

GOING FURTHER

**CITY OF JACKSON, TENNESSEE**

**ANNUAL FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**



# **CITY OF JACKSON, TENNESSEE**

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**CITY OF JACKSON, TENNESSEE**  
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**INTRODUCTORY  
SECTION**

## **CITY OF JACKSON, TENNESSEE**

### **LIST OF PRINCIPAL OFFICIALS**

June 30, 2024

#### **Mayor and City Council**

Scott Conger, Mayor  
Johnny Lee Dodd, Vice-Mayor/Council Member  
Ross Priddy-Treasurer/Council Member  
Candace Busby, Council Member  
Richard Donnell, Council Member  
Julie Holt, Council Member  
Larry Lowrance, Council Member  
Russ McKelvey, Council Member  
Frank McMeen, Council Member  
J. P. Stovall, Council Member  
Marda Wallace, Council Member

#### **Budget / Audit Committee**

Frank McMeen, Council Member  
Julie Holt, Council Member  
Johnny Dodd, Council Member  
Lynn Henning, Member  
Dave Bratcher, Member  
Michelle Curtain-Stewart, Member  
Fancher Sargent, Member

#### **Management Team**

Bobby Arnold, City Recorder  
Norma Shipp, Accounting Supervisor  
Patricia Loyd, Financial Supervisor  
Thom Corley, Police Chief  
Don Friddle, Fire Chief  
Kelsea Merriweather, Director of Personnel

#### **Counsel**

Lewis Cobb, City Attorney

**FINANCIAL  
SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the **City of Jackson, Tennessee** (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Solid Waste Collection Fund, and the Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Jackson Energy Authority or the Jackson Community Redevelopment Agency, which represent 99% of the assets, net position, and revenues of the aggregately discretely presented component units as of June 30, 2024. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregately discretely presented component units is based solely on the report of the other auditors.

#### ***Basis for Opinions***

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 on *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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### ***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 6 through 11) and schedules of pension and other post-employment benefits information (on pages 74-80), as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, including the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the other supplementary information section (the supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2025, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Mauldin & Jenkins, LLC*

Chattanooga, Tennessee  
October 13, 2025

## 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, 2024.

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

### FINANCIAL HIGHLIGHTS

- As of the close of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$33,135,299. Approximately 64% of this total amount, \$21,360,573 is available for spending at the government's direction (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$21,360,573, or 23.3% of total General Fund expenditures. The General Fund reflected an (\$2,873,984) decrease at June 30, 2024.
- The City of Jackson's total debt decreased by \$11,299,872 or 16.7% during the fiscal year. The \$11,299,872 decrease consisted of \$10,195,376 of principal payments.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

There are two government-wide financial statements:

- **Statement of Net Position**-The statement of net position presents information on all of the City of Jackson's assets, liabilities, and deferred outflows/inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Jackson is improving or deteriorating.
- **Statement of Activities**-The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (for example, uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Jackson that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Jackson include general government, public safety, public works, parks and recreation, public buildings, solid waste, and capital. The business-type activities of the City of Jackson include Hwy 70 landfill.

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 Community Redevelopment Agency (ie: CRA) and Jackson Transit Authority, which were both established by a City Ordinance and now operate as a separate entity with its own board of directors and outside auditors. The Jackson Energy Authority is also presented in the report as a discretely presented component unit due to the fact that the City has guaranteed their Telecom Bond Issue.

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

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

**Governmental Funds.** The City's basic services are included in Governmental funds. The focus of these funds is on how cash and other financial assets that can readily be converted to cash when received are used, and what remains at the end of the fiscal year for future spending. This detailed short-term view helps in determining whether there are more or fewer financial resources that can be spend 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 short-term view.

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

The City of Jackson adopts a budget for all Governmental Funds. A budgetary comparison for the General, Grants, and Solid Waste Collection funds are found in the fund statements of this report.

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

Enterprise funds are the same as business-type activities in the Government-Wide Financial Statements but provide more detail and additional information, such as cash flows. The Solid Waste (ie: Old City Landfill) is considered a major fund.

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

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

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

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

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

### Statement of Net Position

Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$103.7 million at the close of the most recent fiscal year end.

A portion of the City's net position represents resources that are a subject to restrictions as to how they may be used. These include \$7.8 million for mandatory State and Council restrictions.

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

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>ASSETS</b>						
Current and Other Assets	\$ 87,816,964	\$ 95,582,251	\$ (13,788)	\$ 546,545	\$ 87,803,176	\$ 96,128,796
Capital Assets, Net	<u>141,810,512</u>	<u>141,837,087</u>	<u>-</u>	<u>7,581,413</u>	<u>141,810,512</u>	<u>149,418,500</u>
Total Assets	<u>229,627,476</u>	<u>237,419,338</u>	<u>(13,788)</u>	<u>8,127,958</u>	<u>229,613,688</u>	<u>245,547,296</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>30,568,263</u>	<u>27,323,122</u>	<u>-</u>	<u>1,231,761</u>	<u>30,568,263</u>	<u>28,554,883</u>
<b>LIABILITIES</b>						
Current Liabilities	31,954,928	15,085,068	-	380,364	31,954,928	15,465,432
Noncurrent Liabilities	<u>80,332,259</u>	<u>104,138,531</u>	<u>434,280</u>	<u>2,298,492</u>	<u>80,766,539</u>	<u>106,437,023</u>
Total Liabilities	<u>112,287,187</u>	<u>119,223,599</u>	<u>434,280</u>	<u>2,678,856</u>	<u>112,721,467</u>	<u>121,902,455</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>43,727,840</u>	<u>40,304,370</u>	<u>-</u>	<u>212,104</u>	<u>43,727,840</u>	<u>40,516,474</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	96,965,066	85,894,216	-	7,581,413	96,965,066	93,475,629
Restricted	7,827,092	7,194,748	-	-	7,827,092	7,194,748
Unrestricted	<u>(611,446)</u>	<u>12,125,527</u>	<u>(448,068)</u>	<u>(1,112,654)</u>	<u>(1,059,514)</u>	<u>11,012,873</u>
Total Net Position	<u>\$ 104,180,712</u>	<u>\$ 105,214,491</u>	<u>\$ (448,068)</u>	<u>\$ 6,468,759</u>	<u>\$103,732,644</u>	<u>\$111,683,250</u>

## Statement of Activities

Net Position of the City's governmental activities decreased by \$712,785 or 0.7% and the business-type activities decreased by \$1,359 or 0.3%.

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Revenues</b>						
Program Revenues:						
Charges for Services	\$ 20,641,415	\$ 20,791,819	\$ -	\$ 338,659	\$ 20,641,415	\$ 21,130,478
Operating Grants	6,592,323	6,213,460	-	3,329,191	6,592,323	9,542,651
Capital Grants	283,622	533,897	-	1,981,440	283,622	2,515,337
General Revenues:						
Property Taxes	41,995,981	36,275,905	-	-	41,995,981	36,275,905
Other Taxes	48,757,002	53,515,790	-	-	48,757,002	53,515,790
Other General Revenues	5,654,481	3,442,095	1,906	123,633	5,656,387	3,565,728
Total Revenues	<u>123,924,824</u>	<u>120,772,966</u>	<u>1,906</u>	<u>5,772,923</u>	<u>123,926,730</u>	<u>126,545,889</u>
<b>Expenses:</b>						
Governmental Activities:						
General Government	19,094,300	14,645,390	-	-	19,094,300	14,645,390
Public Safety	51,983,351	43,474,785	-	-	51,983,351	43,474,785
Public Works	37,749,157	31,332,296	-	-	37,749,157	31,332,296
Public Welfare and Community Service	14,363,124	13,457,940	-	-	14,363,124	13,457,940
Interest on Long-Term Debt	1,447,677	1,650,225	-	-	1,447,677	1,650,225
Business-type Activities:						
Solid Waste	-	-	3,265	183,247	3,265	183,247
Jackson Transit Authority	-	-	-	4,272,556	-	4,272,556
Total Expenses	<u>124,637,609</u>	<u>104,560,636</u>	<u>3,265</u>	<u>4,455,803</u>	<u>124,640,874</u>	<u>109,016,439</u>
Increase (Decrease) in Net Position Before Transfers	(712,785)	16,212,330	(1,359)	1,317,120	(714,144)	17,529,450
Transfers	-	-	-	-	-	-
Increase in Net Position	(712,785)	16,212,330	(1,359)	1,317,120	(714,144)	17,529,450
Net Position - Beginning, restated	<u>104,893,497</u>	<u>89,002,161</u>	<u>(446,709)</u>	<u>5,151,639</u>	<u>104,446,788</u>	<u>94,153,800</u>
Net Position - Ending	<u>\$ 104,180,712</u>	<u>\$ 105,214,491</u>	<u>\$ (448,068)</u>	<u>\$ 6,468,759</u>	<u>\$ 103,732,644</u>	<u>\$ 111,683,250</u>

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

### GOVERNMENTAL FUNDS

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

As of the end of the current fiscal year, the City of Jackson's governmental funds reported combined ending fund balances of \$33.14 million, a net decrease of \$10.3 million in comparison with the prior year. In the governmental funds approximately 64.4 % of fund balance or \$21.4 million constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is either non-spendable, committed, assigned, or restricted to indicate that it is not available for new spending, as it has already been committed for debt service, capital projects, public works, or other purposes.

Information about selected major Governmental Funds is presented below.



**General Fund.** This fund is the chief operating fund of the City of Jackson. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$21.4 million. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 23.3% of total general fund expenditures of \$91.6 million, a decrease from the prior year amount of 30.6%. The Fund balanced revenues, expenditures, and a \$2.9 million transfer to the Capital Outlay Fund, resulting in a net decrease in fund balance of \$2.9 million.

**Capital Projects Fund.** The fund focuses on project-to-date costs for many projects within the City. At the end of the year, the Capital Projects Fund had a positive fund balance of \$1.1 million which consists of funds that will be used for upcoming capital projects. The City spent \$11.1 million on capital expenditures, offset with \$2.9 million of transfers from the General Fund.

**Debt Service Fund.** This fund focuses on the issuance and payments of long-term debt, mainly related to capital needs, within the City. At the end of the year, the Debt Service Fund had a positive fund balance of \$2.1 million which will be used to make principal payments on long-term debt.

**Solid Waste Collection Fund.** This fund focuses mainly on garbage collection both for residential and commercial customers within the City. At the end of the year, the Solid Waste Collection Fund had a balance of \$5.9 million. This represents an increase of \$112 thousand which is consistent with the operations from the prior year.

**Grants Fund.** This fund focuses mainly on the Coronavirus State and Local Fiscal Recovery Funds allotted to the City through the American Rescue Plan. At the end of the year, fund balance of the Grants Fund was \$867,930 with the majority of the receipts being expended as of June 30, 2023.

**Proprietary Funds.** The City of Jackson's Proprietary Fund provides the same type of information found in the government-wide financial statements, but in more detail.

As the City completed the fiscal year, its proprietary funds had a Net Position of negative \$448 thousand.

### **General Fund Budgetary Highlights**

#### **Revenues**

- Intergovernmental Revenues were \$2.35 million or 5.9% over budget. This variance is primarily sales tax.

#### **Expenditures**

- Expenditures were over budget by \$3.81 million or 4.3%. This variance is primarily driven by Public Welfare and Community Service \$2.38 million, Public Safety \$2.09 million.

**City of Jackson, Tennessee Capital Assets**  
(Net of Depreciation)  
June 30, 2024

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Net Capital Assets:</b>						
Land	\$ 32,970,608	\$ 32,970,608	\$ 352,173	\$ 352,173	\$ 33,322,781	\$ 33,322,781
Buildings	26,470,586	28,147,604	3,148,997	3,148,997	29,619,583	31,296,601
Improvements other than buildings	13,841,096	12,703,943	-	-	13,841,096	12,703,943
Machinery and Equipment	16,697,523	12,261,689	4,047,961	4,047,961	20,745,484	16,309,650
Infrastructure	47,235,845	51,558,599	-	-	47,235,845	51,558,599
Construction in Progress	4,594,854	4,194,644	-	-	4,594,854	4,194,644
<b>Total Net Capital Assets</b>	<b>\$ 141,810,512</b>	<b>\$ 141,837,087</b>	<b>\$ 7,549,131</b>	<b>\$ 7,549,131</b>	<b>\$ 149,359,643</b>	<b>\$ 149,386,218</b>

The City of Jackson's capital assets decreased by \$26 thousand in the current year. This is mainly the result of depreciation. See note 5 for further information on the City's capital assets.

**City of Jackson, Tennessee's Outstanding Debt**  
General Obligation and Revenue Bonds  
June 30, 2024

	Governmental Activities		Business Activities		Total	
	2024	2023	2024	2023	2024	2023
<b>Outstanding Debt:</b>						
General Obligation	\$ 32,475,000	\$ 41,010,000	\$ -	\$ -	\$ 32,475,000	\$ 41,010,000
Capital Notes	3,611,000	4,601,500	-	-	3,611,000	4,601,500
Leases	11,403,355	11,605,802	-	-	11,403,355	11,605,802
Financed Purchase	3,630,572	4,098,001	-	-	3,630,572	4,098,001
<b>Total Outstanding Debt</b>	<b>\$ 51,119,927</b>	<b>\$ 61,315,303</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,119,927</b>	<b>\$ 61,315,303</b>

The City of Jackson's total long-term debt decreased by \$10.19 million, excluding premiums, in the current year.

**Economic Factors and Next Year's Budget and Rates**

The City of Jackson anticipates revenues to be relatively consistent from June 30, 2024 into fiscal year 2025's budget. Several major road capital projects are in progress throughout the City, including improvements to the US 45 Bypass, street repaving and storm water projects. Property tax rates were set with no change in the levy rate.

These factors were considered in preparing the 2025 fiscal year budget for the City of Jackson.

**Contacting the City's Financial Management**

Office of the Recorder  
101 East Main Street, Suite 203  
Jackson, TN 38301  
(731)425-8278

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**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

	Primary Government			Component Unit		
	Governmental Activities	Business-type Activities	Total	Jackson Energy Authority	Jackson Community Redevelopment Agency	Jackson Transit Authority
<b>ASSETS</b>						
Cash and cash equivalents	\$ 36,413,538	\$ 21,594	\$ 36,435,132	\$ 116,661,429	\$ 2,365,838	\$ 528,492
Investments	-	-	-	6,352,924	-	-
Receivables:						
Taxes (net of allowance)	40,144,879	-	40,144,879	-	-	-
Accounts (net of allowance)	1,947,771	-	1,947,771	21,695,600	428,525	356,136
Grants	26,874	-	26,874	-	-	-
Intergovernmental	7,533,177	-	7,533,177	-	-	-
Other receivables, net	97,857	-	97,857	139,798	17,191,394	-
Leases	612,476	-	612,476	-	-	-
Long term notes receivable	419,610	-	419,610	-	-	-
Internal balances	35,382	(35,382)	-	-	-	-
Inventories	409,948	-	409,948	8,177,595	-	131,149
Prepaid items	162,555	-	162,555	-	-	-
Other assets	12,897	-	12,897	8,637,342	-	-
Unamortized bond issue cost	-	-	-	251,097	-	-
Unrecovered purchased gas cost	-	-	-	434,279	-	-
Intellectual property	-	-	-	3,094,684	-	-
Unamortized expenditures (net of amortization)	-	-	-	87,625	-	-
Retainage account	-	-	-	300,867	-	-
Subscription based IT arrangements	-	-	-	200,009	-	-
Restricted assets:						
Cash and cash equivalents	-	-	-	4,180,053	-	-
Investments	-	-	-	10,842,703	-	-
Capital assets, not being depreciated	37,565,462	-	37,565,462	24,053,287	4,063,940	-
Capital assets, net of accumulated depreciation	104,245,050	-	104,245,050	522,328,018	80,859	6,901,763
Total Assets	229,627,476	(13,788)	229,613,688	727,437,310	24,130,556	7,917,540
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Pension related items - TCRS	23,934,317	-	23,934,317	-	-	1,045,481
Pension related items - Old City	1,455	-	1,455	-	-	-
Pension related items - JEA	-	-	-	25,640,899	-	-
OPEB related items	6,632,491	-	6,632,491	7,711,108	-	335,875
Deferred charges on refunding	-	-	-	1,678,905	-	-
Total Deferred Outflows of Resources	30,568,263	-	30,568,263	35,030,912	-	1,381,356
<b>LIABILITIES</b>						
Accounts payable	7,686,336	-	7,686,336	27,811,095	190,084	117,870
Accrued expenses	1,944,128	-	1,944,128	8,150,085	141,849	94,912
Customer deposits	305,181	-	305,181	8,161,924	-	-
Accrued interest payable	262,234	-	262,234	179,258	-	-
Unearned revenue	4,257,049	-	4,257,049	-	108,353	-
Current portion of long-term liabilities	6,481,700	-	6,481,700	14,041,440	23,381	208,965
Total OPEB liability - Due within one year	1,413,000	-	1,413,000	-	-	99,000
Noncurrent Liabilities :						
Long-term liability - Due in more than one year, net	52,973,504	-	52,973,504	53,300,308	17,069,943	114,037
Accrued landfill closure/postclosure costs	-	434,280	434,280	-	-	-
Net pension liability - TCRS	14,782,446	-	14,782,446	-	-	689,788
Net pension liability - Old City	1,913,939	-	1,913,939	-	-	-
Net pension liability - JEA	-	-	-	69,942,659	-	-
Total OPEB liability - Due in more than one year	20,267,670	-	20,267,670	16,434,561	-	998,928
Total Liabilities	112,287,187	434,280	112,721,467	198,021,330	17,533,610	2,323,500
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred revenue - property taxes	39,523,959	-	39,523,959	-	-	-
Deferred revenue - leases	546,290	-	546,290	-	-	-
OPEB related items	2,219,536	-	2,219,536	13,763,476	-	112,399
Pension related items - JEA	-	-	-	2,820,220	-	-
Pension related items - TCRS	1,438,055	-	1,438,055	-	-	67,103
Total Deferred Inflows of Resources	43,727,840	-	43,727,840	16,583,696	-	179,502
<b>NET POSITION (DEFICIT)</b>						
Net investment in capital assets	96,965,066	-	96,965,066	479,217,723	4,036,446	6,901,763
Restricted for:						
Police drug	98,840	-	98,840	-	-	-
Metro drug	56,751	-	56,751	-	-	-
Grant funds	867,930	-	867,930	-	-	-
Community development	878,075	-	878,075	-	-	-
Solid waste collection	5,925,496	-	5,925,496	-	-	-
Debt service	-	-	-	9,500,795	-	-
Other	-	-	-	300,867	366,737	-
Unrestricted (deficit)	(231,141)	(448,068)	(679,209)	58,843,811	2,193,763	(105,869)
Total Net Position	\$ 104,561,017	\$ (448,068)	\$ 104,112,949	\$ 547,863,196	\$ 6,596,946	\$ 6,795,894

