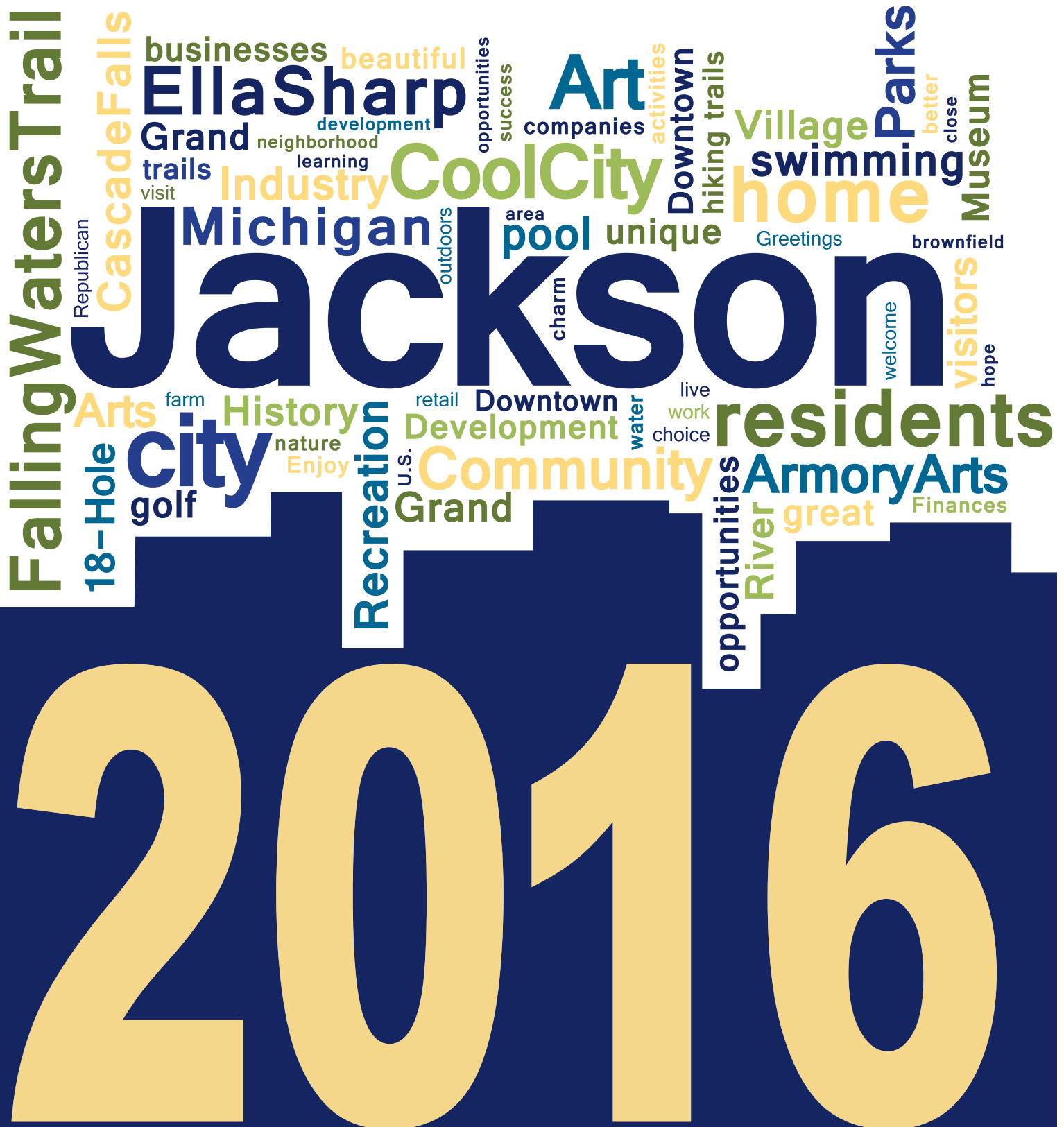




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CITY OF JACKSON, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2016**

**Including
Single Audit Act Compliance**

Prepared by:

**Philip J. Hones, Finance Director
Heather Ehnis, Assistant Finance Director**

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CITY OF JACKSON, MICHIGAN

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INTRODUCTORY SECTION

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December 27, 2016

**Honorable Mayor, Members of the City Council and
Citizens of the City of Jackson**

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Jackson for the fiscal year ended June 30, 2016.

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

The City's financial statements have been audited by Rehmann Robson, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Jackson was founded in 1829, incorporated as a city in 1857 and became a Home Rule City in 1914. It is located in south-central Michigan. The City currently has a land area of approximately 11 square miles and a population of 33,445 based on the 2010 census. The City is an industrial and commercial oriented community serving as a principal business, marketing, and cultural center for the surrounding suburban and agricultural territory. The government is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the Council-Manager form of government. The Mayor is elected on a non-partisan, at-large basis. The six council members are elected on a non-partisan, city ward basis. A ballot proposal passed by the voters on November 6, 2001 staggered and extended the terms of council members elected by ward to four years. The Mayor continues to serve two-year terms. The City Treasurer is also elected on a non-partisan at-large basis. This position serves a four-year term. The City Manager, City Clerk, City Assessor and City Attorney are appointed by the Council for indefinite terms and serve at the pleasure of the Council.

Policymaking and legislative authorities are vested in the City Council. The Council is responsible, among other things, for passing ordinances and resolutions; making public policy decisions; confirming the appointments of department heads; adopting annual budgets; appointing boards, commissions, and committees; approving contracts; authorizing real estate transactions; approving payments; awarding bids; selling personal property; and hiring the government's manager, clerk, assessor and attorney. The City Manager is responsible for carrying out the policies and ordinances of the Council, for supervising the day-to-day operations of the government, and for appointing the heads of the government's departments.

The City of Jackson provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events.

Factors Affecting Financial Condition

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

Local economy. The Jackson area currently enjoys a somewhat limited but gradually diversifying economy that has demonstrated growth in the last decade. Because of its central location, Jackson provides access to employment opportunities in Lansing, Battle Creek and Ann Arbor.

The Michigan Avenue Utility Replacement Project was completed in the fall of 2015 and replaced century-old underground water and sewer infrastructure in a three block area in the core of downtown. In addition, Consumers Energy replaced underground electrical and gas utility services, new sidewalk and pavement were installed and new traffic signals and parking spaces were added. This Project followed the completion of the Blackman Park addition on the site of the former Consumer Energy Headquarters as well as the \$ 1.3 million Parking Lot Improvement Project which added 149 spaces on Pearl St. just north of the Michigan Avenue Project.

Efforts to improve the downtown corridor are all part of the "Anchor Initiative" headed by Jackson's two largest employers - Allegiance Health and Consumer Energy. Unveiled in December of 2014, this "Initiative" promotes living, buying and innovating in downtown Jackson. Interest in living and working in the downtown as well as increased traffic in restaurants and other cultural venues has increased in recent months and is expected to continue to draw more interest in commercial and residential development over the next several years as a result of these efforts.

