2005	1,026,629	22,140	21,353	96.4%	1,827	8.3%
2006	1,151,348	23,447	22,898	97.7%	1,806	7.7%
2007	1,190,430	24,485	24,129	98.5%	1,804	7.4%
2008	1,266,995	25,001	24,433	97.7%	1,631	6.5%
2009	1,295,431	25,669	25,325	98.7%	1,760	6.9%
2010	1,456,889	26,497	25,777	97.3%	1,753	6.6%

UNAUDITED

CITY OF JACKSON, TENNESSEE
SCHEDULE OF TEN LARGEST TAXPAYERS

	Assessed Valuation	Taxes Due	Products/Services
1. Proctor & Gamble Mfg. Co.	\$ 27,729,206	\$ 519,127	Food Products
2. Regional Hospital of Jackson	15,851,435	312,373	Hospital
3. Owens Corning	15,758,216	282,038	Roofing Materials
4. BellSouth	13,030,568	273,642	Communications
5. WTHC	13,234,935	260,729	Healthcare
6. Old Hickory Mall	10,883,770	214,410	Shopping Mall
7. TBDN Tennessee Company	10,838,905	213,526	Auto Parts
8. Wal-Mart	8,697,320	171,337	Retail
9. Delta Faucet	8,292,448	159,138	Plumbing Products
10. GAT	7,877,877	155,196	Developer

Based on Year 2010 tax information

Source: City 2010 Tax Rolls

SUMMARY OF CERTAIN FUND BALANCES / NET ASSETS

Fiscal Years Ended June 30

	2010	2009	2008	2007	2006	2005	2004
General Fund	\$ 25,750,789	\$ 19,136,807	\$ 15,465,013	\$ 21,960,179	\$ 13,484,615	\$ 10,378,224	\$ 4,769,798
Special Revenue Funds	1,399,671	2,365,847	2,345,623	2,269,068	2,290,521	2,237,692	7,429,385
Debt Service Fund	1,821,182	**10,481,775	1,254,206	735,889	965,901	4,031,359	1,305,977

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

SCHEDULE OF LOCAL OPTION SALES TAX

Fiscal Years Ended June 30

<u>Year</u>	<u>Collections</u>	<u>Percent Change</u>
2010	\$ 11,314,658	1.53%
2009	11,143,581	-4.40%
2008	11,652,134	1.96%
2007	11,428,585	3.09%
2006	11,086,285	5.40%
2005	10,517,727	-4.00%
2004	10,961,545	13.95%
2003	9,619,318	0.23%
2002	9,597,003	0.94%
2001	9,688,415	2.54%
2000	9,941,290	5.64%