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Functions/Programs	Expenses	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			Component Unit		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Jackson Energy Authority	Jackson Community Redevelopment Agency	Jackson Transit Authority
					Governmental Activities	Business-type Activities	Total			
<b>Primary Government:</b>										
Governmental Activities:										
General government	\$ 18,713,995	\$ 1,515,905	\$ 5,206,810	\$ -	\$ (11,991,280)	\$ -	\$ (11,991,280)	\$ -	\$ -	\$ -
Public safety	51,983,351	186,365	1,278,648	-	(50,518,338)	-	(50,518,338)	-	-	-
Public works	38,727,217	17,743,614	86,723	283,622	(20,613,258)	-	(20,613,258)	-	-	-
Public welfare and community service	13,385,064	1,195,531	20,142	-	(12,169,391)	-	(12,169,391)	-	-	-
Interest on debt	1,447,677	-	-	-	(1,447,677)	-	(1,447,677)	-	-	-
Total Governmental Activities	124,257,304	20,641,415	6,592,323	283,622	(96,739,944)	-	(96,739,944)	-	-	-
Business-type Activities:										
Solid Waste	3,265	-	-	-	-	(3,265)	(3,265)	-	-	-
Jackson Transit Authority	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	3,265	-	-	-	-	(3,265)	(3,265)	-	-	-
Total Primary Government	\$ 124,260,569	\$ 20,641,415	\$ 6,592,323	\$ 283,622	\$ (96,739,944)	\$ (3,265)	\$ (96,743,209)	-	-	-
<b>Component Unit:</b>										
Jackson Energy Authority	\$ 252,544,939	\$ 267,676,110	\$ -	\$ 3,562,613				\$ 18,693,784	\$ -	\$ -
Jackson Community Redevelopment Agency	135,666	449,703	-	-				-	314,037	-
Jackson Transit Authority	4,307,579	388,000	3,441,740	1,292				-	-	(476,547)
Total Component Units	\$ 256,988,184	\$ 268,513,813	\$ 3,441,740	\$ 3,563,905				\$ 18,693,784	\$ 314,037	\$ (476,547)
<b>General Revenues:</b>										
Property taxes					\$ 27,175,034	\$ -	\$ 27,175,034	\$ -	\$ -	\$ -
Payments in lieu of tax					14,820,947	-	14,820,947	-	-	-
Sales taxes					40,651,440	-	40,651,440	-	-	-
Franchise and excise taxes					972,882	-	972,882	-	-	-
Alcoholic beverage taxes					2,915,390	-	2,915,390	-	-	-
Business taxes					2,925,794	-	2,925,794	-	-	-
Hotel-motel taxes					1,291,496	-	1,291,496	-	-	-
Rental and reimbursements					288,129	-	288,129	-	-	-
Other					3,547,232	-	3,547,232	159,389	5,338	28,828
Unrestricted interest income					1,819,120	1,906	1,821,026	4,507,525	105,092	443
Total General Revenues					96,407,464	1,906	96,409,370	4,666,914	110,430	29,271
Change in Net Position					(332,480)	(1,359)	(333,839)	23,360,698	424,467	(447,276)
Net Position, July 1					105,214,491	6,468,759	111,683,250	524,502,498	6,172,479	-
Adjustment - error correction					(320,994)	-	(320,994)	-	-	-
Adjustment - change to reporting entity					-	(6,915,468)	(6,915,468)	-	-	6,915,468
Adjustment - JTA restatement due to error correction					-	-	-	-	-	327,702
Net Position - July 1, as adjusted					104,893,497	(446,709)	104,446,788	524,502,498	6,172,479	7,243,170
Net Position, Ending					\$ 104,561,017	\$ (448,068)	\$ 104,112,949	\$ 547,863,196	\$ 6,596,946	\$ 6,795,894

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

**CITY OF JACKSON, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	General	Debt Service	Capital Outlay	Solid Waste Collection	Grants	Total Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>							
Cash and cash equivalents	\$ 26,921,022	\$ -	\$ -	\$ -	\$ 8,548,460	\$ 944,056	\$ 36,413,538
Receivables:							
Taxes (net of allowance)	30,205,348	9,939,531	-	-	-	-	40,144,879
Accounts (net of allowance)	120,470	27,971	-	1,799,330	-	-	1,947,771
Grants	-	-	-	-	-	26,874	26,874
Intergovernmental	7,316,398	-	-	-	-	216,779	7,533,177
Court fines (net of allowance)	83,268	-	-	-	-	14,589	97,857
Notes (net of allowance)	-	-	-	-	-	419,610	419,610
Leases	612,476	-	-	-	-	-	612,476
Due from other funds	-	1,943,629	1,921,986	5,429,072	-	230,481	9,525,168
Prepaid items	161,468	-	-	-	-	1,087	162,555
Inventories	409,948	-	-	-	-	-	409,948
Other	-	-	-	-	-	12,897	12,897
Total Assets	<u>\$ 65,830,398</u>	<u>\$ 11,911,131</u>	<u>\$ 1,921,986</u>	<u>\$ 7,228,402</u>	<u>\$ 8,548,460</u>	<u>\$ 1,866,373</u>	<u>\$ 97,306,750</u>
<b>LIABILITIES</b>							
Accounts payable	\$ 5,068,933	\$ -	\$ -	\$ 973,872	\$ 586,950	\$ 75,732	\$ 6,705,487
Accrued expenses	916,470	-	786,714	23,853	-	217,091	1,944,128
Unearned revenue - grants	-	-	-	-	4,257,049	-	4,257,049
Customer deposits	-	-	-	305,181	-	-	305,181
Due to other funds	6,131,182	-	-	-	2,836,531	522,073	9,489,786
Due to other governments	977,022	-	-	-	-	3,827	980,849
Total Liabilities	<u>13,093,607</u>	<u>-</u>	<u>786,714</u>	<u>1,302,906</u>	<u>7,680,530</u>	<u>818,723</u>	<u>23,682,480</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue - property taxes	29,823,502	9,700,457	-	-	-	-	39,523,959
Leases	546,290	-	-	-	-	-	546,290
Unavailable - property taxes	7,949	148,737	-	-	-	-	156,686
Unavailable - intergovernmental	164,179	-	-	-	-	-	164,179
Unavailable - court fines	83,268	-	-	-	-	14,589	97,857
Total Deferred Inflows of Resources	<u>30,625,188</u>	<u>9,849,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,589</u>	<u>40,488,971</u>
<b>FUND BALANCES</b>							
<b>Nonspendable:</b>							
Inventory	409,948	-	-	-	-	-	409,948
Prepays	161,468	-	-	-	-	1,087	162,555
Land held	-	-	-	-	-	12,897	12,897
<b>Restricted:</b>							
Police drug	-	-	-	-	-	90,630	90,630
Metro drug	-	-	-	-	-	50,372	50,372
Community Development	-	-	-	-	-	878,075	878,075
Grant funds	-	-	-	-	867,930	-	867,930
Solid waste collection	-	-	-	5,925,496	-	-	5,925,496
<b>Committed:</b>							
Debt service	-	2,061,937	-	-	-	-	2,061,937
Capital outlay	-	-	1,135,272	-	-	-	1,135,272
<b>Assigned:</b>							
Midnight basketball	6,917	-	-	-	-	-	6,917
Federal Equitable Sharing Program	45,874	-	-	-	-	-	45,874
Fire training	17,401	-	-	-	-	-	17,401
Traffic safety	27,961	-	-	-	-	-	27,961
Drug court	14,689	-	-	-	-	-	14,689
Earth Day	1,068	-	-	-	-	-	1,068
Health fair	8,633	-	-	-	-	-	8,633
Shirlene mercer	5,000	-	-	-	-	-	5,000
Drill field	49,460	-	-	-	-	-	49,460
Jackson idol	2,611	-	-	-	-	-	2,611
<b>Unassigned</b>	<u>21,740,878</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,740,878</u>
Total Fund Balances	<u>22,491,908</u>	<u>2,061,937</u>	<u>1,135,272</u>	<u>5,925,496</u>	<u>867,930</u>	<u>1,033,061</u>	<u>33,515,604</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 66,210,703</u>	<u>\$ 11,911,131</u>	<u>\$ 1,921,986</u>	<u>\$ 7,228,402</u>	<u>\$ 8,548,460</u>	<u>\$ 1,866,373</u>	<u>\$ 97,687,055</u>

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

**CITY OF JACKSON, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2024**

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

Total Fund Balances - Governmental Funds	\$ 33,515,604
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds	141,810,512
Revenue not available to pay for current expenditures and, therefore, is deferred in the funds:	
Unavailable revenue - property taxes	156,686
Unavailable revenue - court fines	97,857
Unavailable revenue - intergovernmental	164,179
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in governmental funds	(262,234)
Deferred outflows of resources - pensions and OPEB are not available to pay current expenditures and, therefore, are not reported in governmental funds	30,568,263
Deferred inflows of resources - pensions and OPEB are not due in the current period and, therefore, are not reported in governmental funds	(3,657,591)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in governmental funds:	
Bonds payable	(32,475,000)
Premiums on bonds	(5,128,874)
Notes payable	(3,611,000)
Financed purchase payable	(3,630,572)
Lease payable	(11,403,355)
Claims payable	(1,087,885)
Compensated absences payable	(2,118,518)
Total OPEB liability	(21,680,670)
Net pension liabilities	(16,696,385)
Net Position of Governmental Activities	<u>\$ 104,561,017</u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	General	Debt Service	Capital Outlay	Solid Waste Collection	Grants	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 32,759,100	\$ 12,313,691	\$ -	\$ -	\$ -	\$ -	\$ 45,072,791
Licenses and permits	6,840,771	-	-	-	-	-	6,840,771
Fines, interest and penalties	391,139	-	-	-	-	47,495	438,634
Use of money and property	2,725,458	1,800	-	-	-	26,732	2,753,990
Intergovernmental	42,091,356	66,510	314,204	-	3,809,718	923,202	47,204,990
Sales and service charges	2,790,516	-	-	14,953,098	-	22,375	17,765,989
Other	4,045,317	-	-	-	523,890	4,694	4,573,901
Total Revenues	<u>91,643,657</u>	<u>12,382,001</u>	<u>314,204</u>	<u>14,953,098</u>	<u>4,333,608</u>	<u>1,024,498</u>	<u>124,651,066</u>
<b>EXPENDITURES</b>							
Current:							
General government	15,834,278	-	1,392,504	-	1,747,917	-	18,974,699
Public safety	49,724,186	-	3,138,002	-	405,069	116,032	53,383,289
Public works	16,152,043	-	4,683,198	14,112,111	269,754	-	35,217,106
Public welfare and community services	9,501,156	-	1,528,618	-	1,395,383	631,841	13,056,998
Capital Outlay	-	-	391,289	723,016	-	-	1,114,305
Debt Service:							
Principal	-	9,969,376	-	-	-	226,000	10,195,376
Interest and fiscal charges	-	2,531,469	-	-	-	66,325	2,597,794
Total Expenditures	<u>91,211,663</u>	<u>12,500,845</u>	<u>11,133,611</u>	<u>14,835,127</u>	<u>3,818,123</u>	<u>1,040,198</u>	<u>134,539,567</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>431,994</u>	<u>(118,844)</u>	<u>(10,819,407)</u>	<u>117,971</u>	<u>515,485</u>	<u>(15,700)</u>	<u>(9,888,501)</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	2,925,673	-	-	242,325	3,167,998
Transfers Out	(2,925,673)	-	-	-	-	(242,325)	(3,167,998)
Total Other Financing Sources (Uses)	<u>(2,925,673)</u>	<u>-</u>	<u>2,925,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(2,493,679)	(118,844)	(7,893,734)	117,971	515,485	(15,700)	(9,888,501)
Fund Balance - July 1	25,306,581	2,180,781	9,029,006	5,807,525	352,445	1,048,761	43,725,099
Adjustment - error correction	(320,994)	-	-	-	-	-	(320,994)
Fund Balance - July 1, as adjusted	<u>24,985,587</u>	<u>2,180,781</u>	<u>9,029,006</u>	<u>5,807,525</u>	<u>352,445</u>	<u>1,048,761</u>	<u>43,404,105</u>
Fund Balance, Ending	<u>\$ 22,491,908</u>	<u>\$ 2,061,937</u>	<u>\$ 1,135,272</u>	<u>\$ 5,925,496</u>	<u>\$ 867,930</u>	<u>\$ 1,033,061</u>	<u>\$ 33,515,604</u>

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



**CITY OF JACKSON, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Net Change in Fund Balance - Total Governmental Funds	\$ (9,888,501)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which depreciation exceeded capital outlays in the current period:	
Capital Outlay, net change	8,103,925
Depreciation expense	(8,130,500)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:	
Change in deferred court fine revenue	(10,544)
Change in property taxes	(562,953)
Change in intergovernmental revenues	(152,745)
Some expenses reported in the statement of activities, such as accrued leave, interest payable, debt premium amortization and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:	
Compensated absences	22,656
Amortization of debt issuance premium	1,104,496
OPEB	(1,048,013)
Change in net pension liabilities	257,994
Change in claims payable	(269,292)
Accrued interest payable	45,621
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position:	
Payments on notes payable	990,500
Payments on bonds payable	8,535,000
Payments on lease and financed purchases payable	669,876
Change in Net Position of Governmental Activities	<u>\$ (332,480)</u>

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

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	over (under)
REVENUES				
Taxes:				
Property tax	\$ 25,560,608	\$ 25,560,608	\$ 24,859,740	\$ (700,868)
Tax equivalents	4,344,240	4,344,240	4,121,864	(222,376)
Alcoholic beverage tax	1,003,605	1,003,605	1,168,811	165,206
City beer tax	1,801,214	1,801,214	1,746,580	(54,634)
Franchise tax	794,353	794,353	862,105	67,752
Total Taxes	33,504,020	33,504,020	32,759,100	(744,920)
Intergovernmental:				
State of Tennessee	12,526,869	12,567,518	13,079,361	511,843
Madison County	27,203,155	27,203,155	28,075,669	872,514
Federal Government	9,178	(15,822)	936,326	952,148
Total Intergovernmental	39,739,202	39,754,851	42,091,356	2,336,505
Licenses and permits	5,269,098	5,269,098	6,840,771	1,571,673
Fines, interest, and penalties	372,098	344,430	391,139	46,709
Use of money and property	2,055,339	2,055,339	2,725,458	670,119
Sales and service charges	2,660,801	2,264,319	2,790,516	526,197
Other revenues	1,321,996	3,561,818	4,045,317	483,499
Total Revenues	\$ 84,922,554	\$ 86,753,875	\$ 91,643,657	\$ 4,889,782
EXPENDITURES				
General Government administration:				
Office of mayor	\$ 617,855	\$ 617,855	\$ 869,689	\$ (251,834)
City council	171,453	171,453	114,411	57,042
Municipal court	1,197,454	1,197,454	1,151,844	45,610
Drug treatment	256,260	259,760	265,257	(5,497)
Legal department	-	-	279,135	(279,135)
Office of public affairs	395,088	395,088	94,266	300,822
CEDC	226,741	226,741	250,090	(23,349)
City court building	64,682	64,682	58,138	6,544
Revenue and finance	246,453	246,453	157,081	89,372
Accounting	369,750	369,750	229,854	139,896
City recorder	499,616	504,616	593,874	(89,258)
Purchasing	317,661	317,661	267,306	50,355
Risk management	413,782	413,782	384,663	29,119
Human resources	315,113	315,113	296,408	18,705
Love your block	79,220	79,220	75,202	4,018
Civil service	93,641	93,641	-	93,641
Drivers assistance	8,083	8,083	5,423	2,660
Office of innovation	365,781	365,781	197,929	167,852
Financial empowerment	81,476	103,476	58,413	45,063
City hall building	391,720	391,720	350,219	41,501
Internal auditor	113,177	113,177	119,922	(6,745)
Miscellaneous:				
Insurance and bonding premiums	1,360,000	1,360,000	1,389,018	(29,018)
Appropriations and transfers	3,829,935	3,858,935	3,818,852	40,083
Other	5,097,477	5,120,145	4,807,284	312,861
Total General Government administration	16,512,418	16,594,586	15,834,278	760,308

(Continued)