More recent related developments include the "Lofts On Louis", a new four-story mixed-use \$5.4 million development which broke ground in early November 2016. In addition, two new restaurants, the Dirty Bird and the Junkyard Dog, have recently opened and the possibility of a future locally sourced restaurant and market is hopeful. Gilbert Chocolates has also opened downtown after 52 years in a neighboring township. The conversion of the perimeter traffic loop downtown from one-way to two-way next spring is expected to spur even more development.

Major industries with headquarters or divisions located within the City include a statewide gas and electric utility, aerospace, automobile and industrial component manufacturers, retail sales and several financial institutions.

Long-term financial planning. By 2009, the City's ad valorem (real and personal property) taxable value had grown nearly 57% since fiscal year 2002 to over \$768 million. The City has experienced, as have other communities in Michigan as well as across the country, a decline in the past eight fiscal years to approximately \$588 million. State equalized values (50% of estimated true market values) have also declined in a similar pattern, however, the past two fiscal years have shown increases in these values. Market values, especially in the residential sector, have begun to show slow but steady growth and should continue into the next few years as real estate sales prices improve and the City continues its demolition program of vacant and abandoned housing.

This increase in the assessed value of taxable property in the City mentioned above will be constrained by the Headlee Amendment (which limits the annual increase in the State Equalized Value of real property) and the provisions of Proposal A (which limits increases in taxable property values to 5 percent or the rate of inflation, whichever is less). Taken together, these fiscal factors create a trend toward ever tightening budgets, even in periods of recovery, under which the City must operate.

State shared revenues, which are now subject to the City, Village and Township Revenue Sharing (CVTRS) Program, showed relatively no change in the total constitutional and statutory components of state shared revenues, which amounted to \$4,253,116.

One of the City's major revenue categories - income taxes - continues to reflect stability after declining over \$1.1 million in fiscal year 2010. The City saw its unemployment rate decline to 7.8% (as of June 2016) from the previous fiscal year rate of 10.0%. While there was also a decline in the total labor force of 4.3% to 13,805, actual employment levels declined only 2.0%, to 12,730. The actual number of unemployed declined from 1,441 to 1,075, or 25.4%.

Another continuing financial challenge for the City is the escalating costs of insurance - particularly for employees and retirees but also for property and liability. Greater revenue growth together with cost containment measures will continue to be necessary to mitigate future stress on City finances. Together, these two issues continue to impose increasing burdens on the City's fiscal structure and therefore affect the long-term stability of City finances. In an effort to better control these costs, the City implemented a self-funded health insurance program on July 1, 2014. Substantial savings have since been realized as a result and, at the same time, the City has been able to maintain its health coverage levels for its employees and retirees than would otherwise be possible in the open market.

Relevant Financial Policies. There have been no situations that have affected the application of the City's standard financial policies.

The City has always taken steps to reduce operating costs in an effort to maintain fund balances, especially within the governmental funds area. Related to this effort, the City Council adopted a fund balance policy in December 2012, as recommended by the Government Finance Officers Association. This adopted policy prescribes a minimum 15% fund balance with a desired fund balance level of 30% within the general fund and also provides timeframes that the City would have to "replenish" fund balance and attain these higher levels.

Major Initiatives. Police and fire services have always acted in unison with the surrounding townships and county and efforts to further that cooperation are constantly being investigated. The City's Public Works Department continues to work with the County Road Commission more closely than in the past on matters such as bidding for materials (road salt, etc...) and the City provides traffic signal maintenance to many outlying areas. As indicated earlier, the City, along with some of its larger employers as well as the State, continue to work together on the "Anchor Initiative" effort which is making it more attractive to live and work in the downtown area. In the fall of 2014, the City was awarded \$5.5 million in State grant funds that has enabled the continuing demolition of approximately 225 vacant structures, thus furthering the City's efforts towards neighborhood revitalization. These are just some of the more major efforts the City is taking to not only reduce operating costs and become more cost efficient, but to set the framework for the City to become a more viable and thriving place to live and work in the coming fiscal years.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2015. This was the twenty-fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

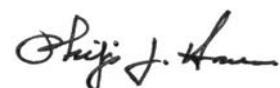
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City of Jackson. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,



Patrick H. Burtch, City Manager



Philip J. Hones, City Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Jackson
Michigan**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

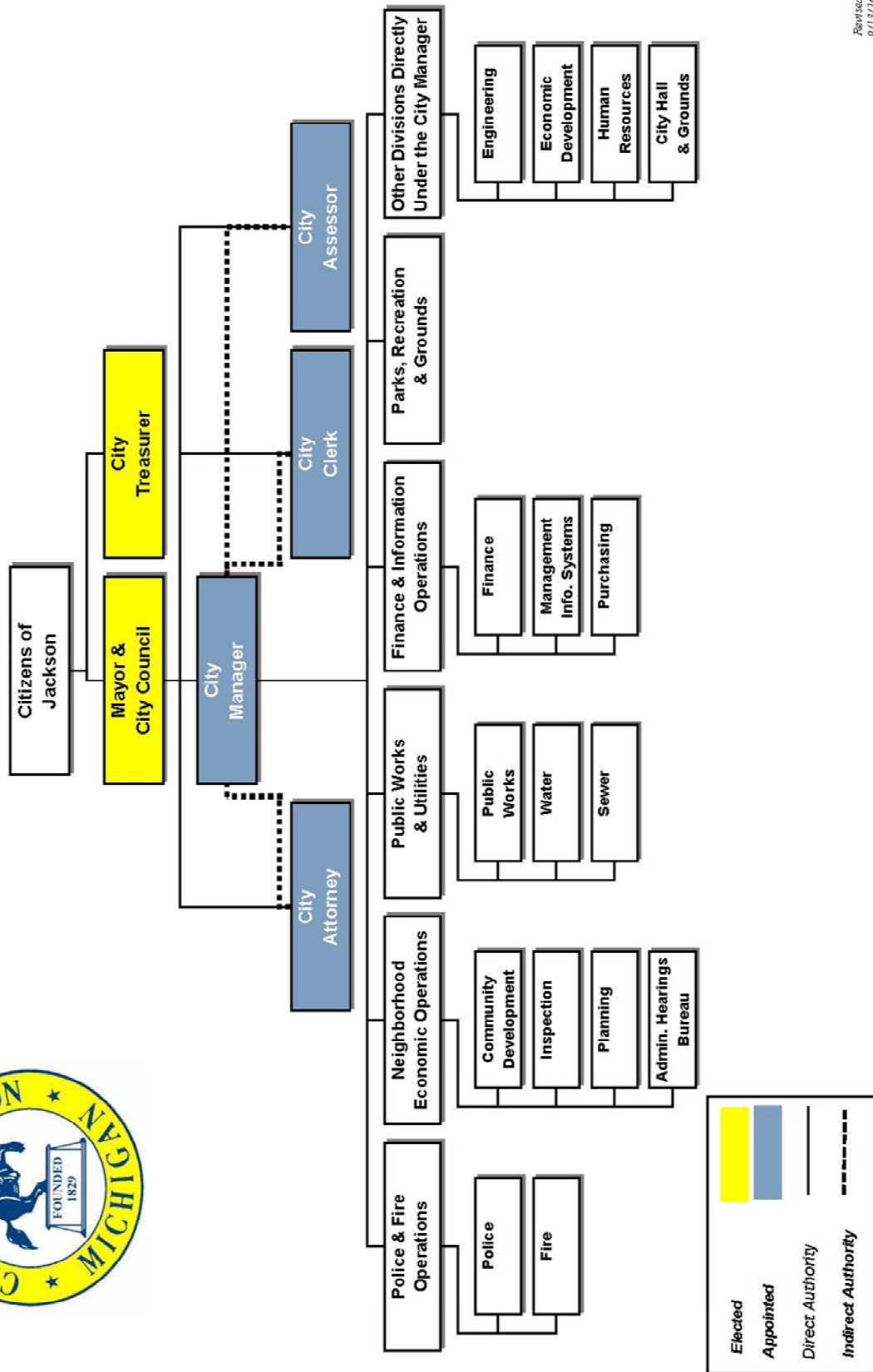
June 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



