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How Jackson's city finances fell into disarray, Part 2: Moving money and hidden expenses

Adam Friedman, Jackson Sun

7-8 minutes

This is part two of the Jackson Sun's three-part series on the city of Jackson's financial situation. This subscriber-exclusive content — thank you for supporting local journalism. For more of this story, read [part one](#) and [part three](#).

Throughout her life, [Kate Campbell Robertson was known as a benefactor for the children of Jackson](#). When Robertson died, she passed a small family fortune to her four sons: William, Allen, A. Campbell and G. Harris Robertson.

Part of that fortune would make its way to Jackson when G. Harris and Allen [donated nearly \\$400,000 to the city in 1978](#), to be used to build the Kate Campbell Robertson Memorial Park in east Jackson.

The money was restricted by Allen — the last living beneficiary of the Robertson fortune — to be used to maintain the park and benefit underprivileged and needy children in the Jackson community.

The money's value grew over the following three decades, eventually growing to millions of dollars. Some was used to build a public golf course next to the park. By 2011, [that fund held \\$1 million](#) and was accruing nearly \$36,000 per year in interest.

But a look into the city finance records from 2011 on reveal the fund no longer exists — the city dissolved it.

According to city-hired lawyers from Spraggins, Barnett & Cobb and auditors from Alexander Thompson Arnold, the city had the legal right to dissolve the fund.

Alexander Thompson Arnold auditor Mike Hewitt wrote in a 2011 memo to City Recorder Al Laffoon that after Allen Robertson died in 1992, the restrictions he had placed on funds being used for the Robertson Park were lifted.

The city then had the legal right to spend a free \$1 million on whatever it wanted. The problem, though, was no one outside of then-Mayor Jerry Gist's inner circle knew about it.

Former City Councilman Randy Wallace often served as the council's liaison on financial matters; according to Laffoon and Bell, Wallace was the only councilperson to ever ask detailed questions regarding the city's budget.

PART 1: [How Jackson's city finances fell into disarray: Operating with 'no plan at all'](#)

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When asked about the Robertson transfers, Wallace said he vaguely remembered them happening, but that there was never a discussion about them being freed up, nor as to how they should be spent.

Wallace served as a city auditor prior to his election to council in 2007, working near Gist when the latter served as the director of parks and recreation in the 1990s. According to Wallace, Gist was “always trying to find a way to spend the Robertson money” on projects other than the park it was intended to benefit.

Eventually Gist got his wish, and the remaining money in the fund was moved in 2013 to finish construction on the West Tennessee Tennis Complex — which cost nearly \$1 million more than the city council had originally approved to spend.

Overages upon overages

Gist had a history of reporting a project's estimated cost as much lower than it would actually be, to both the city council and the public.

The Jackson Sun reviewed several financial documents, finding four specific projects Gist estimated having much lower costs than the final price tag:

Jackson Animal Care Center:

- [Estimated cost: \\$140,000 per year.](#)
- 2018 cost: \$450,000.

New Jackson Animal Care Center:

- [Estimated cost: \\$1.3 million.](#)
- Actual cost: \$1.7 million.

New Jackson City Court:

- [Estimated cost: \\$2.9 million.](#)
- Actual cost: \$3.5 million.

Jackson Tennis Complex:

- [Estimated cost: \\$1.2 million.](#)
- Actual cost \$2.14 million.

Bell said the administration would publicly display a lower estimated cost so it wouldn't appear to the public that the city was spending "excessively."

"Go back to the tennis complex," she said. "Do you think taxpayers would appreciate knowing they spent \$2 million on it?"

Last March the city council allocated money to construct a new animal care center; the [lowest bid this time around was for \\$1.5 million](#). Already a contentious item, Gist removed the construction of parking lots, sidewalks and sewer systems for the care center [in order to lower the bid to \\$1.3 million](#).

However, parking lots, sidewalks and sewer systems are all required for an operating business, meaning an estimated \$436,500 has been tacked onto the \$1.3 million that had been previously allocated.

City budget committee chairman Paul Taylor said the council doesn't have any plans to fund the rest of the project, instead telling the group organizing the care center to raise the needed money through donations.

Similarly, the new city court was funded without line items to pay for a parking lot, sidewalks, a stormwater system and internet access, all of which are required for the city court to operate. The budget committee had to set aside \$600,000 in this year's capital to fund these items.

"Gist liked things to look good," Bell said. "He didn't enjoy difficult confrontations. People will see the final product and say that they did a good job.

"... When asked the cost, they'd say Gist only did it for X amount. But that was because he embedded it in so many other places."

Dispelling the myth that the general fund balance is healthy

When Gist left office, he pointed to the nearly \$17.2 million he left in a general fund for the incoming administration. This balance, often referred to as the "rainy day fund," is one of few reasons the city maintains a good credit rating.

But the fund balance Gist left wasn't annual savings from the city, but rather extra money the city collected in garbage fees over the past 12 years.

Garbage fees fund the city's health and sanitation department, which is in charge of overseeing the landfill, garbage collection, street cleaning and animal control.

The city would collect roughly \$12 million in these fees — for homeowners, this was the roughly \$10 charge on a Jackson Energy Authority bill every month — per year. It would spend between \$9 million and \$11 million, running a yearly surplus.

Rather than leaving that money in a garbage fund, or even reimbursing residents at the end of the year for paying a higher garbage rate than necessary, that money was moved into the general fund.

The garbage fund transfers stopped in the 2016-2017 fiscal year, though, due to the renewal of the city's garbage contract with Waste Management, as well as providing the company with a \$1 million yearly subsidy as the city picked up bulky waste — a task the new mayoral administration claims Waste Management is obligated to carry out —around Jackson.

[Continue reading part three.](#)

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