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	over (under)
Public Safety:				
Police department	\$ 2,557,937	\$ 2,707,937	\$ 1,151,785	\$ 1,556,152
Patrol department	12,216,432	12,734,516	13,334,595	(600,079)
Criminal investigation	1,199,513	1,199,513	953,697	245,816
Central records	621,118	621,118	638,772	(17,654)
Aviation unit	382,443	382,443	327,580	54,863
Gang unit	1,463,043	2,412,802	2,311,830	100,972
Warrants/corrections	608,096	(341,663)	671,295	(1,012,958)
K-9 unit	692,375	692,375	929,315	(236,940)
Law enforcement	606,335	606,335	644,569	(38,234)
Police annex	46,300	46,300	48,582	(2,282)
Police support service	45,000	45,000	43,080	1,920
SWAT unit	246,040	246,040	250,049	(4,009)
Traffic division	355,321	355,321	537,015	(181,694)
Photo and fingerprint	303,733	303,733	356,948	(53,215)
Family justice center	604,535	604,535	997,340	(392,805)
Parking meters	127,541	127,541	49,187	78,354
North precinct - police	44,780	44,780	755	44,025
ICAC division	251,327	251,327	678,952	(427,625)
Drug control	1,115,254	1,155,254	1,176,144	(20,890)
Extra duty employment	386,734	386,734	186,539	200,195
Police grant programs	157,618	252,937	146,629	106,308
Fire department	16,928,823	16,953,845	17,283,822	(329,977)
Fire safety & public education	238,369	238,369	23,576	214,793
Correctional administration	38,129	38,129	8,083	30,046
Central dispatch operations	2,593,073	2,593,073	2,749,472	(156,399)
Grants	1,086,011	3,260,342	4,224,575	(964,233)
Total Public Safety	44,915,880	47,918,636	49,724,186	(1,805,550)
Public Works:				
Planning and zoning	887,956	887,956	824,968	62,988
Reimbursable planning act	79,800	79,800	53,863	25,937
Building department	982,494	986,126	978,644	7,482
Housing codes enforcement	595,504	595,504	544,536	50,968
Engineer	726,206	726,206	711,607	14,599
State street aid	2,976,276	2,976,276	3,225,176	(248,900)
Street lighting	2,265,450	2,265,450	2,134,748	130,702
Stormwater operations	1,277,074	1,277,074	1,327,899	(50,825)
Public services complex	107,086	107,086	114,542	(7,456)
Stormwater management	134,867	134,867	132,650	2,217
ADA expenses	200,000	200,000	52,519	147,481
Garage operations	719,710	719,710	528,498	191,212
Public works	200,675	200,675	257,014	(56,339)
Municipal maintenance	1,764,249	1,766,626	1,814,102	(47,476)
State street administration	-	-	109,982	(109,982)
State street maintenance	96,733	96,733	-	96,733
Groundskeeping	2,208,311	2,208,311	2,344,664	(136,353)
Traffic sign and signalization	701,068	756,152	966,631	(210,479)
Miscellaneous:				
DOT-trans/planning	-	-	30,000	(30,000)
Total Public Works	15,923,459	15,984,552	16,152,043	(167,491)

(Continued)

**CITY OF JACKSON, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>EXPENDITURES (CONTINUED)</b>				
Public Welfare and Community Service:				
Recreation	\$ 1,297,531	\$ 1,281,642	\$ 1,547,537	\$ (265,895)
Athletics	346,996	346,996	370,986	(23,990)
Sportsplex	1,573,991	1,573,990	2,578,153	(1,004,163)
Westwood community center	236,029	236,029	212,262	23,767
South jackson community center	119,311	119,311	109,901	9,410
Jackson ballpark	434,946	442,781	486,582	(43,801)
Cypress grove nature park	86,865	86,865	109,760	(22,895)
Dog park	-	29,368	3,075	26,293
Depot	15,000	15,000	8,897	6,103
Oman arena	-	-	18,460	(18,460)
Civic center	-	781,221	855,411	(74,190)
Fairgrounds	541,383	541,383	424,255	117,128
Carnegie/hed	667,121	667,121	628,730	38,391
T.R. white sportsplex	466,805	466,805	605,042	(138,237)
Tennis center	90,981	90,981	97,959	(6,978)
Bemis community center	12,762	12,762	17,180	(4,418)
Riverside cemetery	50,000	50,000	-	50,000
Golf course	30,000	34,948	23,833	11,115
Farmer's market	193,498	193,498	162,705	30,793
Keep jackson beautiful	18,500	18,500	17,179	1,321
Animal care center	995,512	995,512	1,129,595	(134,083)
Miss tennessee pageant	35,000	35,000	86,063	(51,063)
Ampitheater	14,000	14,000	7,362	6,638
Miscellaneous:				
NRPA grant park & rec	-	-	229	(229)
Total Public Welfare and Community Service	<u>7,226,231</u>	<u>8,033,713</u>	<u>9,501,156</u>	<u>(1,467,443)</u>
Total Expenditures	<u>84,577,988</u>	<u>88,531,487</u>	<u>91,211,663</u>	<u>(2,680,176)</u>
<b>Excess (deficiency) of revenues over expenditures</b>	344,566	(1,777,612)	431,994	2,209,606
<b>OTHER FINANCING USES</b>				
Transfers out	(2,925,673)	(2,925,673)	(2,925,673)	-
Total Other Financing Uses	<u>(2,925,673)</u>	<u>(2,925,673)</u>	<u>(2,925,673)</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (2,581,107)</u>	<u>\$ (4,703,285)</u>	<u>(2,493,679)</u>	<u>\$ 2,209,606</u>
Fund Balance - July 1			25,306,581	
Adjustment - error correction			<u>(320,994)</u>	
Fund Balance - July 1, as adjusted			<u>24,985,587</u>	
Fund Balance - Ending			<u>\$ 22,491,908</u>	

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

**CITY OF JACKSON, TENNESSEE**  
**SOLID WASTE COLLECTION FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Sales and service charges	\$ 14,108,212	\$ 14,108,212	\$ 14,953,098	\$ 844,886
Total Revenues	<u>14,108,212</u>	<u>14,108,212</u>	<u>14,953,098</u>	<u>844,886</u>
<b>EXPENDITURES</b>				
Current:				
Public works	12,725,801	13,128,682	14,112,111	(983,429)
Capital outlay	338,000	365,960	723,016	(357,056)
Total Expenditures	<u>13,063,801</u>	<u>13,494,642</u>	<u>14,835,127</u>	<u>(1,340,485)</u>
Net Change in Fund Balances	<u>\$ 1,044,411</u>	<u>\$ 613,570</u>	117,971	<u>\$ 2,185,371</u>
Fund Balance - Beginning			<u>5,807,525</u>	
Fund Balance - Ending			<u>\$ 5,925,496</u>	

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

**CITY OF JACKSON, TENNESSEE**  
**GRANTS FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	over (under)
<b>REVENUES</b>				
Intergovernmental	\$ 10,017,273	\$ 9,339,835	\$ 3,809,718	\$ (5,530,117)
Interest	-	-	523,890	523,890
Total Revenues	<u>10,017,273</u>	<u>9,339,835</u>	<u>4,333,608</u>	<u>(5,006,227)</u>
<b>EXPENDITURES</b>				
Grant expenditures	<u>10,017,273</u>	<u>11,457,062</u>	<u>3,818,123</u>	<u>7,638,939</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ (2,117,227)</u>	515,485	<u>\$ 2,632,712</u>
Fund Balance - Beginning			<u>352,445</u>	
Fund Balance - Ending			<u>\$ 867,930</u>	

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2024**

	Solid Waste	(Previously Blended Component Unit) Jackson Transit Authority	Totals
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 21,594	\$ -	\$ 21,594
Total current assets	<u>21,594</u>	<u>-</u>	<u>21,594</u>
Total assets	<u>21,594</u>	<u>-</u>	<u>21,594</u>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other funds	35,382	-	35,382
Total current liabilities	<u>35,382</u>	<u>-</u>	<u>35,382</u>
Long-term liabilities:			
Accrued closure and post closure costs	434,280	-	434,280
Total long-term liabilities	<u>434,280</u>	<u>-</u>	<u>434,280</u>
Total liabilities	<u>469,662</u>	<u>-</u>	<u>469,662</u>
<b>NET POSITION (DEFICIT)</b>			
Unrestricted (deficit)	(448,068)	-	(448,068)
Total net position	<u>\$ (448,068)</u>	<u>\$ -</u>	<u>\$ (448,068)</u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Solid Waste	(Previously Blended Component Unit) Jackson Transit Authority	Total
<b>OPERATING EXPENSES</b>			
Operation	\$ 3,265	\$ -	\$ 3,265
Total Operating Expenses	<u>3,265</u>	<u>-</u>	<u>3,265</u>
Operating loss	(3,265)	-	(3,265)
<b>NONOPERATING REVENUES</b>			
Interest and other income	1,906	-	1,906
Total Nonoperating Revenues	<u>1,906</u>	<u>-</u>	<u>1,906</u>
Change in Net Position	(1,359)	-	(1,359)
Net Position - July 1	(446,709)	6,915,468	6,468,759
Adjustment - change to reporting entity	<u>-</u>	<u>(6,915,468)</u>	<u>(6,915,468)</u>
Net Position - July 1, as adjusted	<u>(446,709)</u>	<u>-</u>	<u>(446,709)</u>
Net Position - Ending	<u>\$ (448,068)</u>	<u>\$ -</u>	<u>\$ (448,068)</u>

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



**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Solid Waste	(Previously Blended Component Unit) Jackson Transit Authority	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash paid to suppliers of goods and services	\$ (14,484)	\$ -	\$ (14,484)
Net cash used by operating activities	<u>(14,484)</u>	<u>-</u>	<u>(14,484)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest earned	1,906	-	1,906
Decrease in Cash and Cash Equivalents	(12,578)	-	(12,578)
Cash and Cash Equivalents - Beginning	34,172	-	34,172
Cash and Cash Equivalents - Ending	<u>\$ 21,594</u>	<u>\$ -</u>	<u>\$ 21,594</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES</b>			
Operating loss	\$ (3,265)	\$ -	\$ (3,265)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Change in closure/postclosure liability	(15,720)	-	(15,720)
Increase (decrease): Accounts payable and accrued expenses	4,501	-	4,501
Net cash used in operating activities	<u>\$ (14,484)</u>	<u>\$ -</u>	<u>\$ (14,484)</u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2024**

	<u>Trust Fund</u>
<b>ASSETS</b>	
Cash	<u>\$          85,441</u>
Total Assets	<u>85,441</u>
 <b>NET POSITION</b>	
Net position held in trust for employee benefits	<u>85,441</u>
Total net position	<u><u>\$          85,441</u></u>

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

**CITY OF JACKSON, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Trust Fund</u>
<b>Revenues:</b>	
Other:	
Employer contributions	\$ 327,670
Net investment income	<u>3,869</u>
Total revenues	<u>331,539</u>
<b>Expenditures:</b>	
Employee benefits	324,056
Administrative expense	<u>5,000</u>
Total expenditures	<u>329,056</u>
Change in Net Position	2,483
Net Position - Beginning	<u>82,958</u>
Net Position - Ending	<u><u>\$ 85,441</u></u>

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Description of Government-Wide Financial Statements**

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

**B. Reporting Entity**

The City of Jackson, Tennessee (the City), is a municipal corporation governed by an elected mayor and nine-member council and provides the following services as authorized by its charter: public safety (police and fire), building inspection, planning and zoning, street maintenance, sanitation, cemetery maintenance, health, parks and recreation, and general administrative services.

Primary Government

The accompanying financial statements present the City (primary government) and its component units, entities for which the City is considered to be financially accountable. The City is financially accountable if it (1) appoints a voting majority of the organization's governing body, and (2) it is able to impose its will on the organization, or (3) there is a potential for the entity to provide specific financial benefit to or impose specific financial burden on the City. Additionally, the primary government is required to consider other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The financial statements are formatted to allow the user to clearly distinguish between the primary government and its component units. Discretely presented component units are reported in separate columns in the government-wide financial statements (see note below for description) to emphasize that those entities are legally separate from the City.

Discretely Presented Component Units

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 discretely presented component unit because the debt, including leases, of Jackson Transit Authority is not expected to be repaid entirely, or almost entirely with the City of Jackson's resources.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**B. Reporting Entity (Continued)**

Discretely Presented Component Units (continued)

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

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

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

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

Joint Ventures

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

Jackson-Madison County Airport Authority (Authority) administers the operations of the McKellar Sipes Airport. The Board of the Authority consists of five members who are alternatively appointed each year by the City and Madison County. The City provides support to the Authority through an annual appropriation. The City has certain real estate of the Authority in the amount of \$876,212 included in the governmental activities section of the Statement of Net Position. The City does not have an equity interest in the Authority and has no ongoing funding obligation for its share of the costs of operations not recovered from the Authority's operating revenues.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**B. Reporting Entity (Continued)**

Joint Ventures (continued)

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

Jackson-Madison County General Hospital (Hospital) provides health care for the entire West Tennessee area. The five members of the Board of the Hospital are alternately appointed each year by the City and Madison County. The City has certain real estate of the Hospital in the amount of \$1,356,888 included in the governmental activities section of the Statement of Net Position.

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

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

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

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

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

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**C. Basis of Presentation – Government-Wide Financial Statements**

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's electric, waterworks, cable and internet, telephone, and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**D. Basis of Presentation – Fund Financial Statements**

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

The City reports the following major governmental funds:

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

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

The *capital outlay fund* is used to account for capital asset acquisition and construction of all funds of the City.

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

The *grants fund* is used to account for the receipt, maintenance, and expenditure of American Rescue Plan Act funds.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

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

The City reports the following major proprietary funds:

The *solid waste fund* accounts for funds received from landfill fees. 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.

Additionally, the City reports the following fund types:

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

*Special Revenue funds*: Funds used to account for various restricted fines and grants for public safety, public welfare, and community services.

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

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



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**E. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Grant revenue has a period of availability of one year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including lease liabilities, as well as expenditures related to compensated absences, claims and judgments, and other long-term obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**E. Measurement Focus and Basis of Accounting (Continued)**

Property taxes, sales taxes, franchise taxes, licenses, intergovernmental revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2024, were not recorded as receivables because they were not estimable.

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

**F. Budgetary Information**

**Budgetary Basis of Accounting**

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

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**F. Budgetary Information (Continued)**

**Excess of Expenditures Over Appropriations**

For the fiscal year ended June 30, 2024, the following were instances where the annual expenditures exceeded the appropriations by greater than \$500 as follows:

<b>General Fund:</b>		<b>General Fund (continued):</b>	
General Government Administration- Office of the mayor	\$ 251,834	Public Works- Municipal maintenance	\$ 47,476
General Government Administration- Drug treatment	5,497	Public Works- State street administration	109,982
General Government Administration- Legal department	279,135	Public Works- Groundskeeping	136,353
General Government Administration- CEDC	23,349	Public Works- Traffic sign and signalization	210,479
General Government Administration- City recorder	89,258	Public Works- Miscellaneous	30,000
General Government Administration- Internal auditor	6,745	Public Welfare and Comm. Svc- Recreation	265,895
General Government Administration- Miscellaneous	29,018	Public Welfare and Comm. Svc- Athletics	23,990
Public Safety- Patrol department	600,079	Public Welfare and Comm. Svc- Sportsplex	1,004,163
Public Safety- Central records	17,654	Public Welfare and Comm. Svc- Jackson ballpark	43,801
Public Safety- Warrants/corrections	1,012,958	Public Welfare and Comm. Svc- Cypress grove nature park	22,895
Public Safety- K-9 unit	236,940	Public Welfare and Comm. Svc- Oman arena	18,460
Public Safety- Law enforcement	38,234	Public Welfare and Comm. Svc- Civic center	74,190
Public Safety- Police annex	2,282	Public Welfare and Comm. Svc- T.R. white sportsplex	138,237
Public Safety- SWAT unit	4,009	Public Welfare and Comm. Svc- Tennis center	6,978
Public Safety- Traffic division	181,694	Public Welfare and Comm. Svc- Bemis community center	4,418
Public Safety- Photo and fingerprint	53,215	Public Welfare and Comm. Svc- Animal care center	134,083
Public Safety- Family justice Center	392,805	Public Welfare and Comm. Svc- Miss tennessee pageant	51,063
Public Safety- ICAC division	427,625	NRPA grant	229
Public Safety- Drug control	20,890	<b>Solid Waste Fund</b>	1,340,485
Public Safety- Fire department	329,977	<b>Metro Drug Fund</b>	39,985
Public Safety- Central dispatch operations	156,399	<b>Police Drug Fund</b>	706
Public Safety- Grants	964,233	<b>Community Redevelopment Fund</b>	10,957
Public Works- State street aid	248,900		
Public Works- Stormwater operations	50,825		
Public Works- Public services complex	7,456		
Public Works- Public works	56,339		

These expenditures in excess of the allotments were funded with the use of available fund balance and revenues in excess of anticipated levels.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**F. Budgetary Information (Continued)**

Deficit Equity

The Solid Waste Fund has a deficit net position as of June 30, 2024 of \$448,068. The Solid Waste Fund accounts for the post-closure monitoring of the City's landfill and receives transfers from other funds to cover the annual monitoring costs.

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

**1. Cash and Cash Equivalents**

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

**2. Investments**

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

**3. Inventories and Prepaid Items**

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

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements and fund financial statements for the proprietary funds. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

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

**4. Capital Assets**

Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and right-to-use assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost in excess of \$5,000 and an estimated useful life in excess of two years. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

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

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

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

**5. Pensions**

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

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

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense or expenditure) until then. The City has three items that qualify for reporting in this category; deferred outflows related to refunding, deferred outflows related to pensions, and deferred outflows related to other postemployment benefits. All of these are reported in the government-wide statement of net position and the statement of net position for proprietary funds. These items result from the differences in the carrying value of refunded debt and its reacquisition price and from the requirements recognized under GASB 68 for pensions and GASB 75 for OPEB. The deferred outflows related to refunding amounts are deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions reflect payments made by the City not currently recognized by the pension plans and other changes in the net pension liability and are disclosed more in Note 9. The deferred outflows related to other postemployment benefits reflects payments made by the City not currently recognized by the OPEB plans and other changes in the total OPEB liability and are disclosed more in Note 8.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources, represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has five types of deferred inflows. One of these items arises only under a modified accrual basis of accounting. This item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from property taxes, as well as other receivables not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item relates to deferred property taxes recorded in advance of the year in which they are intended to fund operations. This item is a deferred inflow in both the governmental fund balance sheet and the entity wide statement of net position. The third item relates to the recognition of employee pensions as required under GASB 68. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and are discussed more in Note 9. The fourth item relates to the recognition of other postemployment benefits as required under GASB 75. This item is a deferred inflow in both the enterprise fund and the entity wide statement of net position and is discussed more in Note 8. The fifth item relates to long-term lease receivables which are deferred and recognized over the term of each lease.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

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

**7. Net Position Flow Assumptions**

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

**8. Fund Balance Flow Assumptions**

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

It is the City's policy to consider investment earnings and then restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first and then followed by assigned fund balance. Unassigned fund balance is applied last.