City of Jackson Organizational Structure



Revised
9/13/16

**City of Jackson, Michigan
List of Principal Officials**



CITY COUNCIL

Bill Jors, Mayor

Arlene Robinson	1st Ward
Freddie C. Dancy	2nd Ward
Daniel P. Greer	3rd Ward
Craig Pappin	4th Ward
Andrew R. Frounfelker	5th Ward
Derek J. Dobies	6th Ward

CITY OFFICIALS

Patrick H. Burtch, City Manager

Jonathan Greene	Assistant City Manager/Economic Development Director
Matthew Heins	Director of Police and Fire Services
Philip J. Hones	Director of Finance
Kelli Hoover	Director of Parks, Recreation & Grounds
Todd Knepper	Director of Public Works/Public Utilities Director
Jennifer L. Morris	Neighborhood & Economic Operations Director
Bethany (Smith) Vujnov	City Attorney
David Taylor	City Assessor
Andrew J. Wrozek, Jr.	City Treasurer/Income Tax Administrator/City Clerk

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 27, 2016

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, 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, Michigan, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2016, on our consideration of the City of Jackson's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Rehmann Lohman LLC

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MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

As management of the *City of Jackson, Michigan* (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$65,828,508 (net position). The City is required to report its net pension liability on the statement of net position. This change has resulted in a negative unrestricted net position of (\$45,259,723).
- The government's total net position increased by \$439,513 from operations during the fiscal year. This change is a combination of a decrease in the governmental activities net position of (\$2,282,898) and an increase in the business-type activities net position of \$2,722,411.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,539,405, a decrease of (\$1,193,011) in comparison with the prior year. Approximately 36 percent of this total amount, or \$4,909,006, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$6,041,453, or 29 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$434,125 during the current fiscal year. New bonded debt was issued in the amount of \$1,300,000 and existing bonded debt was retired in the amount of \$1,734,125.

Overview of the Financial Statements

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

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflow 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 is improving or deteriorating.

The *statement of activities* presents information that shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *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 periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental 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 include legislative, general government, public safety, public works, culture and recreation and community enrichment and development. The business-type activities of the City include the golf practice center, parking system and water and sewer operations. Separate storm water utility activity was discontinued in the fiscal year 2015.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

The government-wide financial statements include not only the City itself (known as the primary government), but also two legally separate authorities - the Downtown Development Authority and the Brownfield Redevelopment Authority - for which the City is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. The City of Jackson Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 29 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, major streets special revenue and special assessment capital projects funds, each of which are considered to be major funds. Data from the other 26 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

Proprietary funds. The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three major enterprise funds to account for its sanitary sewer, water purification and distribution and parking deck operations while the operations of the City's golf practice center and its remaining parking system are considered nonmajor and are combined into a single, aggregated presentation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation and prescription drug and health care deductible self-insurance programs, the motor pool and garage operations, public works and engineering administration and for the Brownfield Redevelopment Authority's local site remediation activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. All of the City's individual internal service fund data is provided in the form of combining statements elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewage, water and parking deck operations, all of which are considered to be major funds of the City.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Notes to the financial statements. The notes provide additional information that 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. This includes schedules concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees.

The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, 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 exceeded liabilities and deferred inflows of resources by \$65,828,508 at the close of the most recent fiscal year.

The City's net position reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 19,714,632	\$ 20,291,360	\$ 24,734,869	\$ 25,500,104	\$ 44,449,501	\$ 45,791,464
Capital assets	79,869,915	76,187,072	62,021,038	59,259,505	141,890,953	135,446,577
Total assets	99,584,547	96,478,432	86,755,907	84,759,609	186,340,454	181,238,041
Deferred outflows of resources	8,540,816	3,380,433	134,420	65,685	8,675,236	3,446,118
Liabilities						
Long-term liabilities outstanding	40,662,927	40,590,754	303,640	398,707	40,966,567	40,989,461
Other liabilities	2,385,063	2,482,301	1,275,002	1,791,339	3,660,065	4,273,640
Net other postemployment benefits obligation and net pension liability	78,219,825	72,000,733	646,523	889,666	78,866,348	72,890,399
Total liabilities	121,267,815	115,073,788	2,225,165	3,079,712	123,492,980	118,153,500
Deferred inflows of resources	5,472,102	1,116,733	222,100	24,931	5,694,202	1,141,664
Net position:						
Net investment in capital assets	41,858,320	38,234,548	62,021,038	59,159,505	103,879,358	97,394,053
Restricted	7,208,873	7,972,469	-	62,500	7,208,873	8,034,969
Unrestricted (deficit)	(67,681,747)	(62,538,673)	22,422,024	22,498,646	(45,259,723)	(40,040,027)
Total net position	\$ (18,614,554)	\$ (16,331,656)	\$ 84,443,062	\$ 81,720,651	\$ 65,828,508	\$ 65,388,995