Source: Tennessee Department of Revenue

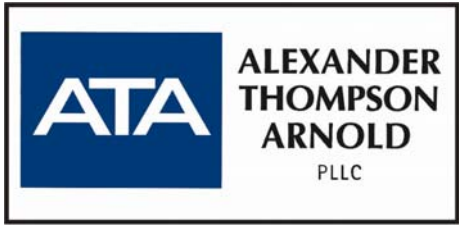
UNAUDITED

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

	2010	2009	2008	2007	2006	2005
Revenues:						
Property taxes	\$ 27,450,185	\$ 26,304,584	\$ 25,372,631	\$ 25,598,216	\$ 24,104,388	\$ 22,979,999
Tax equivalents	4,121,778	3,875,095	3,689,014	3,759,490	3,530,620	3,204,230
Local option sales tax	11,560,078	11,502,243	11,887,858	21,233,289	20,361,119	19,326,198
Beer tax	1,823,037	1,833,877	1,847,488	1,807,859	1,802,087	1,802,723
Licenses and permits	4,175,097	4,156,388	4,120,951	4,445,414	4,447,612	3,636,147
Fines & penalties	2,289,929	1,693,174	1,620,475	1,681,745	1,539,071	1,286,407
Interest income	274,740	540,649	841,629	459,475	210,249	114,751
Other property income	1,549,406	1,515,141	1,701,520	2,467,707	1,975,154	1,312,787
State of Tennessee	7,385,158	7,636,993	8,181,121	8,075,233	7,533,175	7,061,445
Federal government	2,157,332	1,450,562	1,285,508	2,338,790	2,688,947	8,563,499
Other	2,986,321	2,423,864	1,689,963	1,491,895	1,063,211	1,332,364
Total revenues	65,773,061	62,932,570	62,238,158	73,359,113	69,255,633	70,620,550
Expenditures:						
General government	9,976,874	9,925,984	22,854,403	28,861,623	28,788,018	27,154,787
Public safety	31,375,560	31,225,183	23,099,963	21,963,455	20,713,861	19,897,631
Public works	9,077,920	7,826,923	6,260,083	5,229,881	5,058,598	7,274,805
Public welfare	7,015,739	7,156,457	6,477,575	6,068,030	5,980,332	5,504,327
Net debt service	6,259,813	1,986,230	8,529,081	9,151,341	6,231,667	5,886,646
Total expenditures	63,705,906	58,120,777	67,221,105	71,274,330	66,772,476	65,718,196
Excess of revenues over (under) expenditures	2,067,155	4,811,793	(4,982,947)	2,084,783	2,483,157	4,902,354
Net transfers in (out) and other sources (uses)	(4,113,766)	6,577,012	(993,902)	6,160,770	(2,442,225)	3,773,907
Excess of revenues and net transfers over (under) expenditures	(2,046,611)	11,388,805	(5,976,849)	8,245,553	40,932	8,676,261
COMBINED FUND BALANCES:						
BEGINNING BALANCE	29,618,582	16,719,219	22,696,068	14,450,515	14,409,583	6,075,775
CORRECTION OF PRIOR PERIOD	-	-	-	-	-	(342,453)
CHANGE IN ACCT. PRINCIPLE	-	1,510,558	-	-	-	-
ENDING BALANCE	<u>\$ 27,571,971</u>	<u>\$ 29,618,582</u>	<u>\$ 16,719,219</u>	<u>\$ 22,696,068</u>	<u>\$ 14,450,515</u>	<u>\$ 14,409,583</u>

UNAUDITED

INTERNAL CONTROL AND COMPLIANCE SECTION



Certified Public Accountants

www.atacpa.net

227 Oil Well Road
Jackson, TN 38305

Telephone:(731) 427-8571
Fax: (731) 424-5701

Members of

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

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

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

We have audited 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, 2010, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2010. We did not audit the financial statements of the Jackson Transit Authority (JTA). Those statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for JTA, is based solely on the report of the other auditor. Additionally, this report, insofar as it relates to JTA, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 10-1 to be a material weakness.

Dyersburg, TN
Henderson, TN
Jackson, TN
Martin, TN
McKenzie, TN

Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Honorable Jerry Gist, Mayor
Members of the Council
City of Jackson, Tennessee
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests, and the tests of the other auditor, disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described as item 10-01 in the accompanying schedule of findings and questioned costs.

We noted certain matters that we reported to management of the City in a separate letter dated December 16, 2010.

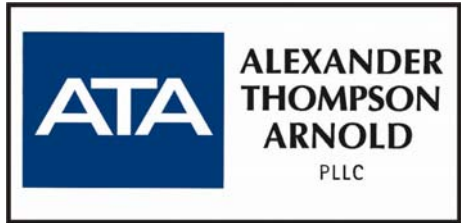
The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

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

Alexander Thompson Arnold PLLC

Certified Public Accountants

Jackson, Tennessee
December 16, 2010



Certified Public Accountants

www.atacpa.net

227 Oil Well Road
Jackson, TN 38305

Telephone:(731) 427-8571
Fax: (731) 424-5701

Members of

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

Report on Compliance with Requirements That Could Have a
Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in Accordance
With *OMB Circular A-133*

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

Compliance

We have audited the City of Jackson, Tennessee's (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 10-01.

Dyersburg, TN
Henderson, TN
Jackson, TN
Martin, TN
McKenzie, TN

Milan, TN
Murray, KY
Paris, TN
Trenton, TN
Union City, TN

Internal Control over Compliance

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

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

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 deficiencies, significant deficiencies, or material weaknesses. *A significant deficiency in internal control over compliance* is a deficiency, or 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.