**9. Fund Balance Policies**

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

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

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

**9. Fund Balance Policies (continued)**

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

**Minimum Fund Balance Policy**

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

**H. Revenues and Expenditures/Expenses**

**1. Program Revenues**

Amounts reported as program revenues include, 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

**2. Property Taxes**

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



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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

**H. Revenues and Expenditures/Expenses (Continued)**

**3. Compensated Absences**

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

Employees of the City may accumulate up to 22 ½ days of annual leave (fire employees accumulate 37 ½ days), which is fully vested, and 75 days of sick leave (fire employees accumulate 11 ¼ days), which is not vested. Sick leave time accumulated over 75 days is paid to the employees at the rate of 50% regular pay upon normal retirement. Employees leaving the employment of the City for any reason other than retirement have no vested interest in sick leave over 75 days.

**4. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**I. Other**

**Estimates**

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 2. DEPOSITS AND INVESTMENTS:**

**Deposits**

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

**Custodial Credit Risk**

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

The City's carrying amount of deposits was \$13,743,664 and the balance in financial institutions was \$18,003,594. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

The City also manages cash for the trust fund maintained by the City. The City's carrying amount of deposits for the trust funds was \$85,441 and the balance in financial institutions was \$85,441. The deposits have not been reflected in the government-wide Statement of Net Position. The entire amount of the deposits was covered by the State of Tennessee Collateral Pool or FDIC Insurance.

At June 30, 2024, the City's investment balances consisted of State of Tennessee Local Government Investment Pool (the TN LGIP) investments of \$22,681,468 with maturity of less than a year. The City reports the TN LGIP balance as cash equivalents.

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):**

**Deposits (Continued)**

Interest Rate Risk

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

Credit Risk

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

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

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. There are no withdrawal restrictions related to the TN LGIP. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2024, the LGIP had a weighted average maturity of 47 days.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED):**

**Deposits (Continued)**

**Credit Risk (continued)**

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

**NOTE 3. RECEIVABLES:**

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

	<u>General</u>	<u>Debt Service</u>	<u>Solid Waste Collection</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:					
Taxes	\$ 31,603,070	\$ 10,404,581	\$ -	\$ -	\$ 42,007,651
Accounts	120,470	27,971	2,179,018	26,874	2,354,333
Intergovernmental	7,316,398	-	-	216,779	7,533,177
Court fines	357,801	-	-	62,689	420,490
Notes	-	-	-	563,409	563,409
Gross receivables	39,397,739	10,432,552	2,179,018	869,751	52,879,060
Less: Allowance	(1,672,255)	(465,050)	(379,688)	(191,899)	(2,708,892)
Total receivables	<u>\$ 37,725,484</u>	<u>\$ 9,967,502</u>	<u>\$ 1,799,330</u>	<u>\$ 677,852</u>	<u>\$ 50,170,168</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenue in connection with resources that have been received but not yet earned and reflect these funds as unearned revenue in the financial statements.

**Notes Receivables**

The City has several community development loans which were issued for local repair and rehabilitation projects through the City's revolving loan program. The balance of these loans outstanding as of June 30, 2024, is \$563,409, with an associated allowance for doubtful accounts of \$143,799.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 4. LEASES:**

**Lessee**

The City of Jackson is a lessee for noncancellable leases of equipment and buildings. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. The City has conveyed the control of the leased building to the local school system, and as such, does not report the right-to-use asset.

**Lessor**

The City of Jackson is a lessor for noncancellable leases of buildings and a stadium. At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 4. LEASES (CONTINUED):**

**Lessor (Continued)**

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**NOTE 5. CAPITAL ASSETS:**

Capital asset activity for the year ended June 30, 2024, was as follows:

**Governmental Activities**

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Transfers</b>	<b>Ending Balance</b>
Capital assets, not being depreciated					
Land	\$ 32,970,608	\$ -	\$ -	\$ -	\$ 32,970,608
CWIP	4,194,644	400,210	-	-	4,594,854
Total capital assets, not being depreciated	37,165,252	400,210	-	-	37,565,462
Capital assets being depreciated					
Buildings	81,288,757	13,659	-	147,498	81,449,914
Improvements other than buildings	16,167,787	-	-	1,731,462	17,899,249
Machinery and equipment	54,189,415	6,953,667	-	(103,702)	61,039,380
Infrastructure	127,001,978	736,389	-	(1,775,258)	125,963,109
Total capital assets being depreciated	278,647,937	7,703,715	-	-	286,351,652
Less accumulated depreciation for:					
Buildings	(53,141,153)	(1,838,175)	-	-	(54,979,328)
Improvements other than buildings	(3,463,844)	(594,309)	-	-	(4,058,153)
Machinery and equipment	(41,927,726)	(2,414,131)	-	-	(44,341,857)
Infrastructure	(75,443,379)	(3,283,885)	-	-	(78,727,264)
Total accumulated depreciation	<u>\$ (173,976,102)</u>	<u>\$ (8,130,500)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (182,106,602)</u>
Total capital assets, being depreciated, net	<u>\$ 104,671,835</u>	<u>\$ (426,785)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 104,245,050</u>
Governmental activities capital assets, net	<u>\$ 141,837,087</u>	<u>\$ (26,575)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,810,512</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 5. CAPITAL ASSETS (CONTINUED):**

**Governmental Activities (Continued)**

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

Governmental Activities	
General Government	\$ 528,302
Public Safety	1,618,607
Public Works	4,652,802
Public Welfare and Community Service	<u>1,330,789</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 8,130,500</u>

**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS:**

Interfund transfers are used to (1) move revenues from the funds with collection authorization to the debt service fund as debt service principal and interest payments become due, and (2) move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The composition of interfund transfers as of June 30, 2024, is as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
Capital Outlay	General	\$ 2,925,673
		<u>\$ 2,925,673</u>
Nonmajor governmental funds	Nonmajor governmental funds	\$ 242,325
		<u>\$ 242,325</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 6. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED):**

The composition of interfund balances as of June 30, 2024, was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital outlay	General	\$ 1,886,604
Capital outlay	Nonmajor proprietary funds	35,382
		<u>\$ 1,921,986</u>
Debt service	General	<u>\$ 1,943,629</u>
Nonmajor governmental funds	General	<u>\$ 230,481</u>
Solid waste	General	\$ 2,070,468
Solid waste	Grants	2,836,531
Solid waste	Nonmajor governmental funds	522,073
		<u>\$ 5,429,072</u>

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system and when payments between funds are made.



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 7. LONG-TERM LIABILITIES:**

The following is a summary of debt transactions of the City for the year ended June 30, 2024:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 41,010,000	\$ -	\$ (8,535,000)	\$ 32,475,000	\$ 2,965,000
Capital outlay notes	4,601,500	-	(990,500)	3,611,000	953,500
Premium on debt issuance	6,233,370	-	(1,104,496)	5,128,874	-
Financed purchase	4,098,001	-	(467,429)	3,630,572	479,582
Leases	11,605,802	-	(202,447)	11,403,355	209,648
Net pension liability - TCRS	9,508,469	27,421,648	(22,147,671)	14,782,446	-
Net pension liability - ERS	2,026,362	219,116	(331,539)	1,913,939	-
Total OPEB liability	22,095,260	1,552,329	(1,966,919)	21,680,670	-
Compensated absences	2,141,174	2,181,520	(2,204,176)	2,118,518	1,873,970
Governmental activity					
Long-term liabilities	<u>\$ 103,319,938</u>	<u>\$ 31,374,613</u>	<u>\$ (37,950,177)</u>	<u>\$ 96,744,374</u>	<u>\$ 6,481,700</u>
<b>Business-type activities:</b>					
Accrued closure/postclosure	\$ 450,000	\$ -	\$ (15,720)	\$ 434,280	\$ -
Business-type activity					
Long-term liabilities	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ (15,720)</u>	<u>\$ 434,280</u>	<u>\$ -</u>

**General Obligation Bonds**

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**General Obligation Bonds (Continued)**

Due to refinancing of the General Obligation Bonds, Series 2009, and the General Obligation Loan Program Bonds, Series 2011, Series 2013, Series 2015, and Series 2018, the bonds generated a cash flow savings of \$4,721,500 with a net present value of \$4,463,440 related to the favorable interest rates. As a result, the General Obligation Bonds, Series 2009, and the General Obligation Loan Program Bonds, Series 2011, Series 2013, Series 2015, and Series 2018, bonds are considered to be defeased and the liability for those bonds has been removed from the statements of net position. As of June 30, 2024, the City's outstanding balance of the 2019 bonds was \$32,475,000.

The annual requirements to amortize the bonds as of June 30, 2024, for the governmental activities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 2,965,000	\$ 1,500,650	\$ 4,465,650
2026	3,085,000	1,352,400	4,437,400
2027	4,030,000	1,198,150	5,228,150
2028	2,385,000	996,650	3,381,650
2029	2,470,000	877,400	3,347,400
2030-2034	12,625,000	2,522,550	15,147,550
2035-2039	4,915,000	471,600	5,386,600
	<u>\$ 32,475,000</u>	<u>\$ 8,919,400</u>	<u>\$ 41,394,400</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Notes Payable – Direct Placement**

The City issues notes to provide funds for the acquisition and construction of major capital facilities. Notes payable at June 30, 2024, is comprised of the following:

Note Payable, Department of Housing & Urban Development, original issue was \$3,165,000, payable in annual installments beginning 2012 through 2030, fixed interest rate of 3.56%	\$ 1,468,000
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General Obligation Capital Outlay Note, Series 2016, original issue was \$2,400,000, payable in annual installments beginning 2017 through 2029, variable interest rate ranging from a high of 3.55% to a low of 2.45% during the current year, interest rate of 2.45% at year end	1,000,000
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General Obligation Capital Outlay Note Series 2017, original issue was \$1,700,000, payable in annual installments beginning 2018 through 2025, interest rate of 2.65% at year end	425,000
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General Obligation Capital Outlay Note Series 2021, original issue was \$1,759,152, payable in semiannual installments beginning 2016 through 2023, interest rate of 1.38% at year end	<u>718,000</u>
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	<u><u>\$ 3,611,000</u></u>
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**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Notes Payable – Direct Placement (Continued)**

The annual requirements to amortize the notes payable as of June 30, 2024, for the governmental activities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 953,500	\$ 108,464	\$ 1,061,964
2026	965,500	83,634	1,049,134
2027	400,000	60,861	460,861
2028	409,000	45,229	454,229
2029	418,000	60,915	478,915
2030-2031	465,000	20,999	485,999
	<u>\$ 3,611,000</u>	<u>\$ 380,102</u>	<u>\$ 3,991,102</u>

**Financed Purchase – Direct Placement**

During the fiscal year 2021, the City entered into a financed purchase for financing the acquisition of new fire department equipment. The agreement qualified as a financed purchase for accounting purposes (title transfers at the acceptance of the equipment under the agreement) and, therefore, has been recorded at the present values of the future minimum payments at the date of their inception. As of June 30, 2024, the City has \$3,630,572 of equipment under financed purchase.

The annual requirements for the financed purchase as of June 30, 2024, for the governmental activities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 479,582	\$ 94,395	\$ 573,977
2026	492,051	81,926	573,977
2027	504,845	69,132	573,977
2028	517,970	56,006	573,976
2029	531,438	42,539	573,977
2030-2031	1,104,686	43,267	1,147,953
	<u>\$ 3,630,572</u>	<u>\$ 387,265</u>	<u>\$ 4,017,837</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Lease Payable**

During the year ended June 30, 2022, the City entered into a lease agreement with a local nonprofit to lease the right to use a building for use as a school within the Jackson-Madison County School System. The City, as the lessor, has a lease agreement to fund the lease payments beginning November 1, 2021 through October 1, 2041. The City has a purchase option at the end of the lease term. The facility has been turned over to the School System for use and the City remains the lessee on the obligor of the lease, as such, the City reports the liability with no related asset.

The annual requirements for leases as of June 30, 2024, for the governmental activities are as follows:

<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 209,648	\$ 423,328	\$ 632,976
2026	217,104	415,872	632,976
2027	224,826	408,150	632,976
2028	232,823	400,153	632,976
2029	1,209,875	324,182	1,534,057
2030-2034	3,364,322	1,154,538	4,518,860
2035-2039	3,908,053	610,808	4,518,861
2040-2042	2,036,704	74,748	2,111,452
	<u>\$ 11,403,355</u>	<u>\$ 3,811,779</u>	<u>\$ 15,215,134</u>

**Demolition Landfill Closure and Postclosure Care Costs**

State and Federal laws and regulations require the City to place a final cover on its Red Lane and Highway 70 east landfill sites when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The liability reported as landfill closure and postclosure care liability at June 30, 2024, 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 2024. Closure on the Highway 70 landfill began during in the fiscal year ended June 30, 1994, and was completed in the fiscal year ended June 30, 1996. The accrued postclosure care cost liability at June 30, 2024, is \$434,280.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 7. LONG-TERM LIABILITIES (CONTINUED):**

**Demolition Landfill Closure and Postclosure Care Costs (Continued)**

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.

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:**

**City of Jackson OPEB Program**

Plan Description

The City provides post-retirement health care benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. The plan has no assets accumulated in a trust and is considered to be a single-employer defined benefit plan. The plan only pays claims on a pay-as-you-go basis. The City Council of Jackson administers the plan and has the authority to change benefits terms. Employees retiring prior to July 1, 1992, have the same benefits as active employees. The City pays 75% of individual medical and hospitalization premiums for one pre-Medicare retiree for the PPO plan.

The City of Jackson makes available group, medical, and life benefits to qualified retirees. Early, normal or disability retirement qualifies for these plans. Upon retirement, employees may elect to continue medical coverage through the City's medical plan. The plan only pays claims on a pay-as-you-go basis. The City of Jackson administers the plan and has the authority to change benefit terms. Claims in excess of \$200,000 are re-insured. The retiree life insurance premiums are paid for 100% by the City and has a current benefit amount of \$5,000 to be paid to the retiree's beneficiary upon retiree death.

Post 65 retirees are covered by a "Medicare carve out" plan that provides similar benefits. The city pays 74% of individual medical and hospitalization premiums for no post 65 retirees with the PPO plan. Claims in excess of \$200,000 are reinsured. The cost of retiree health care is recognized as an expenditure as claims are paid. For the fiscal year ended June 30, 2024, these costs are not separable from the costs for active employees.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Jackson OPEB Program (Continued)**

Plan Description (continued)

The City and Jackson Transit Authority, a discretely presented component unit, both participate in the OPEB Program. The following is a summary of each entity's Total OPEB liability and the related deferred outflows of resources and deferred inflows of resources.

	<b>Other Post-Employment Benefits Other Than Pensions</b>		
	<u>Primary Government</u>	<u>Jackson Transit Authority</u>	<u>Total</u>
Total OPEB liability	\$ 21,680,670	\$ 1,097,928	\$ 22,778,598
Deferred outflows - OPEB experience difference	5,353,989	271,131	5,625,120
Deferred outflows - changes in assumption	1,278,502	64,744	1,343,246
Deferred inflows - changes in assumption	2,219,536	112,399	2,331,935
OPEB expense	2,487,772	125,983	2,613,755

Benefits Provided

The City provides post-retirement life insurance benefits to all employees who retire from the City on or after attaining age 60 with 10 or more years of service; or those with 30 or more years of service regardless of age; or those Public Safety employees with 25 years of service and age 55. Currently, a total of 97 retirees of the City and Jackson Transit Authority meets 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, 2024, is not separable from the costs for active employees.

Membership

The number of participants at June 30, 2024, was as follows:

Retiree Participants	97
Beneficiaries	33
Active Participants	<u>702</u>
Total	<u>832</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Jackson OPEB Program (Continued)**

Total OPEB Liability

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

	Increase (Decrease) Total OPEB Liability
Changes in Total OPEB Liability	
Balance as of June 30, 2023	\$ 23,214,184
Changes for the year:	
Service Cost	782,423
Interest on total OPEB liability	848,517
Effect of assumption changes or inputs	(553,855)
Benefit payments	(1,512,671)
Balance as of June 30, 2024	<u>\$ 22,778,598</u>

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

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

The following presents the total OPEB liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease 2.93%	Discount Rate 3.93%	1% Increase 4.93%
Total OPEB Liability	\$ 24,843,189	\$ 22,778,598	\$ 20,942,970



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Jackson OPEB Program (Continued)**

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

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

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 20,667,826	\$ 22,778,598	\$ 25,261,321

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	3.93%
Cost Method	Entry age normal
Inflation	2.30%
Health Care Trend Rates	6.60% - 3.70%, with ultimate trend rate in 2072
Salary increases including inflation	3.0%

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED):**

**City of Jackson OPEB Program (Continued)**

Actuarial Assumptions (continued)

Mortality rates were based on the Pub-2010 General and Safety Amount-Weighted Mortality Tables for Employees, Healthy Retirees, and Contingent Survivors, male and female rates, with generational projection from 2010 using Scale MP-2021.

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of June 30, 2023 census data and plan information.