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 6,865,865	\$ 5,552,879	\$ 12,950,095	\$ 12,157,199	\$ 19,815,960	\$ 17,710,078
Operating grants and contributions	8,528,481	8,168,083	-	-	8,528,481	8,168,083
Capital grants and contributions	4,382,916	2,616,526	-	-	4,382,916	2,616,526
General revenues:						
Property taxes	10,098,963	9,848,721	-	-	10,098,963	9,848,721
Income taxes	8,269,968	8,806,662	-	-	8,269,968	8,806,662
Grants and contributions not restricted to specific programs	4,529,640	4,473,462	484,125	494,502	5,013,765	4,967,964
Other	261,405	211,377	65,603	79,121	327,008	290,498
Gain on sale of capital assets	12,292	8,939	-	-	12,292	8,939
Total revenues	42,949,530	39,686,649	13,499,823	12,730,822	56,449,353	52,417,471
Expenses:						
Legislative	86,196	77,646	-	-	86,196	77,646
General government	4,919,166	4,430,955	-	-	4,919,166	4,430,955
Public safety	23,831,644	20,342,158	-	-	23,831,644	20,342,158
Public works	6,008,799	6,078,035	-	-	6,008,799	6,078,035
Culture and recreation	3,001,248	2,925,356	-	-	3,001,248	2,925,356
Community enrichment and development	3,853,316	2,955,101	-	-	3,853,316	2,955,101
Interest on long-term debt	2,224,745	1,212,116	-	-	2,224,745	1,212,116
Sewer	-	-	4,697,987	4,269,366	4,697,987	4,269,366
Water	-	-	6,837,381	6,671,055	6,837,381	6,671,055
Stormwater utilities	-	-	-	679,023	-	679,023
Parking system	-	-	507,451	590,951	507,451	590,951
Golf practice center	-	-	41,907	53,489	41,907	53,489
Total expenses	43,925,114	38,021,367	12,084,726	12,263,884	56,009,840	50,285,251
Change in net position before transfers	(975,584)	1,665,282	1,415,097	466,938	439,513	2,132,220
Transfers	(1,307,314)	(751,966)	1,307,314	751,966	-	-
Change in net position	(2,282,898)	913,316	2,722,411	1,218,904	439,513	2,132,220
Net position:						
Beginning of year:						
Previously stated	(16,331,656)	33,396,600	81,720,651	81,312,587	65,388,995	114,709,187
Restatement for implementation of GASB 68	-	(50,641,572)	-	(810,840)	-	(51,452,412)
Net position (deficit) - end of year	\$ (18,614,554)	\$ (16,331,656)	\$84,443,062	\$81,720,651	\$ 65,828,508	\$ 65,388,995

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

The government's net position increased by \$439,513 during the current fiscal year. Governmental activities decreased \$2,282,898 and business-type activities increased \$2,722,411. The decrease in the governmental activities is due largely to a significant increase in expenses related to the City's housing demolition program. Governmental activities revenues in total increased over the prior year by \$3,262,881, or 8%, while governmental activities expenses increased \$5,903,747, or 16%. The increase in net position in the business-type activities was significantly larger than the increase of \$1,218,904 from last fiscal year. Business-type activities revenues increased \$769,001, or 6%, while business-type activities expenses declined \$179,158, or 1%.

Governmental activities. Governmental activities decreased the City's net position by \$2,282,898 during fiscal year 2016. Some significant elements of this decrease are as follows:

- Income taxes decreased \$536,694, or 6%, from the prior fiscal year. This decrease follows a fiscal year that saw an increase of 9% which was largely attributable to a one-time windfall.
- Capital grants and contributions increased \$1,766,390 largely as a result of major street construction funding for supplemental road and bridge construction.
- With the exception of public safety, expenses, for the most part, were comparable to prior year's. The largest change, an increase in public safety of nearly \$3.5 million, included the addition of over \$2.5 million in blight elimination expenses (demolitions) as well as several smaller increases.

Business-type activities. Business-type activities increased the City's net position by \$2,722,411 during fiscal year 2016 compared to an increase of \$1,218,904 during fiscal year 2015. This \$1,503,507 change resulted from an increase in the sewage activity of \$209,358 and the water activity of \$1,319,566 offset by a decrease in the parking deck activity of \$224,862.

Key elements of this net increase are as follows:

- During the fiscal year there was an approximate 10% increase in sewer and water rates. This follows two fiscal years that saw no rate increases. Prior to that there were increases in both rates of approximately 10% and 2.7% in 2012 and 2013, respectfully.
- Sewer charges for services increased \$344,594, or 8% from the prior fiscal year. Sewer operating expenses increased \$542,651, or 13%. Some of the increase is due to larger than normal sludge removal costs and there was also an increase in the write off of a large receivable due to bankruptcy.
- Water charges for services increased \$557,325, or 8%. The total number of customers declined slightly by 189, or 1.3%, however, the amount of water sold increased by 230 million gallons, or 11.3%. Both residential and commercial user-class revenues declined somewhat while the industrial class showed a significant increase of approximately 82%. Fluctuations, historically, are usually more significant from year to year in the industrial class, as a rule.
- The stormwater utilities expenses decreased by \$679,023, or 100%. This is due to the Stormwater discontinuing operations in fiscal 2015.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City'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'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.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,539,405, a decrease of \$1,193,011 from the prior year. Approximately 36 percent of this total amount, or \$4,909,006 is available for spending at the government's discretion (unassigned fund balance). The remainder of fund balance is 1) nonspendable to indicate that it is not available for new spending because it must be maintained intact for inventories \$336,116, prepaid expenditures \$81,863, funds advanced on a long-term basis \$90,000, cemetery perpetual care \$1,920,993 and endowments related to Ella Sharp Park and facilities \$1,110,719; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$4,137,161; and 3) committed which indicate funds that have self-imposed limitations, which total \$953,547. A summary of the nonspendable, restricted and committed components of fund balance can be found in the notes to financial statements section of this report.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$6,041,453, while total fund balance was \$6,108,880. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28.8 percent of total general fund expenditures while total fund balance represents 29.1 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$567,157 during the current fiscal year. The City continues to experience declines in its tax base, although much smaller than in prior years. State equalized values, which represent 50% of true cash values, actually increased for the second straight year in 2016, signaling what is hoped for as the continuance of an upward trend in taxable values. Income tax revenues, which showed significant growth in the prior year, decreased \$536,694, or 6.0%, from the prior fiscal year. This decline would normally be of concern, however, the prior fiscal year saw an increase of 9.0%, largely due to a one-time windfall, as indicated previously.

The major streets special revenue fund's fund balance decreased \$247,733 from the prior fiscal year leaving a total surplus of \$1,492,026 at fiscal year-end. Total street and state highway construction increased substantially in comparison with the prior fiscal year due largely to approximately \$2.2 million in reconstruction on West Avenue, a state trunkline street running north and south through the west side of the City. Another large project was the Lewis St. Bridge reconstruction, a federal grant-funded project that slightly exceeded \$1 million in costs.

The special assessment capital projects fund, which is used to account for special assessments levied to finance public improvements or services deemed to benefit only the properties against which the assessments are levied, increased the amount of its fund deficit by \$32,093. This fund, which has a deficit by its nature, recorded \$379,311 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$347,218.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities but in more detail.

Unrestricted net position of the sewage fund and water fund at the end of the year amounted to \$10,571,760 and \$10,907,721, respectively. The sewage fund had an increase in net position for the year of \$209,358, and the water fund had an increase of \$1,319,566. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities. The parking deck fund had a decrease in net position of \$224,862. Effective January 1, 2016, the largest user of the parking decks negotiated an agreement with the City to maintain the two decks, as well as some smaller surface lots, in exchange for parking permits that were previously paid for.

General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues were largely minor adjustments made for the most part during the budget process. Total revenues were unfavorable when compared to budget by \$378,734.

Expenditures were favorable when compared to budget in total by \$1,271,737. The actual increase in fund balance of \$567,157 exceeded the anticipated budgeted decrease of \$444,575 by \$1,011,732, or 4.8 percent of expenditures.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounted to \$141,890,953 (net of accumulated depreciation). This investment in capital assets includes land, systems, land improvements, infrastructure, buildings and improvements, park and recreation facilities and machinery and equipment. The total net increase in the City's investment in capital assets for the current fiscal year was \$6,444,376 or 4.8 percent.