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

This report is intended solely for the information and use of the City Council, management, federal awarding agencies, pass-through entities and the State of Tennessee Comptroller of the Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Alexander Thompson Arnold PLLC

Certified Public Accountants

Jackson, Tennessee
December 16, 2010

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2010

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal Control over major programs:		
Material weaknesses identified?	<u> X </u> yes	<u> </u> no
Significant deficiencies identified not considered to be material weaknesses?	<u> </u> yes	<u> X </u> no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	<u> X </u> yes	<u> </u> no
---	------------------	------------------

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement
14.253	ARRA - Community Development Block Grants/Entitlement
14.239	HOME Investment Partnerships Program
16.710	Public Safety Partnership and Community Policing Grants
20.205	Highway Planning and Construction
97.036	Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as low-risk auditee?	<u> </u> yes	<u> X </u> no
--	-------------------	-----------------

CITY OF JACKSON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Cont.)
JUNE 30, 2010

SECTION II - FINDINGS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

10-01 Grant Compliance & Recordkeeping (Non-Compliance and Material Weakness)

Condition: During our audit of the East Chester TDOT/ARRA grant for the year ended June 30, 2010, we noted that the City did not formally adopt a risk assessment as it relates to the ARRA funds within the grant. In addition, the associated revenues and expenses for the ARRA portion of the grant were not segregated within the general ledger as required by the grant.

Criteria: The State of Tennessee Comptroller's Office set forth a set of compliance requirements for all ARRA funds that are passed through the State, otherwise known as the TRAM directives. TRAM directive number 2 relates to the segregation of revenues and expenses within the general ledger while TRAM directive number 8 deals with the risk assessment requirements. The ARRA grants also require the segregation of financial records.

Effect: We noted that the City is not in compliance with the ARRA requirements or the TRAM directives cited by the State of Tennessee Comptroller's Office.

Recommendation: We recommend that the City review and follow the guidance set forth in the TRAM directives and by ARRA.

Response: The ARRA funds that the City of Jackson received and utilized on the East Chester Streetscape project were pass-through funds received by the Tennessee Department of Transportation (TDOT) from Federal Highway Administration. Since these funds were not part of a grant application made by the City of Jackson, but funds received and directly distributed by TDOT, it was our understanding that the Risk Assessment prepared by TDOT met the Risk Assessment requirements for the City of Jackson. However, it was later determined that each local recipient was required to provide its own Risk Assessment. In response, the City of Jackson has prepared the necessary Risk Assessment and it is on file. The City of Jackson fully understands all of the requirements and responsibilities related to the use of ARRA funds and has taken all necessary steps to fully comply with them.

SECTION III - FINDINGS AND QUESTIONED COSTS FOR MAJOR FEDERAL AWARD PROGRAMS

See finding 10-01 above.

CITY OF JACKSON, TENNESSEE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2010

09-01 Grant Documentation & Reconciliation (Non-Compliance and Material Weakness)

Condition: During our audit of the grant funds of the Jackson Community Development Department for the year ended June 30, 2009, we noted that there were no reconciliations of grant receivables, revenues, and expenditures claimed on the grant to the appropriate general ledger accounts. We also noted that the lack of reconciliation led to errors on the CAPER as it related to the HOME grant funds.

Status: The conditions causing this finding have been corrected.

CORRECTIVE ACTION PLAN

The City of Jackson, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2010.

Name and address of independent public accounting firm:

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

Audit period:

June 30, 2010

The findings from the June 30, 2010, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

10-01 Grant Compliance & Recordkeeping (Non-Compliance and Material Weakness)

Recommendation: We recommend that the City review and follow the guidance set forth in the TRAM directives and by ARRA.

Action Taken: The ARRA funds that the City of Jackson received and utilized on the East Chester Streetscape project were pass-through funds received by the Tennessee Department of Transportation (TDOT) from Federal Highway Administration. Since these funds were not part of a grant application made by the City of Jackson, but funds received and directly distributed by TDOT, it was our understanding that the Risk Assessment prepared by TDOT met the Risk Assessment requirements for the City of Jackson. However, it was later determined that each local recipient was required to provide its own Risk Assessment. In response, the City of Jackson has prepared the necessary Risk Assessment and it is on file. The City of Jackson fully understands all of the requirements and responsibilities related to the use of ARRA funds and has taken all necessary steps to fully comply with them.