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

For the year ended June 30, 2024, the recognized OPEB expense is \$2,613,755. At June 30, 2024, deferred outflows of resources and deferred inflows of resources related to OPEB are from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 5,625,120	\$ -
Change in assumptions	1,343,246	2,331,935
Total	<u>\$ 6,968,366</u>	<u>\$ 2,331,935</u>

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

<u>Year ended June 30:</u>	
2025	\$ 982,815
2026	982,815
2027	1,009,213
2028	1,007,895
2029	168,164
Thereafter	485,529

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS:**

**City of Jackson, State Retirement System**

Plan Description

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

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

The City and Jackson Transit Authority, a discretely presented component unit, both participate in the TCRS pension plan. The following is a summary of each entity's net pension liability and the related deferred outflows of resources and deferred inflows of resources.

	<b>State Retirement System Pension Plan</b>		
	<u>Primary Government</u>	<u>Jackson Transit Authority</u>	<u>Total</u>
Net pension liability	\$ 14,782,446	\$ 689,788	\$ 15,472,234
Deferred outflows - pension experience difference	9,359,498	436,739	9,796,237
Deferred outflows - pension investment returns	1,671,117	77,978	1,749,095
Deferred outflows - changes in assumption	5,137,390	239,724	5,377,114
Deferred inflows - pension experience difference	1,438,055	67,103	1,505,158
Contributions subsequent to measurement date	7,766,312	291,040	8,057,352
Pension expense	7,537,182	351,705	7,888,887

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

Benefits Provided

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

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	787
Inactive Employees Entitled but not yet Receiving Benefits	412
Active Employees	<u>729</u>
Total Employees	<u>1,928</u>

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the employer contributions for the City were \$8,057,352 based on a rate of 18.26% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

Actuarial assumptions used in the June 30, 2023, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed Market International Equity	5.37%	14%
Emerging Market International Equity	6.09%	4%
Private Equity and Strategic Lending	6.57%	20%
U.S. Fixed Income	1.20%	20%
Real Estate	4.38%	10%
Short-term Securities	0.00%	<u>1%</u>
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2022</b>	\$ 241,072,850	\$ 231,120,691	\$ 9,952,159
<b>Changes for the year:</b>			
Service cost	3,840,562	-	3,840,562
Interest	16,120,903	-	16,120,903
Differences between expected and actual experience	8,651,291	-	8,651,291
Contributions - employer	-	7,795,522	(7,795,522)
Net investment income	-	15,385,617	(15,385,617)
Benefit payments, including refunds of employee contributions	(12,170,449)	(12,170,449)	-
Administrative expense	-	(88,458)	88,458
<b>Net changes</b>	16,442,307	10,922,232	5,520,075
<b>Balances at 6/30/2023</b>	\$ 257,515,157	\$ 242,042,923	\$ 15,472,234

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

The following presents the net pension liability (asset) of the City calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
<b>Net pension liability</b>	\$ 49,486,384	\$ 15,472,234	\$ (12,687,009)

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, State Retirement System (Continued)**

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

For the year ended June 30, 2024, the City recognized pension benefit of \$7,888,887. For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>
Difference between expected and actual experience	\$ 9,796,237	\$ 1,505,158
Net difference between projected and actual earnings on pension plan investments	1,749,095	-
Changes in assumptions	5,377,114	-
Contributions subsequent to the measurement date	8,057,352	-
<b>Total</b>	<u><u>\$ 24,979,798</u></u>	<u><u>\$ 1,505,158</u></u>

City contributions subsequent to the measurement date of June 30, 2023, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending</u>	
2025	\$ 3,202,938
2026	2,635,689
2027	7,835,525
2028	1,743,136
	<u><u>\$ 15,417,288</u></u>

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



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans**

Plan Description

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

Membership

Membership of each plan consisted of the following at June 30, 2024:

Retirees & beneficiaries receiving benefits	16
Active plan members	<u>-</u>
Total	<u>16</u>

Contributions

The City makes payments equal to the annual Plan benefits required each year, as the Plan has no active employees to make contributions on behalf. The information presented in the required supplementary schedules was determined as part of the actuarial valuation at June 30, 2024.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans (Continued)**

Net Pension Liability (Asset)

The City's net pension liability was measured as of June 30, 2024, and the total net pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.31 percent
Investment Rate of Return	3.93 percent
Cost of Living Adjustments	2.13 percent
Mortality	Pub-2010 Amount Weighted Tables for General Retirees, Projected Generationally using Scale MP-2021
Actuarial cost method	Entry age normal

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

Discount Rate

The discount rate used to measure the total pension liability was 3.93%. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and the employer will continue to contribute the actuarially determined contribution in accordance with the plan's current funding policy on an annual basis. Based on that assumption, the pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans (Continued)**

Changes in the Net Pension Liability

	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Balances at 6/30/2023</b>	\$ 2,109,320	\$ 82,958	\$ 2,026,362
Changes for the year:			
Interest	76,990	-	76,990
Differences between expected and actual experience	137,126	-	137,126
Contributions - employer	-	327,670	(327,670)
Net investment income	-	3,869	(3,869)
Benefit payments, including refunds of employee contributions	(324,056)	(324,056)	-
Administrative expenses	-	(5,000)	5,000
<b>Net changes</b>	(109,940)	2,483	(112,423)
<b>Balances at 6/30/2024</b>	\$ 1,999,380	\$ 85,441	\$ 1,913,939

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

The following presents the net pension liability of the City calculated using the discount rate of 3.93 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current rate:

	1% Decrease (2.93%)	Current Discount Rate (3.93%)	1% Increase (4.93%)
<b>Net pension liability</b>	\$ 2,051,801	\$ 1,913,939	\$ 1,792,137

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 9. PENSION PLANS (CONTINUED):**

**City of Jackson, Tennessee Pension Plans (Continued)**

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

For the year ended June 30, 2024, the City recognized a pension expense of \$217,219. For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$ 1,455	\$ -
<b>Total</b>	<b>\$ 1,455</b>	<b>\$ -</b>

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

<b><u>Fiscal Year Ending</u></b>	
2025	\$ 1,011
2026	520
2027	52
2028	(128)
	<b>\$ 1,455</b>

**NOTE 10. COMMITMENTS AND CONTINGENCIES:**

**Contractual Commitments**

In addition to the liabilities enumerated in the balance sheet, at June 30, 2024, the City has contractual commitments on uncompleted contracts of approximately \$555,772.

**Guaranty to JEA**

The City has unconditionally guaranteed to Jackson Energy Authority (JEA), and the trustee for the beneficiaries of JEA's telecommunications debt, that the amount on deposit in the Debt Service Reserve Account for the 2009 Term Loan Agreement will at all times equal or exceed the Debt Service Reserve Requirement. The City's guaranty is not to exceed \$60 million. The outstanding balance of the debt at June 30, 2024, is \$10,315,000.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 10. COMMITMENTS AND CONTINGENCIES (CONTINUED):**

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

On December 14, 2021, the City entered into a new lease agreement IN THE BIG INNING, LLC (the ITBI, LLC). The term of the lease agreement began January 1, 2022, and runs for ten consecutive years, ending December 31, 2031, and ITBI, LLC has the option to review the lease for five additional years. The City reports the net present value of the lease as a receivable of \$612,476 as of June 30, 2024. The revenues will be recognized ratably over the life of the lease. The lease agreement obliges the City, at ITBI, LLC's request, to reimburse ITBI, LLC for stadium service expenses ranging from approximately \$630,000 to \$780,000, annually, over the term of the lease. During the fiscal year ended June 30, 2024, the City reimbursed ITBI, LLC for \$486,582 of expenses.

**Contingent Liabilities**

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

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

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

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**NOTE 11. 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 claim's history.

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

The City self-insures its employee health and dental insurance program. The City collects insurance premiums from its employees, and pays all claims made along with an administration fee to Blue Cross/Blue Shield of Tennessee, the plan administrator. The City, as a part of the plan, has purchased a reinsurance policy that pays 80% of the claims made by an individual within one year in excess of \$100,000 and less than \$1,000,000. At June 30, 2024, the estimated liability for claims incurred but not paid was \$992,885. Activity in the estimated liability for claims incurred but not year paid were as follows for the years ended June 30, 2024 and 2023:

	<b>Beginning of Fiscal Year Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claims Payments</b>	<b>Balance at Fiscal Year-End</b>
<b>2022-2023</b>	\$ 752,736	\$ 9,815,005	\$ 9,749,148	\$ 818,593
<b>2023-2024</b>	818,593	9,354,315	9,180,023	992,885

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, 2024, the estimated liability for claims incurred but not paid was \$95,000.

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 11. RISK MANAGEMENT (CONTINUED):**

Activity in the estimated liability for claims incurred but not yet paid were as follows for the years ended June 30, 2024 and 2023:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year-End
<b>2022-2023</b>	\$ 240,000	\$ 104,509	\$ 244,509	\$ 100,000
<b>2023-2024</b>	100,000	74,279	79,279	95,000

**NOTE 12. TAX ABATEMENTS:**

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

<u>Entity and Terms</u>	Percentage of Taxes Abated During Year Ended June 30, 2024	Amount of Taxes Abated During the Year Ended June 30, 2024
<b><u>INDUSTRIAL DEVELOPMENT BOARD</u></b>		
<u>Toyota Boshoku Tennessee, LLC</u> - Real Property - Effective Year beginning 2018 - Year Ending 2025. Abatement reduced an additional 10% each subsequent year.	70%	\$ 47,857
<u>CTP Transportation Products, LLC</u> - Real Property - Effective Year Beginning 2009 - Year Ending 2028 - Abatement reduced an additional 10% each subsequent year.	50%	26,329
<u>CTP Transportation Products, LLC</u> - Real Property - Effective Year Beginning 2009 - Year Ending 2028 - Abatement reduced an additional 10% each subsequent year.	50%	6,509
<u>Bobrick Drive Partners</u> - Real Property - Effective Year Beginning 2020 - Year Ending 2024 - Abatement reduced an additional 20% each subsequent year.	70%	6,798
<u>Bobrick Washroom &amp; Equipment incorporated</u> - Tangible Personal Property Effective Year Beginning 2020 - Year Ending 2024 - Abatement reduced an additional 20% each subsequent year.	70%	8,671
<u>CTP Transportation Products, LLC</u> - Tangible Personal Property- Effective Year Beginning 2009 - Year Ending 2028 - Abatement reduced an additional 10% each subsequent year.	50%	23,371
<u>Conagra Foods Packaged Foods, LLC</u> - Tangible Personal Property- Effective Year Beginning 2021 - Year Ending 2032.	10%	21,391
<u>Pringles Mfg. Co. - (P 100)</u> - Tangible Personal Property# 1 - Effective Year Beginning 2001 (Restarted 2010) - Year Ending 2015 (for Restart) 2025 - Abatement remains 33.7% each year.	66.3%	17,733
<u>Pringles Mfg. Co. - (P 008)</u> - Tangible Personal Property# 2 - Effective Year Beginning 2016 - Year Ending 2026 - Abatement reduced an additional 10% each subsequent year.	70%	150,648

**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 12. TAX ABATEMENTS (CONTINUED):**

<u>Pringles Mfg. Co.</u> - (P 011) - Tangible Personal Property# 3 - Effective Year Beginning 2021 - Year Ending 2027 - Abatement reduced an additional 10% each subsequent year.	20%		134,859
<u>Prysmian Cables &amp; Systems USA, LLC</u> - Tangible Personal Property- Effective Year Beginning 2024 - Year Ending 2030 - Abatement reduced an additional 10% each subsequent year.	10%		6,790
<u>TBDN Tenn Co</u> - Tangible Personal Property- Effective Year Beginning 2021 - Year Ending 2027 - Abatement reduced 10% then an additional 20% each subsequent year.	30%		14,193
<u>Toyota Boshoku Tennessee, LLC</u> -Tangible Personal Property- Effective Year Beginning 2019 - Year Ending 2027 - Abatement reduced an additional 10% each subsequent year.	60%		21,459
<b>Total Industrial Development Board</b>		<u>\$</u>	<u>486,608</u>
<b><u>JACKSON DOWNTOWN REVENUE FINANCE CORPORATION</u></b>			
<u>RES Holdings</u> - Real Property - Effective Year Beginning 2017 - Year Ending 2026.	43.8%	\$	5,960
<u>610 E Collage Apartments, LLC</u> - Real Property - Effective Year Beginning 2017 - Year Ending 2026.	43.8%		290
<u>49th Ave Self Storage</u> - Real Property - Effective Year Beginning 2018 - Year Ending 2027.	43.8%		1,165
<u>John H Allen</u> - Real Property - Effective Year Beginning 2020 - Year Ending 2029.	43.8%		1,096
<u>DAW PROPERTIES</u> - Real Property- Effective Year Beginning 2023 - Year Ending 2029	43.8%		1,110
<u>JCW MULTIFAMILY PARTNERS</u> - Real Property - Effective Year Beginning 2012 - Year Ending 2024.	43.8%		425
<u>JCW MULTIFAMILY PARTNERS II</u> - Real Property- Effective Year Beginning 2018 - Year Ending 2029	43.8%		705
<b>Total Jackson Downtown Revenue Finance Corporation</b>		<u>\$</u>	<u>10,751</u>
<b><u>THE HEALTH, EDUCATIONAL, &amp; HOUSING FACILITY BOARD of the City of Jackson</u></b>			
<u>The Villages at Old Hickory II, LLC</u> - Real Property - Effective Year Beginning 2022 - Year Ending 2043+		\$	15,796
<b>Total Health, Educational, &amp; Housing Facility Board of the City of Jackson</b>		<u>\$</u>	<u>15,796</u>



**CITY OF JACKSON, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2024

**NOTE 13. ACCOUNTING CHANGES AND ERROR CORRECTIONS:**

**Changes to or within the Financial Reporting Entity**

Jackson Transit Authority (JTA) was previously reported as a blended component unit because, in prior periods, JTA's debt, including leases, was expected to be repaid entirely or almost entirely with the parent governments resources. However, after updates with debt at JTA, these amounts are now expected to be paid with funds at JTA. Therefore, because JTA's debt, including leases, is no longer expected to be repaid entirely or almost entirely with the primary government's resources, JTA no longer meets the requirements for presentation as a blended component unit and is discretely presented for the fiscal year ended June 30, 2024. The effects of that change to or within the financial reporting entity are shown the table below.

**Correction of an Error**

The prior year's financial statements included a misclassified \$320,996 "Due From Pension" balance, which represented actual pension contributions that should have been recorded as an expenditure instead of an interfund receivable. This error required a restatement of the beginning net position as of June 30, 2023, the effects of which are shown in the table below.

**Correction of an Error Within Component Unit**

During fiscal year 2024, the Jackson Transit Authority determined there were 2023 grant eligible expenses which were not properly accrued into fiscal year 2023. Those grant reimbursements were filed and received in fiscal year 2024 for expenses incurred in fiscal year 2023. The total of these revenues amounts to \$327,702, and a restatement was made to beginning net position to match these revenues with the expenses as of June 30, 2023.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
	Funds		Government-Wide		Component Unit
	General Fund	Jackson Transit Authority	Governmental Activities	Business-type Activities	Jackson Transit Authority
<b>07/01/23, as previously reported</b>	<b>\$ 25,306,581</b>	<b>\$ 6,915,468</b>	<b>\$ 105,214,491</b>	<b>\$ 6,468,759</b>	<b>\$ -</b>
Change from blended to discrete presentation	-	(6,915,468)	-	(6,915,468)	6,915,468
Error correction	(320,994)	-	(320,994)	-	-
JTA restatement due to error correction	-	-	-	-	327,702
<b>07/01/23, as restated</b>	<b>\$ 24,985,587</b>	<b>\$ -</b>	<b>\$ 104,893,497</b>	<b>\$ (446,709)</b>	<b>\$ 7,243,170</b>

**REQUIRED SUPPLEMENTARY  
INFORMATION**

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

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**Notes to Schedule for TCRS Plan**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022, actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Closed (Not to exceed 20 years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based upon age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125%