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

- Infrastructure improvements of approximately \$4.3 million comprised largely of street and bridge construction.
- Various parking as well as water and sewer system improvements totaled approximately \$5 million. Included were water distribution mains of \$2.1 million, sewer line replacements of approximately \$1.2 million and parking lot improvements of \$1.4 million.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,428,780	\$ 2,428,780	\$ 8,956,886	\$ 8,956,886	\$ 11,385,666	\$ 11,385,666
Construction in progress	-	-	1,847,842	267,286	1,847,842	267,286
Systems	-	-	40,584,112	38,860,832	40,584,112	38,860,832
Land improvements	11,982,110	12,297,373	1,333,381	1,378,991	13,315,491	13,676,364
Infrastructure	47,943,514	43,655,146	-	-	47,943,514	43,655,146
Buildings and improvements	10,133,253	10,415,906	8,015,759	8,233,350	18,149,012	18,649,256
Park and recreation facilities	5,368,396	5,530,628	-	-	5,368,396	5,530,628
Machinery and equipment	2,013,862	1,859,239	1,283,058	1,562,160	3,296,920	3,421,399
Total	\$ 79,869,915	\$ 76,187,072	\$ 62,021,038	\$ 59,259,505	\$ 141,890,953	\$ 135,446,577

Additional information related to capital assets can be found in Note 7 to the financial statements.

Long-term debt. At the end of the current fiscal year, the City had total general obligation debt outstanding of \$38,448,945. Of this amount, \$38,049,452 comprises debt backed by the full faith and credit of the government.

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 38,049,452	\$ 38,383,577	\$ -	\$ -	\$ 38,049,452	\$ 38,383,577
Installment purchase agreement	399,493	-	-	-	399,493	-
Revenue bonds	-	-	-	100,000	-	100,000
Total	\$ 38,448,945	\$ 38,383,577	\$ -	\$ 100,000	\$ 38,448,945	\$ 38,483,577

The City issued new debt in the amount of \$1,300,000 and retired existing bonded debt in the amount of \$1,734,125 (4.5 percent) during the current fiscal year.

The City has an "A+" rating from Standard & Poor's for general obligation debt. The sewer fund revenue bonds were not rated.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City is \$63,299,340, which is significantly in excess of the City's outstanding general obligation debt of \$38,448,945.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Additional information related to long-term debt can be found in the Note 10 to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2016/17 fiscal year:

- The unemployment rate for the City is currently 7.4% (October 2016), which is an increase from a rate of 6.7% a year ago (October 2015). While this compares unfavorably to the state's average unemployment rate of 4.7% and the national average rate of 4.9%, the City has maintained consistent employment levels - from 12,689 to 12,686 - which should have a stable, if not positive, effect on this year's income tax revenues.
- Ad valorem (real and personal) taxable values of property have decreased 2.5% over the prior fiscal year. State equalized values, however, as indicated earlier, actually increased for the second consecutive fiscal year since 2009. As a result, it is expected that taxable values will begin to show slow but steady growth in the coming years.
- Inflationary trends in the region compare favorably to national indices.

During the 2016 fiscal year, unassigned fund balance in the general fund increased to \$6,041,453. The current budget anticipates that this fund balance amount will increase by \$191,504.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 161 W. Michigan Avenue, Jackson, Michigan 49201.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Statement of Net Position

June 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Assets					
Pooled cash and investments	\$ 9,057,773	\$ 21,293,011	\$ 30,350,784	\$ 1,468,805	\$ 204,615
Restricted cash:					
Cash on hand with agents	46,000	-	46,000	-	-
Pooled cash and investments	3,004,947	-	3,004,947	-	-
Receivables, net	6,687,692	3,385,158	10,072,850	-	118,164
Internal balances	248,325	(248,325)	-	-	-
Prepays and other assets	669,895	305,025	974,920	-	-
Capital assets not being depreciated	2,428,780	10,804,728	13,233,508	-	-
Capital assets being depreciated, net	77,441,135	51,216,310	128,657,445	-	-
Total assets	99,584,547	86,755,907	186,340,454	1,468,805	322,779
Deferred outflows of resources					
Deferred charge on refunding	732,897	-	732,897	-	-
Deferred pension amounts	7,807,919	134,420	7,942,339	-	-
Total deferred outflows of resources	8,540,816	134,420	8,675,236	-	-
Liabilities					
Accounts payable and accrued liabilities	1,798,953	1,275,002	3,073,955	482	-
Accrued interest payable	133,548	-	133,548	-	-
Unearned revenue	452,562	-	452,562	-	63,660
Long-term debt:					
Due within one year	2,168,782	23,601	2,192,383	-	-
Due in more than one year	38,494,145	280,039	38,774,184	-	-
Other noncurrent liabilities:					
Net other postemployment benefits	22,916,003	-	22,916,003	-	-
Net pension liability	55,303,822	646,523	55,950,345	-	-
Total liabilities	121,267,815	2,225,165	123,492,980	482	63,660
Deferred inflows of resources					
Deferred pension amounts	5,472,102	222,100	5,694,202	-	-
Net position					
Net investment in capital assets	41,858,320	62,021,038	103,879,358	-	-
Restricted for:					
Debt service	61,468	-	61,468	-	-
Highways and streets	1,835,155	-	1,835,155	-	-
Public improvement and recreation	2,221,364	-	2,221,364	-	-
Public safety	19,174	-	19,174	-	-
Perpetual care -					
Endowments (nonspendable)	3,071,712	-	3,071,712	-	-
Unrestricted (deficit)	(67,681,747)	22,422,024	(45,259,723)	1,468,323	259,119
Total net position	\$ (18,614,554)	\$ 84,443,062	\$ 65,828,508	\$ 1,468,323	\$ 259,119

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

CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 86,196	\$ -	\$ -	\$ -	\$ (86,196)
General government	4,919,166	1,327,047	1,023,624	-	(2,568,495)
Public safety	23,831,644	2,483,309	3,402,030	-	(17,946,305)
Public works	6,008,799	260,754	2,916,650	4,212,631	1,381,236
Culture and recreation	3,001,248	874,604	3,197	-	(2,123,447)
Community enrichment and development	3,853,316	1,920,151	1,182,980	170,285	(579,900)
Interest on long-term debt	2,224,745	-	-	-	(2,224,745)
Total governmental activities	43,925,114	6,865,865	8,528,481	4,382,916	(24,147,852)
Business-type activities:					
Sewer	4,697,987	4,874,633	-	-	176,646
Water	6,837,381	7,817,338	-	-	979,957
Parking system	507,451	217,066	-	-	(290,385)
Golf practice center	41,907	41,058	-	-	(849)
Total business-type activities	12,084,726	12,950,095	-	-	865,369
Total primary government	\$ 56,009,840	\$ 19,815,960	\$ 8,528,481	\$ 4,382,916	\$ (23,282,483)
Component units					
Brownfield redevelopment authority	\$ 1,182,982	\$ -	\$ -	\$ -	\$ (1,182,982)
Downtown development authority	205,820	55,746	20,000	-	(130,074)
Total component units	\$ 1,388,802	\$ 55,746	\$ 20,000	\$ -	\$ (1,313,056)

continued...

CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenues (expenses)	<u>\$ (24,147,852)</u>	<u>\$ 865,369</u>	<u>\$ (23,282,483)</u>	<u>\$ (1,182,982)</u>	<u>\$ (130,074)</u>
General revenues and transfers					
Property taxes	10,098,963	-	10,098,963	1,090,860	87,371
Income taxes	8,269,968	-	8,269,968	-	-
Grants and contributions not restricted to specific purposes	4,529,640	484,125	5,013,765	-	11,150
Unrestricted interest earnings	261,405	65,603	327,008	3,487	2,295
Gain on sale of capital assets	12,292	-	12,292	-	-
Transfers - internal activities	(1,307,314)	1,307,314	-	-	-
Total general revenues and transfers	<u>21,864,954</u>	<u>1,857,042</u>	<u>23,721,996</u>	<u>1,094,347</u>	<u>100,816</u>
Change in net position	<u>(2,282,898)</u>	<u>2,722,411</u>	<u>439,513</u>	<u>(88,635)</u>	<u>(29,258)</u>
Net position (deficit), beginning of year	<u>(16,331,656)</u>	<u>81,720,651</u>	<u>65,388,995</u>	<u>1,556,958</u>	<u>288,377</u>
Net position (deficit), end of year	<u><u>\$ (18,614,554)</u></u>	<u><u>\$ 84,443,062</u></u>	<u><u>\$ 65,828,508</u></u>	<u><u>\$ 1,468,323</u></u>	<u><u>\$ 259,119</u></u>

concluded.

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

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FUND FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Governmental Funds Balance Sheet

June 30, 2016

	General	Major Streets	Special Assessment Capital Projects	Nonmajor Governmental Funds	Totals
Assets					
Pooled cash and investments	\$ 2,485,264	\$ 927,959	\$ 33,089	\$ 7,189,844	\$ 10,636,156
Accounts receivables, net	238,932	45,688	-	193,173	477,793
Taxes receivable	1,781,763	-	-	-	1,781,763
Loans receivable	-	-	-	70,875	70,875
Other receivables	-	-	1,135,986	10,860	1,146,846
Due from other governments	639,791	577,371	-	1,968,160	3,185,322
Due from other funds	-	-	-	103,463	103,463
Interfund receivable	1,849,114	-	-	-	1,849,114
Inventories	-	320,616	-	15,500	336,116
Prepaid items	17,427	-	-	64,436	81,863
Long-term advances to other funds	50,000	-	-	40,000	90,000
Total assets	\$ 7,062,291	\$ 1,871,634	\$ 1,169,075	\$ 9,656,311	\$ 19,759,311
Liabilities					
Accounts payable	\$ 276,181	\$ 363,587	\$ -	\$ 338,837	\$ 978,605
Accrued payroll	306,090	16,021	-	69,850	391,961
Other liabilities	70,798	-	-	-	70,798
Due to other funds	54,329	-	33,089	140	87,558
Interfund payable	-	-	-	1,849,114	1,849,114
Unearned revenue	246,013	-	-	206,549	452,562
Long-term advances from other funds	-	-	1,132,447	50,000	1,182,447
Total liabilities	953,411	379,608	1,165,536	2,514,490	5,013,045
Deferred inflows of resources					
Unavailable revenue - loans receivable	-	-	-	70,875	70,875
Unavailable revenue - special assessment receivable	-	-	1,135,986	-	1,135,986
Total deferred inflows of resources	-	-	1,135,986	70,875	1,206,861
Fund balances					
Nonspendable	67,427	320,616	-	3,151,648	3,539,691
Restricted	-	1,171,410	-	2,965,751	4,137,161
Committed	-	-	-	956,075	956,075
Unassigned (deficit)	6,041,453	-	(1,132,447)	(2,528)	4,906,478
Total fund balances (deficit)	6,108,880	1,492,026	(1,132,447)	7,070,946	13,539,405
Total liabilities, deferred inflows of resources and fund balances	\$ 7,062,291	\$ 1,871,634	\$ 1,169,075	\$ 9,656,311	\$ 19,759,311

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

CITY OF JACKSON, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2016

Fund balances - total governmental funds \$ 13,539,405

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

Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.

Capital assets not being depreciated	2,428,780
Capital assets being depreciated, net	77,441,135
Less capital assets in internal service funds	(812,096)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows in the governmental funds, and thus are not included in fund balance.

Deferred loans receivable	70,875
Deferred special assessments	1,135,986

Certain pension-related amounts, such as the net pension liability and deferred amounts are not due and payable in the current period or do not represent current financial resources and therefore are not reported in the funds.

Net pension liability	(55,303,822)
Deferred inflows related to the net pension liability	(5,472,102)
Deferred outflows related to the net pension liability	7,807,919

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.

Net position of governmental activities accounted for in internal service funds	3,320,622
Portion of internal service funds net position attributed to business-type activities	208,325

Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.

Unamortized bond discount	109,795
Unamortized deferred loss on refunding	732,897
Bonds and installment contracts	(38,448,945)
Unamortized bond premium	(439,415)
Other postemployment benefit obligation	(22,916,003)
Compensated absences	(1,884,362)
Accrued interest on long-term liabilities	(133,548)

Net position of governmental activities \$ (18,614,554)

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

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Fiscal Year Ended June 30, 2016

	General	Major Streets	Special Assessment Capital Projects	Nonmajor Governmental Funds	Totals
Revenues					
Property taxes	\$ 7,655,113	\$ -	\$ -	\$ 2,443,850	\$ 10,098,963
Income taxes	8,269,968	-	-	-	8,269,968
Licenses and permits	269,932	-	-	-	269,932
Intergovernmental	4,417,029	6,081,857	-	7,046,991	17,545,877
Charges for services	1,231,701	-	-	2,349,889	3,581,590
Fines and forfeits	291,348	-	-	-	291,348
Special assessments	-	-	347,218	-	347,218
Investment income	26,733	2,649	-	265,388	294,770
Miscellaneous	110,815	200,522	-	1,961,869	2,273,206
Total revenues	22,272,639	6,285,028	347,218	14,067,987	42,972,872
Expenditures					
Current:					
Legislative	86,196	-	-	-	86,196
General government	4,381,350	-	-	-	4,381,350
Public safety	13,647,101	-	-	6,221,987	19,869,088
Public works	799,946	6,398,757	-	2,334,675	9,533,378
Culture and recreation	1,436,002	-	-	1,507,176	2,943,178
Community enrichment and development	662,416	-	-	3,275,848	3,938,264
Debt service:					
Principal retirement	-	-	-	1,694,125	1,694,125
Interest and fiscal charges	-	-	-	2,184,775	2,184,775
Total expenditures	21,013,011	6,398,757	-	17,218,586	44,630,354
Revenues over (under) expenditures	1,259,628	(113,729)	347,218	(3,150,599)	(1,657,482)
Other financing sources (uses)					
Proceeds from Issuance of long-term debt	-	-	-	1,759,493	1,759,493
Proceeds from sale of capital assets	12,292	-	-	-	12,292
Transfers in	24,755	340,996	-	4,942,570	5,308,321
Transfers out	(729,518)	(475,000)	(379,311)	(5,031,806)	(6,615,635)
Total other financing sources (uses)	(692,471)	(134,004)	(379,311)	1,670,257	464,471
Net change in fund balances	567,157	(247,733)	(32,093)	(1,480,342)	(1,193,011)
Fund balances (deficit), beginning of year	5,541,723	1,739,759	(1,100,354)	8,551,288	14,732,416
Fund balances (deficit), end of year	\$ 6,108,880	\$ 1,492,026	\$ (1,132,447)	\$ 7,070,946	\$ 13,539,405

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

CITY OF JACKSON, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Changes in Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2016

Net change in fund balances - total governmental funds \$ (1,193,011)

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

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.