*Change of Assumptions:*

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total Pension Liability</b>										
Service Cost	\$ 2,812,416	\$ 2,913,921	\$ 2,901,389	\$ 2,984,148	\$ 3,166,271	\$ 3,040,565	\$ 3,257,892	\$ 3,193,861	\$ 3,626,851	\$ 3,840,562
Interest	11,835,576	12,556,747	12,955,605	13,467,519	13,907,964	14,144,972	14,728,011	15,138,989	15,305,592	16,120,903
Change in Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Actual & Expected Experience	2,414,505	(1,930,126)	(355,294)	563,063	(4,083,521)	784,320	(1,537,530)	(2,994,133)	4,792,006	8,651,291
Change in Assumptions	-	-	-	4,224,907	-	-	-	13,442,788	-	-
Benefit Payments, Including Refunds of Employee Contributions	(7,209,401)	(7,887,368)	(8,532,446)	(8,985,428)	(9,323,971)	(9,867,895)	(10,422,628)	(11,008,736)	(11,548,516)	(12,170,449)
<b>Net Change in Total Pension Liability</b>	9,853,096	5,653,174	6,969,254	12,254,209	3,666,743	8,101,962	6,025,745	17,772,769	12,175,933	16,442,307
<b>Total Pension Liability - Beginning</b>	<u>158,599,965</u>	<u>168,453,061</u>	<u>174,106,235</u>	<u>181,075,489</u>	<u>193,329,698</u>	<u>196,996,441</u>	<u>205,098,403</u>	<u>211,124,148</u>	<u>228,896,917</u>	<u>241,072,850</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 168,453,061</u>	<u>\$ 174,106,235</u>	<u>\$ 181,075,489</u>	<u>\$ 193,329,698</u>	<u>\$ 196,996,441</u>	<u>\$ 205,098,403</u>	<u>\$ 211,124,148</u>	<u>\$ 228,896,917</u>	<u>\$ 241,072,850</u>	<u>\$ 257,515,157</u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 6,552,755	\$ 6,432,498	\$ 6,617,222	\$ 6,790,927	\$ 6,801,702	\$ 7,158,914	\$ 6,900,091	\$ 6,745,297	\$ 6,977,829	\$ 7,795,522
Contributions - Employee	-	3,130	388	-	-	471	-	-	-	-
Net Investment Income	21,401,369	4,604,343	4,041,409	17,484,095	14,057,502	13,456,937	9,473,868	50,695,337	(9,285,832)	15,385,617
Benefit Payments, Including Refunds of Employee Contributions	(7,209,401)	(7,887,368)	(8,532,446)	(8,985,428)	(9,323,971)	(9,867,895)	(10,422,628)	(11,008,736)	(11,548,516)	(12,170,449)
Administrative Expense	(33,628)	(37,025)	(56,020)	(64,160)	(71,099)	(68,229)	(66,532)	(64,617)	(71,356)	(88,458)
<b>Net Change in Plan Fiduciary Net Position</b>	<u>20,711,095</u>	<u>3,115,578</u>	<u>2,070,553</u>	<u>15,225,434</u>	<u>11,464,134</u>	<u>10,680,198</u>	<u>5,884,799</u>	<u>46,367,281</u>	<u>(13,927,875)</u>	<u>10,922,232</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>129,529,496</u>	<u>150,240,589</u>	<u>153,356,167</u>	<u>155,426,720</u>	<u>170,652,154</u>	<u>182,116,288</u>	<u>192,796,486</u>	<u>198,681,285</u>	<u>245,048,566</u>	<u>231,120,691</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 150,240,591</u>	<u>\$ 153,356,167</u>	<u>\$ 155,426,720</u>	<u>\$ 170,652,154</u>	<u>\$ 182,116,288</u>	<u>\$ 192,796,486</u>	<u>\$ 198,681,285</u>	<u>\$ 245,048,566</u>	<u>\$ 231,120,691</u>	<u>\$ 242,042,923</u>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 18,212,470</u>	<u>\$ 20,750,068</u>	<u>\$ 25,648,769</u>	<u>\$ 22,677,544</u>	<u>\$ 14,880,153</u>	<u>\$ 12,301,917</u>	<u>\$ 12,442,863</u>	<u>\$ (16,151,649)</u>	<u>\$ 9,952,159</u>	<u>\$ 15,472,234</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	89.19%	88.08%	85.84%	88.27%	92.45%	94.00%	94.11%	107.06%	95.87%	93.99%
<b>Covered Payroll</b>	\$ 34,206,282	\$ 34,325,416	\$ 35,416,058	\$ 36,334,102	\$ 36,021,470	\$ 37,861,576	\$ 37,969,835	\$ 36,985,358	\$ 38,338,485	\$ 42,792,612
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	53.24%	60.45%	72.42%	62.41%	41.31%	32.49%	32.77%	-43.67%	25.96%	36.16%

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 6,432,498	\$ 6,617,222	\$ 6,790,927	\$ 6,801,702	\$ 7,158,914
Contributions in Relation to the					
Actuarially Determined Contribution	<u>6,432,498</u>	<u>6,617,222</u>	<u>6,790,927</u>	<u>6,801,702</u>	<u>7,158,914</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 34,325,416	 \$ 35,416,058	 \$ 36,334,102	 \$ 36,021,470	 \$ 37,861,576
Contributions as a Percentage of					
Covered Payroll	18.74%	18.68%	18.69%	18.88%	18.91%
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 6,900,091	\$ 6,745,297	\$ 6,977,829	\$ 7,795,522	\$ 8,057,352
Contributions in Relation to the					
Actuarially Determined Contribution	<u>6,900,091</u>	<u>6,745,297</u>	<u>6,977,829</u>	<u>7,795,522</u>	<u>8,057,352</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 37,969,835	 \$ 36,985,358	 \$ 38,338,485	 \$ 42,792,612	 \$ 44,122,371
Contributions as a Percentage of					
Covered Payroll	18.17%	18.24%	18.20%	18.22%	18.26%

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Total Pension Liability</b>										
Service Cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	266,292	240,196	206,174	206,174	158,262	93,000	90,874	57,349	76,470	76,990
Change in Benefit Terms	-	-	-	-	-	-	-	-	-	-
Effect of economic/demographic gains or losses	-	(23,827)	(159,486)	-	(49,367)	39,500	-	-	-	-
Change in Assumptions	-	-	-	-	489,280	370,000	8,503	(222,653)	(15,513)	-
Difference Between Actual & Expected Experience	386,166	166,523	322,397	-	-	-	(1,251,628)	34,201	222,524	137,126
Adjustments	-	-	-	-	(747,697)	-	-	-	-	-
Benefit Payments, Including Refunds of Employee Contributions	(650,034)	(606,568)	(573,432)	(590,316)	(483,133)	(500,120)	(399,578)	(363,772)	(334,328)	(324,056)
<b>Net Change in Total Pension Liability</b>	2,424	(223,676)	(204,347)	(384,142)	(632,655)	2,380	(1,551,829)	(494,875)	(50,847)	(109,940)
<b>Total Pension Liability - Beginning</b>	<u>5,646,887</u>	<u>5,649,311</u>	<u>5,425,635</u>	<u>5,221,288</u>	<u>4,837,146</u>	<u>4,204,491</u>	<u>4,206,871</u>	<u>2,655,042</u>	<u>2,160,167</u>	<u>2,109,320</u>
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 5,649,311</u>	<u>\$ 5,425,635</u>	<u>\$ 5,221,288</u>	<u>\$ 4,837,146</u>	<u>\$ 4,204,491</u>	<u>\$ 4,206,871</u>	<u>\$ 2,655,042</u>	<u>\$ 2,160,167</u>	<u>\$ 2,109,320</u>	<u>\$ 1,999,380</u>
<b>Plan Fiduciary Net Position</b>										
Contributions - Employer	\$ 650,934	\$ 605,568	\$ 572,207	\$ 592,336	\$ 483,685	\$ 536,272	\$ 398,718	\$ 332,002	\$ 337,680	\$ 327,670
Net Investment Income	6	110	42	144	1,284	1,284	2	28	1,850	3,869
Benefit Payments, Including Refunds of Employee Contributions	(650,034)	(606,568)	(573,432)	(590,316)	(483,133)	(500,120)	(399,578)	(363,772)	(334,328)	(324,056)
Administrative Expense	-	-	-	-	1,831	-	-	-	-	5,000
<b>Net Change in Plan Fiduciary Net Position</b>	906	(890)	(1,183)	2,164	3,667	37,436	(858)	(31,742)	5,202	12,483
<b>Plan Fiduciary Net Position - Beginning</b>	<u>68,256</u>	<u>69,162</u>	<u>68,272</u>	<u>67,089</u>	<u>69,253</u>	<u>72,920</u>	<u>110,356</u>	<u>109,498</u>	<u>77,756</u>	<u>82,958</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 69,162</u>	<u>\$ 68,272</u>	<u>\$ 67,089</u>	<u>\$ 69,253</u>	<u>\$ 72,920</u>	<u>\$ 110,356</u>	<u>\$ 109,498</u>	<u>\$ 77,756</u>	<u>\$ 82,958</u>	<u>\$ 95,441</u>
<b>Net Pension Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 5,580,149</u>	<u>\$ 5,357,363</u>	<u>\$ 5,154,199</u>	<u>\$ 4,767,893</u>	<u>\$ 4,131,571</u>	<u>\$ 4,096,515</u>	<u>\$ 2,545,544</u>	<u>\$ 2,082,411</u>	<u>\$ 2,026,362</u>	<u>\$ 1,903,939</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	1.22%	1.26%	1.28%	1.43%	1.73%	2.62%	4.12%	3.60%	3.93%	4.77%
<b>Covered Payroll</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Net Pension Liability (Asset) as a Percentage of Covered Payroll</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 696,570	\$ 696,570	\$ 696,570	\$ 696,570	\$ 492,227
Contributions in Relation to the					
Actuarially Determined Contribution	650,934	605,568	572,207	592,336	483,685
Contribution Deficiency (Excess)	<u>\$ 45,636</u>	<u>\$ 91,002</u>	<u>\$ 124,363</u>	<u>\$ 104,234</u>	<u>\$ 8,542</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of					
Covered Payroll	N/A	N/A	N/A	N/A	N/A
	2020	2021	2022	2023	2024
Actuarially Determined Contribution	\$ 492,227	\$ 451,133	\$ 279,722	\$ 242,319	\$ 236,853
Contributions in Relation to the					
Actuarially Determined Contribution	536,272	327,670	332,003	337,680	327,670
Contribution Deficiency (Excess)	<u>\$ (44,045)</u>	<u>\$ 123,463</u>	<u>\$ (52,281)</u>	<u>\$ (95,361)</u>	<u>\$ (90,817)</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of					
Covered Payroll	N/A	N/A	N/A	N/A	N/A

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Annual money-weighted rate of return, net of investment expenses for the City's Plan	0.01%	0.05%	0.13%	0.73%	1.60%	1.00%	0.00%	0.01%	2.48%	4.60%



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

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**Notes to Schedule for Tennessee Pension Plan**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2024, actuarial valuation.

*Methods and Assumptions Used to Determine Contribution Rates:*

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level dollar, Open (10 years)
Remaining Amortization Period	10 Years
Asset Valuation	10-year non-smoothed
Inflation	2.31%
Cost of Living Adjustments	2.13%
Investment Rate of Return	3.93%
Retirement Age	N/A
Mortality	Pub-2010 Amount Weighted Tables for General Retirees, Projected Generationally using Scale MP-2021

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

	2018	2019	2020	2021	2022	2023	2024
<b>Total OPEB Liability (Asset)</b>							
Service Cost	\$ 485,720	\$ 488,202	\$ 636,939	\$ 849,991	\$ 904,427	\$ 670,136	\$ 782,423
Interest	465,787	497,801	466,235	469,121	465,284	662,173	848,517
Effect of economic /demographic gains or (losses)	-	-	5,117,982	-	-	-	-
Effect of assumption changes or inputs	(340,272)	149,283	2,399,079	102,274	(2,635,378)	4,541,997	(553,855)
Benefit Payments/Refunds	(697,494)	(827,056)	(824,452)	(1,028,220)	(1,297,265)	(1,378,876)	(1,512,671)
<b>Net Change in Total OPEB Liability (Asset)</b>	(86,259)	308,230	7,795,783	393,166	(2,562,932)	4,495,430	(435,586)
<b>Total OPEB Liability (Asset) - beginning</b>	<u>12,870,766</u>	<u>12,784,507</u>	<u>13,092,737</u>	<u>20,888,520</u>	<u>21,281,686</u>	<u>18,718,754</u>	<u>23,214,184</u>
<b>Total OPEB Liability (Asset) - ending</b>	<u>\$ 12,784,507</u>	<u>\$ 13,092,737</u>	<u>\$ 20,888,520</u>	<u>\$ 21,281,686</u>	<u>\$ 18,718,754</u>	<u>\$ 23,214,184</u>	<u>\$ 22,778,598</u>
<b>Covered Payroll</b>	\$ 36,334,102	\$ 36,334,102	\$ 36,334,102	\$ 36,021,470	\$ 36,021,470	\$ 38,338,485	\$ 38,338,485
<b>Total OPEB Liability (Asset) as a % of Covered Payroll</b>	35.19%	36.03%	57.49%	59.08%	51.97%	60.55%	59.41%

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

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

Note: There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

**COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES**

## **Nonmajor Governmental Funds**

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### **Special Revenue Funds**

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

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

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

Community development - 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.

### **Debt Service Fund**

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

**CITY OF JACKSON, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2024**

	Special Revenue Funds			Debt Service	
	Police Drug	Metro Drug	Community Development	Community Redevelopment	Totals
<b>ASSETS</b>					
Cash and cash equivalents	\$ 113,327	\$ 362,311	\$ 257,527	\$ 210,891	\$ 944,056
Receivables					
Grants	-	-	26,874	-	26,874
Intergovernmental	-	-	216,779	-	216,779
Court fines (net of allowance)	8,210	6,379	-	-	14,589
Notes (net of allowance)	-	-	419,610	-	419,610
Due from other funds	10,657	159,796	60,028	-	230,481
Prepaid items	-	-	1,087	-	1,087
Other	-	-	12,897	-	12,897
Total Assets	<u>\$ 132,194</u>	<u>\$ 528,486</u>	<u>\$ 994,802</u>	<u>\$ 210,891</u>	<u>\$ 1,866,373</u>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts payable	\$ 15,368	\$ -	\$ 60,364	\$ -	\$ 75,732
Accrued expenses	-	217,091	-	-	217,091
Due to other funds	17,986	254,644	38,552	210,891	522,073
Due to other governments	-	-	3,827	-	3,827
Total Liabilities	<u>33,354</u>	<u>471,735</u>	<u>102,743</u>	<u>210,891</u>	<u>818,723</u>
<b>DEFERRED INFLOWS</b>					
Unavailable - court fines	<u>8,210</u>	<u>6,379</u>	<u>-</u>	<u>-</u>	<u>14,589</u>
<b>FUND BALANCES</b>					
Nonspendable:					
Prepaid items	-	-	1,087	-	1,087
Land held	-	-	12,897	-	12,897
Restricted	<u>90,630</u>	<u>50,372</u>	<u>878,075</u>	<u>-</u>	<u>1,019,077</u>
Total Fund Balances	<u>90,630</u>	<u>50,372</u>	<u>892,059</u>	<u>-</u>	<u>1,033,061</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 132,194</u>	<u>\$ 528,486</u>	<u>\$ 994,802</u>	<u>\$ 210,891</u>	<u>\$ 1,866,373</u>

**CITY OF JACKSON, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Special Revenue Funds			Debt Service	Total Nonmajor Governmental Funds
	Police Drug	Metro Drug	Community Development	Community Redevelopment	
<b>REVENUES</b>					
Fines, interest and penalties	\$ 29,781	\$ 17,714	\$ -	\$ -	\$ 47,495
Intergovernmental	-	-	873,202	50,000	923,202
Sales and service charges	-	22,375	-	-	22,375
Interest income	6,019	20,268	445	-	26,732
Other	-	-	4,694	-	4,694
Total Revenues	<u>35,800</u>	<u>60,357</u>	<u>878,341</u>	<u>50,000</u>	<u>1,024,498</u>
<b>EXPENDITURES</b>					
Current					
Public safety	42,206	73,826	-	-	116,032
Public welfare and community services	-	-	631,841	-	631,841
Debt Service					
Principal	-	-	-	226,000	226,000
Interest	-	-	-	66,325	66,325
Total Expenditures	<u>42,206</u>	<u>73,826</u>	<u>631,841</u>	<u>292,325</u>	<u>1,040,198</u>
Excess (Deficiency) of Revenues over Expenditures	(6,406)	(13,469)	246,500	(242,325)	(15,700)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	242,325	242,325
Transfers out	-	-	(242,325)	-	(242,325)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(242,325)</u>	<u>242,325</u>	<u>-</u>
Net Change in Fund Balances	(6,406)	(13,469)	4,175	-	(15,700)
Fund Balance - Beginning	<u>97,036</u>	<u>63,841</u>	<u>887,884</u>	<u>-</u>	<u>1,048,761</u>
Fund Balance - Ending	<u>\$ 90,630</u>	<u>\$ 50,372</u>	<u>\$ 892,059</u>	<u>\$ -</u>	<u>\$ 1,033,061</u>

**CITY OF JACKSON, TENNESSEE**  
**POLICE DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	over (under)
<b>REVENUES</b>				
Fines, interest and penalties	\$ 35,000	\$ 35,000	\$ 29,781	\$ (5,219)
Interest income	-	-	6,019	6,019
Total revenues	<u>35,000</u>	<u>35,000</u>	<u>35,800</u>	<u>800</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	<u>41,500</u>	<u>41,500</u>	<u>42,206</u>	<u>(706)</u>
Total expenditures	<u>41,500</u>	<u>41,500</u>	<u>42,206</u>	<u>(706)</u>
Net Change in Fund Balances	<u>\$ (6,500)</u>	<u>\$ (6,500)</u>	(6,406)	<u>\$ 94</u>
Fund Balance - Beginning			<u>97,036</u>	
Fund Balance - Ending			<u>\$ 90,630</u>	

**CITY OF JACKSON, TENNESSEE**  
**METRO DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts	Variance over (under)
	Original	Final		
<b>REVENUES</b>				
Fines, interest and penalties	\$ -	\$ -	\$ 17,714	\$ 17,714
Sales and service charges	-	-	22,375	22,375
Interest income	-	-	20,268	20,268
Total revenues	-	-	60,357	60,357
<b>EXPENDITURES</b>				
Current:				
Public safety	-	33,841	73,826	(39,985)
Total expenditures	-	33,841	73,826	(39,985)
Net Change in Fund Balances	\$ -	\$ (33,841)	(13,469)	\$ 20,372
Fund Balance - Beginning			63,841	
Fund Balance - Ending			\$ 50,372	



**CITY OF JACKSON, TENNESSEE**  
**COMMUNITY DEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	over (under)
<b>REVENUES</b>				
Interest income	\$ -	\$ -	\$ 445	\$ 445
Intergovernmental	-	-	873,202	873,202
Other	2,710,457	2,710,457	4,694	(2,705,763)
Total revenues	2,710,457	2,710,457	878,341	(1,832,116)
<b>EXPENDITURES</b>				
Current:				
Public welfare and community services	2,710,457	2,710,457	631,841	2,078,616
Total expenditures	2,710,457	2,710,457	631,841	2,078,616
Excess of Revenues over Expenditures	-	-	246,500	246,500
<b>OTHER FINANCING USES</b>				
Transfers out	-	-	(242,325)	(242,325)
Total other financing uses	-	-	(242,325)	(242,325)
Net Change in Fund Balances	\$ -	\$ -	4,175	\$ 4,175
Fund Balance - Beginning			887,884	
Fund Balance - Ending			\$ 892,059	

**CITY OF JACKSON, TENNESSEE**  
**COMMUNITY REDEVELOPMENT FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	over (under)
<b>REVENUES</b>				
Intergovernmental	\$ 281,368	\$ 50,000	\$ 50,000	\$ -
Total revenues	<u>281,368</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal payments	226,000	226,000	226,000	-
Interest and fiscal charges	55,368	55,368	66,325	(10,957)
Total expenditures	<u>281,368</u>	<u>281,368</u>	<u>292,325</u>	<u>(10,957)</u>
Deficiency of revenues over expenditures	-	(231,368)	(242,325)	(10,957)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	231,368	242,325	10,957
Total other financing sources	<u>-</u>	<u>231,368</u>	<u>242,325</u>	<u>10,957</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning			-	
Fund Balance - Ending			<u>\$ -</u>	

**CITY OF JACKSON, TENNESSEE**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>over (under)</u>
<b>REVENUES</b>				
Taxes	\$ 12,365,146	\$ 12,365,146	\$ 12,313,691	\$ (51,455)
Interest	-	-	1,800	1,800
Intergovernmental	60,194	60,194	66,510	6,316
Total Revenues	<u>12,425,340</u>	<u>12,425,340</u>	<u>12,382,001</u>	<u>(43,339)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal	10,399,905	10,399,905	9,969,376	430,529
Interest and fiscal charges	<u>2,101,274</u>	<u>2,101,274</u>	<u>2,531,469</u>	<u>(430,195)</u>
Total expenditures	<u>12,501,179</u>	<u>12,501,179</u>	<u>12,500,845</u>	<u>334</u>
Net Change in Fund Balances	<u>\$ (75,839)</u>	<u>\$ (75,839)</u>	(118,844)	<u>\$ (43,673)</u>
Fund Balance - Beginning			<u>2,180,781</u>	
Fund Balance - Ending			<u>\$ 2,061,937</u>	

**CITY OF JACKSON, TENNESSEE**  
**CAPITAL OUTLAY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	over (under)
<b>REVENUES</b>				
Intergovernmental	\$ 2,371,282	\$ 2,364,682	\$ 314,204	\$ (2,050,478)
Interest	110,000	110,000	-	(110,000)
Total revenues	<u>2,481,282</u>	<u>2,474,682</u>	<u>314,204</u>	<u>(2,160,478)</u>
<b>EXPENDITURES</b>				
Current:				
General government	3,078,264	3,198,264	1,392,504	(1,805,760)
Public safety	3,232,584	3,582,248	3,138,002	(444,246)
Public works	5,885,138	6,638,728	4,683,198	(1,955,530)
Public welfare and community services	2,891,544	2,792,433	1,528,618	(1,263,815)
Capital outlay	389,353	389,353	391,289	(1,936)
Total Expenditures	<u>15,476,883</u>	<u>16,601,026</u>	<u>11,133,611</u>	<u>(5,471,287)</u>
Deficiency of Revenues over Expenditures	(12,995,601)	(14,126,344)	(10,819,407)	3,310,809
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,925,673	2,925,673	2,925,673	-
Total Other Financing Sources	<u>2,925,673</u>	<u>2,925,673</u>	<u>2,925,673</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (10,069,928)</u>	<u>\$ (11,200,671)</u>	(7,893,734)	<u>\$ 3,310,809</u>
Fund Balance - Beginning			<u>9,029,006</u>	
Fund Balance - Ending			<u>\$ 1,135,272</u>	

**OTHER SUPPLEMENTARY  
INFORMATION**

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2024
<b>GOVERNMENTAL ACTIVITIES:</b>									
General Obligation Bonds Payable:									
Series 2019A General Obligation Refunding Bonds	\$ 58,510,000	1.71%	10/29/2019	6/30/2038	\$ 36,475,000	\$ -	\$ 8,335,000	\$ -	\$ 28,140,000
Series 2019 General Obligation Bonds	5,075,000	1.71%	10/29/2019	6/30/2039	4,535,000	-	200,000	-	4,335,000
Total General Obligation Bonds Payable					<u>41,010,000</u>	<u>-</u>	<u>8,535,000</u>	<u>-</u>	<u>32,475,000</u>
Notes Payable:									
JMCGH district	650,000	0.00%	8/5/2009	8/5/2023	50,000	-	50,000	-	-
Department of Housing & Urban Development, Section 108	3,165,000	3.56%	8/1/2011	8/1/2030	1,644,000	-	176,000	-	1,468,000
Capital Outlay Note, Series 2016	2,400,000	2.45%	9/28/2016	9/1/2028	1,200,000	-	200,000	-	1,000,000
Capital Outlay Note, Series 2017	1,700,000	2.65%	12/28/2017	12/1/2025	637,500	-	212,500	-	425,000
Capital Outlay Note, Series 2021	1,759,152	1.38%	3/29/2021	3/31/2026	1,070,000	-	352,000	-	718,000
Total Notes Payable					<u>4,601,500</u>	<u>-</u>	<u>990,500</u>	<u>-</u>	<u>3,611,000</u>
Financed purchase	4,997,624	2.60%	10/26/2020	10/26/2030	4,098,001	-	467,429	-	3,630,572
Madison School lease	11,927,881	3.00%	3/26/2020	10/1/2042	11,605,802	-	202,447	-	11,403,355
Total Governmental Activities Long-term Debt					<u>61,315,303</u>	<u>-</u>	<u>10,195,376</u>	<u>-</u>	<u>51,119,927</u>
Total City Long-term Debt					<u>\$ 61,315,303</u>	<u>\$ -</u>	<u>\$ 10,195,376</u>	<u>\$ -</u>	<u>\$ 51,119,927</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CHANGES IN LEASE OBLIGATIONS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2024
<b>Leases</b>									
Madison School lease	\$ 11,927,881	3.00%	3/26/2020	10/1/2042	\$ 11,605,802	\$ -	\$ 202,447	\$ -	\$ 11,403,355
Total Governmental Activities Lease Liabilities					<u>\$ 11,605,802</u>	<u>\$ -</u>	<u>\$ 202,447</u>	<u>\$ -</u>	<u>\$ 11,403,355</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**SERIES 2019 GENERAL OBLIGATION BONDS**  
**ISSUED OCTOBER 29, 2019**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 205,000	\$ 190,300	\$ 395,300
2026	220,000	180,050	400,050
2027	230,000	169,050	399,050
2028	240,000	157,550	397,550
2029	250,000	145,550	395,550
2030	265,000	133,050	398,050
2031	280,000	119,800	399,800
2032	290,000	105,800	395,800
2033	305,000	94,200	399,200
2034	315,000	82,000	397,000
2035	330,000	69,400	399,400
2036	340,000	56,200	396,200
2037	355,000	42,600	397,600
2038	370,000	28,400	398,400
2039	340,000	13,600	353,600
	<u>\$ 4,335,000</u>	<u>\$ 1,587,550</u>	<u>\$ 5,922,550</u>



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**SERIES 2019A GENERAL OBLIGATION REFUNDING BONDS**  
**ISSUED OCTOBER 29, 2019**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 2,760,000	\$ 1,310,350	\$ 4,070,350
2026	2,865,000	1,172,350	4,037,350
2027	3,800,000	1,029,100	4,829,100
2028	2,145,000	839,100	2,984,100
2029	2,220,000	731,850	2,951,850
2030	2,300,000	620,850	2,920,850
2031	2,385,000	505,850	2,890,850
2032	2,465,000	386,600	2,851,600
2033	2,540,000	288,000	2,828,000
2034	1,480,000	186,400	1,666,400
2035	1,525,000	127,200	1,652,200
2036	530,000	66,200	596,200
2037	550,000	45,000	595,000
2038	575,000	23,000	598,000
	<u>\$ 28,140,000</u>	<u>7,331,850</u>	<u>35,471,850</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**HOUSING AND URBAN DEVELOPMENT SECTION 108 LOAN**  
**ISSUED AUGUST 1, 2011**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 184,000	\$ 49,102	\$ 233,102
2026	192,000	42,264	234,264
2027	200,000	35,286	235,286
2028	209,000	28,004	237,004
2029	218,000	20,469	238,469
2030	227,000	12,480	239,480
2031	238,000	4,202	242,202
	<u>\$ 1,468,000</u>	<u>\$ 191,807</u>	<u>\$ 1,659,807</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES**  
**GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2016**  
**ISSUED SEPTEMBER 28, 2016**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 200,000	\$ 30,950	\$ 230,950
2026	200,000	24,350	224,350
2027	200,000	17,550	217,550
2028	200,000	10,600	210,600
2029	200,000	3,550	203,550
	<u>\$ 1,000,000</u>	<u>\$ 87,000</u>	<u>\$ 1,087,000</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2017  
 ISSUED DECEMBER 28, 2017  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 212,500	\$ 8,447	\$ 220,947
2026	212,500	2,816	215,316
	<u>\$ 425,000</u>	<u>\$ 11,263</u>	<u>\$ 436,263</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 GENERAL OBLIGATION DEBT TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 GENERAL OBLIGATION CAPITAL OUTLAY NOTE, SERIES 2021  
 ISSUED MARCH 29, 2021  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 357,000	\$ 9,908	\$ 366,908
2026	361,000	4,982	365,982
	<u>\$ 718,000</u>	<u>\$ 14,890</u>	<u>\$ 732,890</u>

**CITY OF JACKSON, TENNESSEE**  
 SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS  
 FINANCED PURCHASE LEASE TO BE REPAYED FROM GOVERNMENTAL ACTIVITIES  
 PNC EQUIPMENT FINANCE, LLC FINANCED PURCHASE LEASE  
 ISSUED OCTOBER 26, 2020  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 479,582	\$ 94,395	\$ 573,977
2026	492,051	81,926	573,977
2027	504,845	69,132	573,977
2028	517,970	56,006	573,976
2029	531,438	42,539	573,977
2030	545,255	28,722	573,977
2031	559,431	14,545	573,976
	<u>\$ 3,630,572</u>	<u>\$ 387,265</u>	<u>\$ 4,017,837</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**LEASE LIABILITY TO BE REPAID FROM GOVERNMENTAL ACTIVITIES**  
**MADISON SCHOOL LEASE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Fiscal Year Ending June 30	Principal	Interest	Total
2025	\$ 209,648	\$ 423,328	\$ 632,976
2026	217,104	415,872	632,976
2027	224,826	408,150	632,976
2028	232,823	400,153	632,976
2029	1,209,875	324,182	1,534,057
2030	633,159	270,613	903,772
2031	652,417	251,355	903,772
2032	672,261	231,511	903,772
2033	692,708	211,064	903,772
2034	713,777	189,995	903,772
2035	735,488	168,284	903,772
2036	757,858	145,914	903,772
2037	780,909	122,863	903,772
2038	804,662	99,111	903,773
2039	829,136	74,636	903,772
2040	854,355	49,417	903,772
2041	880,341	23,431	903,772
2042	302,008	1,900	303,908
	<u>\$ 11,403,355</u>	<u>\$ 3,811,779</u>	<u>\$ 15,215,134</u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF TRANSFERS**  
**JUNE 30, 2024**

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>
General Fund	Capital Outlay Fund	<u>\$ 2,925,673</u>
Community Development Fund	Community Redevelopment Fund	<u>\$ 242,325</u>



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Year of Levy	Balance 6/30/2023	Taxes Levied	Collections & Adjustments	Balance 6/30/2024
2023	\$ -	\$ 35,205,474	\$ (33,876,697)	\$ 1,328,777
2022	1,012,916	-	(773,091)	239,825
2021	204,780	-	(89,193)	115,587
2020	95,268	-	(11,881)	83,387
2019	78,350	-	5,780	84,130
2018	120,321	-	(19,068)	101,253
2017	61,240	-	(2,783)	58,457
2016	63,407	-	31,021	94,428
2015	73,293	-	31,611	104,904
2014	48,929	-	48,188	97,117
2013 and prior	272,416	-	445,906	718,322
	<u>\$ 2,030,920</u>	<u>\$ 35,205,474</u>	<u>\$ (34,210,207)</u>	<u>3,026,187</u>
Estimated 2024 tax levy				38,981,463
Less allowance				<u>(1,862,771)</u>
Net taxes receivable				<u>\$ 40,144,879</u>

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

<u>Year of Levy</u>	<u>Tax Rate</u>	<u>Assessed Valuation</u>
2023	1.61	\$ 2,230,055,811
2022	1.61	2,150,507,103
2021	1.96	1,733,614,196
2020	1.96	1,749,619,038
2019	1.96	1,711,522,294
2018	1.96	1,719,467,687
2017	1.96	1,603,308,247
2016	1.96	1,564,300,034
2015	1.96	1,564,832,429
2014	1.97	1,532,815,538

\* Per \$100 of assessed valuation.

**COMPLIANCE  
SECTION**



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

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**The Honorable Mayor and Members  
of the City Council of the  
City of Jackson, Tennessee**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Tennessee (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 13, 2025. Our report includes a reference to other auditors who audited the financial statements of the Jackson Energy Authority and the Jackson Community Redevelopment Agency, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or on compliance and other matters that are reported separately by those auditors.

**Report on Internal Control over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, and 2024-004 to be material weaknesses.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2024-005 to be a significant deficiency.

#### **Report on Compliance and Other Matters**

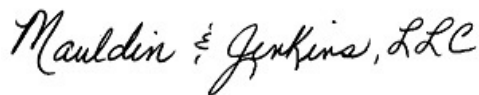
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we and the other auditors performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a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

#### **City's Responses to the Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the other auditing procedures applied in the engagement to audit the financial statements and, accordingly, we express no opinion on the responses.

#### **Purpose of this Report**

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



Chattanooga, Tennessee

October 13, 2025



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

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**The Honorable Mayor and Members  
of the City Council of the  
City of Jackson, Tennessee**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of Jackson, Tennessee's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. 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.

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

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***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Other Matter***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-006. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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***Report on Internal Control over Compliance***

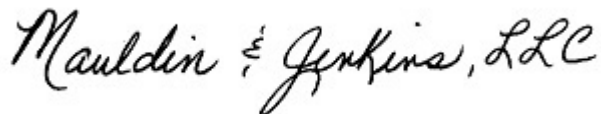
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-006 and 2024-007 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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



Chattanooga, Tennessee  
October 13, 2025



**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
<b><u>FEDERAL AWARDS</u></b>			
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>			
Direct Program:			
<i>CDBG Entitlement Grants Cluster:</i>			
COVID 19 - Community Development Block Grant-CV	14.218	B20-MW-47-0011	\$ 160,058
Community Development Block Grant	14.218	B22-MC-47-0011	582,668
<i>Total CDBG Entitlement Grants Cluster</i>			<u>742,726</u>
<i>HOME Investment Partnership:</i>			
HOME Investment Partnership Program	14.239	M22-MC-47-0207	117,818
HOME American Rescue Plan	14.239	M21-MP-47-0207	13,101
<i>Total HOME Investment Partnership</i>			<u>130,919</u>
Total U.S. Department of Housing and Urban Development			<u>873,645</u>
<b>U.S. DEPARTMENT OF JUSTICE:</b>			
Pass-through State of Tennessee:			
<i>Violence Against Women Office:</i>			
Violence Against Women Formula Grants (STOP)	16.588	51661	73,898
<i>Total Violence Against Women Formula Grants</i>			<u>73,898</u>
<i>Safe Hope Center Navigator:</i>			
Safe Hope Center Formula Grants (VOCA)	16.575	51006	38,496
<i>Total Safe Hope Center Navigator</i>			<u>38,496</u>
<i>Project Safe Neighborhood:</i>			
Project Safe Neighborhood PSN West 68995	16.609	2019-GP-BX-0014	36,400
Project Safe Neighborhood PSN West 78440	16.609	2020-GP-BX-0077	19,050
Project Safe Neighborhood PSN West 51118	16.609	15PBJA-21-GG-03064-GUNP	30,000
<i>Total PSN</i>			<u>85,450</u>
Total U.S. Department of Justice			<u>197,844</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>			
Pass-through State of Tennessee:			
<i>Highway Planning and Construction:</i>			
Highway Planning and Construction 45 ByPass	20.205	40100-09718	400,210
MPO	20.205	F6H3G5N12W34	86,723
<i>Total Highway Planning and Construction</i>			<u>486,933</u>
<i>Highway Safety Cluster:</i>			
Open Alcohol Container Requirements Act - THSO	20.616	Z-24-THS-139	52,002
<i>Total Highway Safety Cluster</i>			<u>52,002</u>
Total U.S. Department of the Treasury			<u>538,935</u>
<b>U.S. DEPARTMENT OF TREASURY:</b>			
COVID-19 Coronavirus Relief Fund	21.027	N/A	3,809,718
Total U.S. Department of the Treasury			<u>3,809,718</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>			
AFG FEMA Assistance to Firefighters Grant EMW-2021-FG-05983		2023-FD-GB01-P410-XXXX-4101-D	56,910
<b>TOTAL FEDERAL AWARDS</b>			<u><u>\$ 5,477,052</u></u>

(Continued)

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Agency/Pass-through Agency/ Program or Cluster Title	Assistance Listing	Pass-through entity Identifying Number	Expenditures
<u>STATE AWARDS</u>			
<b>TENNESSEE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES</b>			
Drug Court	N/A	78999	\$ 96,213
<i>Total Department of Mental Health and Substance Abuse Services</i>			<u>96,213</u>
<b>OFFICE OF CRIMINAL JUSTICE</b>			
VCIF - Violent Crimes Intervention Grant	N/A	VCIF - Formula Based Grant	491,618
<i>Total Office of Criminal Justice</i>			<u>491,618</u>
<b>TOTAL STATE AWARDS</b>			<u><u>\$ 587,831</u></u>

**CITY OF JACKSON, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE A: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Jackson, Tennessee under programs of the federal government for the fiscal year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule represents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

**NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the costs principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE C: INDIRECT COST RATE**

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION I  
SUMMARY OF AUDITOR'S RESULTS

**Financial Statements**

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

Internal control over financial reporting:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiency(ies) identified? ☒ yes ☐ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

**Federal Awards**

Internal Control over major programs:

Material weakness(es) identified? ☒ yes ☐ no

Significant deficiency(ies) identified? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to  
be reported in accordance with Section 2 CFR  
200.516(a)? ☒ yes ☐ no

Identification of major programs:

Assistance Listing Number  
21.027

Name of Federal Program or Cluster  
COVID-19: Coronavirus State and Local Fiscal  
Recovery Funds

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

Auditee qualified as low-risk auditee? ☐ yes ☒ no

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION II  
FINANCIAL STATEMENT FINDINGS

2024-001 Cash Accounting and Reconciliations

**Criteria:** Internal controls should be in place at the City that permit and require the timely and accurate reporting of cash and cash equivalents on a monthly basis. This would include the reconciliation of bank balances to the general ledger on a timely basis each month. Ensuring the activity for the month has been both properly reported in the proper accounting period but also within the proper fund within the City's general ledger.