Capital outlay	8,311,294
Depreciation expense	(4,340,277)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Current year special assessment levied greater than receipts	31,045
Current year loan receivable receipts	(115,750)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Principal payments on long-term liabilities	1,694,125
Proceeds from issuance of long-term liabilities	(1,759,493)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest payable on bonds	(12,194)
Amortization of bond discount	(7,959)
Amortization of bond premium	36,735
Amortization of refunding loss	(56,552)
Change in net other postemployment benefit obligation	(3,208,852)
Change in net pension liability and related deferred amounts	(2,148,675)
Change in the accrual of compensated absences	(35,581)

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Net operating income from governmental activities accounted for in internal service funds	632,153
Net operating loss attributable to business-type activities	(159,152)
Interest revenue from governmental internal service funds	49,246

Change in net position of governmental activities \$ (2,282,898)

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

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Property taxes	\$ 7,642,365	\$ 7,642,365	\$ 7,655,113	\$ 12,748	\$ 7,378,373
Income taxes	8,530,000	8,580,000	8,269,968	(310,032)	8,806,662
Licenses and permits	281,960	272,335	269,932	(2,403)	269,871
Intergovernmental	4,450,595	4,461,830	4,417,029	(44,801)	4,382,628
Charges for services	1,173,173	1,255,021	1,231,701	(23,320)	1,077,458
Fines and forfeits	255,475	257,275	291,348	34,073	251,069
Investment income	30,500	30,500	26,733	(3,767)	28,652
Miscellaneous	142,760	152,047	110,815	(41,232)	180,446
Total revenues	22,506,828	22,651,373	22,272,639	(378,734)	22,375,159
Expenditures					
Current:					
Legislative - City Council	94,912	91,634	86,196	(5,438)	77,646
General government:					
City Manager	358,495	455,846	416,296	(39,550)	297,370
City Clerk - Elections	103,412	111,387	124,633	13,246	100,328
Finance	430,900	451,871	445,287	(6,584)	529,784
City Assessor	350,620	354,577	336,338	(18,239)	317,859
City Attorney	514,987	539,463	530,894	(8,569)	455,454
City Clerk	122,346	116,632	114,748	(1,884)	107,302
Personnel	260,100	275,222	286,544	11,322	193,910
Purchasing	107,612	110,225	105,659	(4,566)	103,577
City Treasurer	319,569	329,472	335,971	6,499	329,026
City income tax administration	158,120	149,806	120,068	(29,738)	126,021
Management information services	310,044	296,338	281,503	(14,835)	341,822
City hall and grounds	329,912	324,118	294,761	(29,357)	356,283
Cemeteries	240,282	243,425	241,201	(2,224)	233,892
Administrative hearings bureau	32,637	45,685	42,462	(3,223)	35,334
Unallocated	796,965	860,180	704,985	(155,195)	737,666
Total general government	4,436,001	4,664,247	4,381,350	(282,897)	4,265,628
Public safety:					
Police:					
General	8,673,580	8,496,680	8,141,028	(355,652)	7,955,584
STEP grant	-	11,766	4,810	(6,956)	9,551
Office of Highway Safety program	-	15,000	7,214	(7,786)	15,454
MCOLES training	-	-	-	-	11,791
In-service training	16,000	16,250	14,965	(1,285)	12,671
Consortium training	13,693	13,733	1,176	(12,557)	34,713
Fire -					
Suppression	3,275,852	3,150,785	3,102,099	(48,686)	3,018,925
Police and fire - unallocated	2,410,870	2,434,139	2,375,809	(58,330)	2,318,015
Total public safety	14,389,995	14,138,353	13,647,101	(491,252)	13,376,704

continued...

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Tax property maintenance	\$ 44,543	\$ 109,857	\$ 49,050	\$ (60,807)	\$ 46,016
Civic affairs	47,400	72,156	60,983	(11,173)	28,750
Drains at large	39,000	40,903	33,985	(6,918)	25,092
Grounds maintenance	141,552	181,000	173,039	(7,961)	54,053
Sidewalk construction	31,000	61,000	16,859	(44,141)	5,787
Street lighting	484,017	483,973	420,523	(63,450)	384,688
Weed control	67,067	82,507	63,549	(18,958)	48,020
Reimbursements	(40,000)	(46,000)	(18,042)	(27,958)	(18,218)
Total public works	814,579	985,396	799,946	(185,450)	574,188
Culture and recreation:					
Parks and recreation administration	591,669	625,359	589,121	(36,238)	685,297
Parks and facilities maintenance	495,291	507,950	500,942	(7,008)	499,352
Forestry	291,255	302,643	301,490	(1,153)	224,419
Lt. Nixon memorial pool	85,750	85,705	81,646	(4,059)	71,436
Historical district	12,238	12,946	9,140	(3,806)	17,907
Reimbursements	(40,000)	(35,000)	(46,337)	11,337	(38,301)
Total culture and recreation	1,436,203	1,499,603	1,436,002	(63,601)	1,460,110
Community enrichment/development:					
Planning	149,886	149,695	126,054	(23,641)	173,363
DDA and equity grants	-	20,000	20,000	-	-
Economic development	211,499	735,820	516,362	(219,458)	143,489
Total community enrichment and development	361,385	905,515	662,416	(243,099)	316,852
Total expenditures	21,533,075	22,284,748	21,013,011	(1,271,737)	20,071,128
Revenues over expenditures	973,753	366,625	1,259,628	893,003	2,304,031
Other financing sources (uses)					
Proceeds from sale of capital assets	10,000	9,000	12,292	3,292	8,939
Transfers in	32,000	31,000	24,755	(6,245)	28,133
Transfers out	(986,078)	(851,200)	(729,518)	(121,682)	(1,616,651)
Total other financing sources (uses)	(944,078)	(811,200)	(692,471)	118,729	(1,579,579)
Net change in fund balance	29,675	(444,575)	567,157	1,011,732	724,452
Fund balance, beginning of year	5,541,723	5,541,723	5,541,723	-	4,817,271
Fund balance, end of year	\$ 5,571,398	\$ 5,097,148	\$ 6,108,880	\$ 1,011,732	\$ 5,541,723

concluded.