**Condition:** During the fiscal year 2024, several audit adjustments were required to correct the reporting balances for cash throughout the City's financial reporting entity. During the second quarter of the fiscal year, the City went live with the new accounting system and as part of that transition was implementing a pooled cash system for the first time in the City. As part of this implementation, these errors were not timely addressed and carried forward throughout the year. This created the need for multiple significant entries to correctly report the City's financial statements as of June 30, 2024.

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

- During the course of the fiscal year, the City was not properly receipt and disbursing funds through the fund 990 pool and each month would post activity directly across the funds without utilizing the General Ledger's pooled cash accounts which then forced unbalanced system entries and manual entries from management. At June 30, 2024, this caused the General Ledger's pooled cash to be understated by \$13,641,238, reporting a deficit cash position of over \$8 million prior to adjustments.
- During the year-end close process, management was incorrectly back-dating July and August 2024 disbursements within the accounting system with effective dates prior to June 30, 2024. While this captured the expenditures/expenses in the proper period, the entries were reducing cash as of June 30, 2024, for checks generated between July and September 2024. The adjustments required to increase cash and to record the appropriate liabilities within the following funds were approximately – General Fund \$3,404,000; Solid Waste Fund \$974,000, Grants Fund \$576,000, Capital Outlay Fund \$787,000 and the Community Development Fund \$40,000.
- Beginning in April 2024, the City's new general ledger system went live with the payroll module and as part of the module, the system began posting certain liabilities related to each payroll which were being both manually cleared against cash by management and systematically by the City's disbursement process, resulting in the reduction of cash in duplicate amounts. The journal entries to reverse the manual entries resulted in increasing the cash position and reducing the duplicate expenditures in the following funds, in the approximate amounts of – General Fund \$3,057,000 and Solid Waste Fund \$62,000.
- Over the course of the year, the various manual entries being posted between the fund cash balances and the general ledger's cash allocations resulted in a difference of \$147,523, which was adjusted as of June 30, 2024.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION II  
FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-001 Cash Accounting and Reconciliations (Continued)

- As of June 30, 2024, we noted three accounts held in the name of the City for the Flexible Spending Account, Health Insurance reserve account, and the Workman's Compensation reserve account which amounted to \$131,979 which were not included in the City's general ledger and as such, were not being included in the monthly reconciliation procedures.

**Effect:** Adjustments of approximately \$22,821,000 were required to various cash accounts and the cash pool to properly reconcile cash balances within the accounting system and to properly report the cut-off of cash as of June 30, 2024.

**Cause:** The City was not properly reconciling the individual cash balances on a monthly basis. There were often monthly reconciliations where the bank balance was reconciled to a number, and then separately, the ledger balance was reconciled to the same number. Proper reconciliations should reconcile in one "direction," reconciling from bank balance to the general ledger. Additionally, due to a lack of training and understanding the original pooled cash ledger was not only improperly stated (reporting a negative cash balance of over \$8 million) but the system pooled cash allocations were not being reconciled to the respective participating fund's general ledger.

**Recommendation:** We recommend that management continue to work to obtain the necessary training and understanding of the utilization of the general ledger pooled cash system. The monthly reconciliations should be performed, with all variances being investigated and recorded, rather than trying to carry variances on the monthly bank reconciliations.

**Views of Responsible Officials and Planned Corrective Action:** We concur with the finding. We are working diligently to resolve the mapping, coding, and accounting issues created by the turnover in personnel and the lack of training on how to properly utilize the new pooled cash system. We have since changed the year-end cut-off procedures to prevent cash misstatement from year-end accruals.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION II  
FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-002 Revenue Recognition and Related Receivables

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

**Condition:** During fiscal year 2024, several audit adjustments were required to correct the timing of the recognition of certain revenues.

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

- During the current year-end close process, management did not adjust the prior year's receivables for the current year activity related to the City's uncollected property taxes. The resulting adjustment included adjustments to the delinquent receivables, current year billings, unavailable revenues, and the current year revenues. For the General Fund and Debt Service Fund, the resulting entries to record the current year's activity resulted in adjustments of \$5,693,000 and \$1,848,000.
- The court receivables, allowances, and unavailable revenues were not adjusted as of June 30, 2024, to agree with the subledger balances. As such, an adjustment of approximately \$1,576,000 was required to adjust the balances for the year's activity.
- During the year-end close out process, the City's management did not adjust the majority of the accrued revenue accounts and as such, audit adjustments were required to both reverse prior year accruals which were collected in the current fiscal year, as well as to record the receivable for accrued revenues as of June 30, 2024. As such, adjustments in the following funds amounted to approximately – General Fund \$638,000, Debt Service Fund \$19,000, and the Solid Waste Fund of \$1,104,000.

**Effect:** Adjustments of approximately \$10,878,000 were required to correct the revenues and related receivables were required during the audit.

**Cause:** The City is not properly reconciling the receivable subsidiary ledgers to the general ledger on a monthly basis. This has created several differences that were not timely addressed in the year or the fiscal year closeout procedures.

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

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

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION II  
FINANCIAL STATEMENT FINDINGS (CONTINUED)

**2024-003 Expenditure/Expense and Related Liabilities**

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

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

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

- During the fiscal year, the City's first quarter check disbursements were being issued out of the prior accounting ledger and then manually brought over into the current general ledger. As part of that process, one check which was issued should have reduced an existing liability but rather was reported as an expenditure. An adjustment was made to remove the expenditure which was reported in the prior fiscal year. This adjustment was \$500,000 to the General Fund.
- The City's accrued wages liability was not adjusted for employee's time worked in June and paid in July 2024. As such, an adjustment of approximately \$668,000 (General Fund) and \$13,000 (Solid Waste Fund) was required to properly report the wages in the period in which the services were provided by the employees.
- The City was not reconciling the various accrued liability accounts on a monthly basis or at the end of the June 30, 2024, fiscal year. Based on testing, adjustments of approximately \$1,276,000 (Solid Waste Fund), \$518,000 (Grants Fund), \$421,000 (Capita Outlay Fund), \$16,000 (Landfill Fund), and \$1,600 (Metro Drug Fund) were required to properly reconcile the subledger balances with the general ledger.

**Effects:** Audit adjustments totaling approximately \$3,414,000 were required to correctly report the City's expenditures/expenses and related liabilities in accordance with GAAP.

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

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



CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION II  
FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-004 Interfund Balances

**Criteria:** Internal controls should be in place, to ensure timely reconciliations are occurring regarding the interfund activities of the City. When transactions are made within the City's funds, the transactions should post on both the paying and receiving funds to show the interfund borrowing or transfers. These activities should be reconciled monthly to ensure all interfund balances are in agreement.

**Condition:** The City previously utilized interfund transactions to manually simulate the City's use of a pooled cash and pooled investment system. Since October 2023, once the City went live with the new accounting software, they are now utilizing the general ledger system to post these interfund cash activities. However, the City simply carried forward the old interfund position and the pooled cash system was set up to reflect the allocations across the City. This has created a situation where the cash all rests in the General Fund with many other funds carrying a receivable for their share of cash.

**Context/Cause:** This creates situations where multiple funds in the City carry an "asset" but this is creating manual reconciliations necessary for City's management to monitor the deficit share of cash by the funds other than the General Fund and the interfund receivable due from the General Fund in order to ensure all funds are being properly managed.

**Effects:** Failure to timely reconcile the interfund balances resulted in the City's interfund payable and receivable accounts which did not reconcile. Adjustments were required to correct balances in the following funds:

- General Fund (\$332,000) required an adjustment to remove an interfund balance which was carried on the balance sheet but was not collectible as it represented payments to the Pension Trust Fund which are now irrevocable and could not be recouped by the General Fund.
- In total, the City is carrying approximately \$49,841,000 of interfund receivables for activity which represents cash which has been moved between the funds within the general ledger, but the cash has not actually moved to the respective funds participating in the pool.

**Recommendation:** We recommend the City ensure timely reconciliations of the manually entered interfund activities are showing in all funds involved and differences are reconciled and corrected on a monthly basis.

**Auditee's Response:** We will work to properly clear the interfund balances out during the 2026 fiscal year in order to only utilize the general ledger's cash pool system, so that all interfund activity is systematically allocated between the appropriate receiving or disbursing funds. This will allow each fund to fully report and reflect their true ownership of the City's cash and cash equivalents.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION II  
FINANCIAL STATEMENT FINDINGS (CONTINUED)

2024-005 Timekeeping Discrepancy

**Criteria:** The City of Jackson identified an allegation that an employee in the City's Police Department was claiming hours for work performed in which he was neither present at the City's office location or noted to be in professional development training. This allegation was investigated by the City's Police Department as well as the Tennessee Comptroller's Office.

**Condition:** A review of time records from May 1, 2019 through November 16, 2022, noted the employee of the Police Department was claiming to work for the City's department or to be on professional development training classes which amounted to 780.25 hours and 32 overtime hours for which his records show he was neither present at his assigned location or noted to be in the training location.

**Context/Cause:** The employee of the police department was allowed to work with very little to no oversight from his direct supervisor and the opportunity to create or falsify documents for pay allowed the employee to not only turn in time for work in which he was not working for the City, but the individual was being paid by the City, while additionally working for a private business receiving compensation from both the City and the business. simultaneously. The issue was discovered when the employee's office was visited by other City personnel, to find him unaccounted for.

**Effects:** False time reporting resulted in a financial loss to the organization in the form of unearned compensation paid to the employee. Over the course of the time noted above, the employee received \$23,146.89 of unearned wages and \$6,352.18 of unearned payroll benefits.

**Recommendation:** We recommend the City work with all department heads to ensure there are procedures in place to ensure all City employees are accounted for and throughout the year there are unscheduled visits to all employees work locations to provide an appropriate level of oversight and management of the employees. This will both deter abuse of the time reporting process as well as provide a means over oversight accountability to detect any such abuses in a more timely manner.

**Auditee's Response:** Management is working to implement new controls to prevent similar issues in the future.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

**2024-006    Reporting**  
**Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing No. 21.027)**

**Criteria:** Internal controls should be in place to ensure the reporting requirements of the grant are timely and accurately completed.

**Condition:** The City is required to complete quarterly project & expenditure reporting for the Coronavirus State and Local Fiscal Recovery Funds (CLSFRRF). These reports are to include the current period's obligations and expenditures.

**Context/Cause:** During the testing of the current year reports, it was noted the City's process for identifying the current period's obligations and expenditures did not include procedures to identify any expenditures which were made without purchase orders. As such, there payments made to local beneficiary non-profits which did not include a purchase order, and therefore were not included in the reports.

**Effects:** In accordance with the guidance from US Treasury on report corrections, any errors in the reporting period that is closed are to be made in a future reporting quarter. As such, the error on the reporting in the year ended June 30, 2024, will be corrected in subsequent reporting periods.

**Recommendation:** We recommend the City ensure the project & expenditure reports are reconciled each quarter to the expenditures reported in the City's ARPA Fund to ensure the accuracy and completeness of the reporting required by the grant.

**Auditee's Response:** We will ensure future reports include all previously omitted expenditures and work to implement controls sufficient to reconcile the programmatic reporting to the general ledger on a quarterly basis.

CITY OF JACKSON, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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SECTION III  
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (CONTINUED)

**2024-007 Internal Control Documentation Related to Allowable Activities, Allowable Costs,  
Period of Performance, and Procurement  
Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing No. 21.027)**

**Criteria:** The City is required to maintain effective internal controls over compliance with the requirements of federal awards. These controls are essential to provide reasonable assurance that the City can comply with federal statutes, regulations, and the terms and conditions of its federal awards, as outlined in the Uniform Guidance (2 CFR Part 200).

**Condition:** During our testing of the City's internal controls over compliance, we noted several instances where the City was unable to provide auditable evidence of compliance. Specifically, for a sample of transactions tested, either the documentation did not include evidence of required approval, or the supporting documentation was not available for review.

**Context/Cause:** The City's internal controls over compliance were not operating effectively during the audit period. The lack of adherence to established procedures resulted in a breakdown of the control environment. This breakdown allowed transactions to be processed and recorded without complete documentation, preventing us from verifying that the transactions were appropriate and complied with the City's internal control policies. The absence of documentation and approvals is a direct result of the City's failure to enforce its internal controls.

**Effects:** While the lack of auditable evidence creates a risk that the City's transactions may not be in compliance with the requirements of its federal awards, we did not identify any instances of noncompliance. Without proper documentation and approval, we cannot verify the City complied with their internal policies and procedures surrounding the allowable activities & cost (3 instances from 40 items tested), period of performance (3 instances from 40 items tested), and procurement (1 of 8 items tested) requirements for this program. This type of breakdown in controls could lead to questioned costs, potential repayment of federal funds, or other corrective actions by the grantor agency.

**Recommendation:** We recommend the City review its internal control procedures and implement enhanced monitoring to ensure all transactions are properly documented and include evidence of approval. The City should require all personnel responsible for federal award compliance to receive training on the importance of maintaining proper documentation and the risks associated with non-compliance. This includes ensuring all documentation is readily available and accessible for audit and review.

**Auditee's Response:** We will conduct a comprehensive review of our internal control policies and procedures. We will also provide mandatory training to all relevant staff on proper documentation and approval processes to ensure compliance with the Uniform Guidance. We commit to stricter enforcement of these controls moving forward and will implement a system to regularly monitor for compliance.

**CITY OF JACKSON, TENNESSEE**

**SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**PRIOR YEAR FINANCIAL STATEMENT FINDINGS**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status/Current Year Finding</b>
2023-001	Revenue Recognition and Related Receivables (Material Weakness)	Repeat from 2022 – See 2024-002
2023-002	Expenditure/Expense and Related Liabilities (Material Weakness)	Repeat from 2022 – see 2024-003
2023-003	Interfund Balances (Material Weakness)	Repeat from 2023 – see 2024-004
2023-004	Reporting (CSLFRF Assistance Listing #21.07)	Repeat from 2023 – see 2024-005

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**2024-001 Revenue Recognition and Related Receivables**

**Contact Person Responsible for the Corrective Action Plan:** Nathan Reed, City Recorder

**Signature:**  \_\_\_\_\_

**Corrective Action Plan:** The City is working to go back through the 2025 fiscal year and reperform the monthly bank reconciliation to ensure they are appropriately performed and that all needed entries are properly posted in the appropriate period.

**Anticipated Completion Date:** June 30, 2025

**2024-002 Revenue Recognition and Related Receivables**

**Contact Person Responsible for the Corrective Action Plan:** Nathan Reed, City Recorder

**Signature:**  \_\_\_\_\_

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

**Anticipated Completion Date:** June 30, 2025

**2024-003 Expenditures / Expenses and Related Liability Accounts**

**Contact Person Responsible for the Corrective Action Plan:** Nathan Reed, City Recorder

**Signature:**  \_\_\_\_\_

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

**Anticipated Completion Date:** June 30, 2025

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**2024-004 Interfund Balances**

**Contact Person Responsible for the Corrective Action Plan:** Nathan Reed, City Recorder

**Signature:** 

**Corrective Action Plan:** This will be resolved through the final clean-up and reconciliation of the system conversion to the new general ledger program which will eliminate the need for manual entries to post between funds. Additionally, monthly reports will be run to reconcile the activity on a monthly basis, both within the pooled fund but also between the pooled share and the respective participating funds.

**Anticipated Completion Date:** June 30, 2026

**2024-004 Timekeeping Discrepancy**

**Contact Person Responsible for the Corrective Action Plan:** Nathan Reed, City Recorder

**Signature:** 

**Corrective Action Plan:** Management is working to implement new controls to prevent similar issues in the future.

**Anticipated Completion Date:** June 30, 2025

**2024-006 Coronavirus State and Local Fiscal Recovery Funds  
US Department of Treasury (AL 21.027)  
Reporting**

**Contact Person Responsible for the Corrective Action Plan:** Nathan Reed, City Recorder

**Signature:** 

**Corrective Action Plan:** We will ensure future reports include all previously omitted expenditures and work to implement controls sufficient to reconcile the programmatic reporting to the general ledger on a quarterly basis.

**Anticipated Completion Date:** June 30, 2026

**MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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**2024-007      Coronavirus State and Local Fiscal Recovery Funds  
US Department of Treasury (AL 21.027)  
Internal Controls over Allowable Activities, Allowable Costs, Period of Performance, and Procurement**

**Contact Person Responsible for the Corrective Action Plan:** Nathan Reed, City Recorder

**Signature:**  \_\_\_\_\_

**Corrective Action Plan:** We are working to change the standard for document retention and organization. This will help ensure all costs are properly approved before they are charged to federal programs, and that management understands the imperative nature for the record retention.

**Anticipated Completion Date:** June 30, 2026