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

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Final Budget and Actual - Major Streets Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016				2015 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Intergovernmental	\$ 4,394,099	\$ 6,233,502	\$ 6,081,857	\$ (151,645)	\$ 4,358,201
Investment income	500	2,000	2,649	649	4,585
Miscellaneous	600,436	152,754	200,522	47,768	331,129
Total revenues	<u>4,995,035</u>	<u>6,388,256</u>	<u>6,285,028</u>	<u>(103,228)</u>	<u>4,693,915</u>
Expenditures					
Public works:					
Street construction	2,082,624	1,594,720	1,213,579	(381,141)	2,202,167
Street maintenance	568,166	585,851	411,226	(174,625)	334,480
Traffic services	658,590	650,000	465,525	(184,475)	497,915
Winter maintenance	337,622	257,971	168,386	(89,585)	176,891
Trunkline maintenance	197,100	197,100	151,875	(45,225)	194,221
State highway construction	2,660,526	4,433,613	4,027,766	(405,847)	977,079
Reimbursements	-	(39,600)	(39,600)	-	-
Total expenditures	<u>6,504,628</u>	<u>7,679,655</u>	<u>6,398,757</u>	<u>(1,280,898)</u>	<u>4,382,753</u>
Revenues over (under) expenditures	<u>(1,509,593)</u>	<u>(1,291,399)</u>	<u>(113,729)</u>	<u>1,177,670</u>	<u>311,162</u>
Other financing sources (uses)					
Transfers in	623,834	263,767	340,996	77,229	967,696
Transfers out	(61,331)	(475,000)	(475,000)	-	(810,683)
Total other financing sources (uses)	<u>562,503</u>	<u>(211,233)</u>	<u>(134,004)</u>	<u>77,229</u>	<u>157,013</u>
Net change in fund balance	<u>(947,090)</u>	<u>(1,502,632)</u>	<u>(247,733)</u>	<u>1,254,899</u>	<u>468,175</u>
Fund balance, beginning of year	<u>1,739,759</u>	<u>1,739,759</u>	<u>1,739,759</u>	<u>-</u>	<u>1,271,584</u>
Fund balance, end of year	<u>\$ 792,669</u>	<u>\$ 237,127</u>	<u>\$ 1,492,026</u>	<u>\$ 1,254,899</u>	<u>\$ 1,739,759</u>

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

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds June 30, 2016

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Assets						
Current assets:						
Pooled cash and investments	\$ 10,343,142	\$ 9,730,870	\$ 947,892	\$ 271,107	\$ 21,293,011	\$ 1,426,564
Accounts receivable, net	1,254,377	2,100,469	29,272	1,040	3,385,158	25,093
Inventories	-	305,025	-	-	305,025	-
Prepaid items	-	-	-	-	-	251,916
Restricted cash and cash equivalents:						
Cash on hand with agents	-	-	-	-	-	46,000
Total current assets	11,597,519	12,136,364	977,164	272,147	24,983,194	1,749,573
Noncurrent assets:						
Long-term advances	-	-	-	-	-	1,220,110
Capital assets not being depreciated	154,947	400,426	7,060,843	3,188,512	10,804,728	-
Capital assets being depreciated, net	16,182,174	25,177,461	9,728,888	127,787	51,216,310	812,096
Total noncurrent assets	16,337,121	25,577,887	16,789,731	3,316,299	62,021,038	2,032,206
Total assets	27,934,640	37,714,251	17,766,895	3,588,446	87,004,232	3,781,779
Deferred outflows of resources						
Deferred pension amounts	94,106	40,314	-	-	134,420	-
Liabilities						
Current liabilities:						
Accounts payable	436,868	481,848	2,544	52,846	974,106	68,197
Accrued payroll	26,178	54,315	-	3,053	83,546	14,780
Customer deposits	-	217,350	-	-	217,350	-
Due to other funds	-	-	-	-	-	15,905
Current portion of-						
Accrued compensated absences	3,820	19,781	-	-	23,601	-
Estimated claims payable	-	-	-	-	-	111,021
Total current liabilities	466,866	773,294	2,544	55,899	1,298,603	209,903
Noncurrent liabilities:						
Long term advance	-	-	-	40,000	40,000	87,663
Estimated claims payable, net of current portion	-	-	-	-	-	163,591
Accrued compensated absences, net of current portion	44,888	235,151	-	-	280,039	-
Net pension liability	452,622	193,901	-	-	646,523	-
Total noncurrent liabilities	497,510	429,052	-	40,000	966,562	251,254
Total liabilities	964,376	1,202,346	2,544	95,899	2,265,165	461,157
Deferred inflows of resources						
Deferred pension amounts	155,489	66,611	-	-	222,100	-
Net position						
Net investment in capital assets	16,337,121	25,577,887	16,789,731	3,316,299	62,021,038	812,096
Unrestricted	10,571,760	10,907,721	974,620	176,248	22,630,349	2,508,526
Total net position	\$ 26,908,881	\$ 36,485,608	\$ 17,764,351	\$ 3,492,547	\$ 84,651,387	\$ 3,320,622

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

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CITY OF JACKSON, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-Type Activities
June 30, 2016

Net position - enterprise funds	\$ 84,651,387
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Amounts reported for *business-type activities* in the statement of net position are different because:

An internal service fund is used by management to charge the costs of certain equipment usage to individual enterprise funds. A portion of the net position of the internal service fund attributable to these charges are included in business-type activities in the statement of net position.

(208,325)

Net position of business-type activities	<u>\$ 84,443,062</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds For the Fiscal Year Ended June 30, 2016

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Operating revenues						
Charges for sales and services	\$ 4,874,633	\$ 7,817,338	\$ 136,006	\$ 122,118	\$ 12,950,095	\$ 6,020,125
Administrative fees	-	251,416	-	-	251,416	-
Other	63,050	147,507	-	22,152	232,709	645,071
Total operating revenues	4,937,683	8,216,261	136,006	144,270	13,434,220	6,665,196
Operating expenses						
Personal services	1,008,467	2,349,219	22,293	73,152	3,453,131	846,898
Administration	-	-	-	-	-	97,714
Materials and supplies	282,148	1,377,188	-	3,201	1,662,537	266,817
Contractual and other services	2,409,163	2,308,022	78,352	109,249	4,904,786	4,275,667
Benefit payments	-	-	-	-	-	136,368
Depreciation	1,058,069	892,402	262,943	6,085	2,219,499	409,579
Total operating expenses	4,757,847	6,926,831	363,588	191,687	12,239,953	6,033,043
Operating income (loss)	179,836	1,289,430	(227,582)	(47,417)	1,194,267	632,153
Nonoperating revenues (expenses)						
Investment income	32,197	30,136	2,720	550	65,603	49,246
Interest and fiscal charges	(2,675)	-	-	(1,250)	(3,925)	-
Total nonoperating revenues (expenses)	29,522	30,136	2,720	(700)	61,678	49,246
Income (loss) before transfers	209,358	1,319,566	(224,862)	(48,117)	1,255,945	681,399
Transfers in	-	-	-	1,307,314	1,307,314	-
Change in net position	209,358	1,319,566	(224,862)	1,259,197	2,563,259	681,399
Net position, beginning of year	26,699,523	35,166,042	17,989,213	2,233,350	82,088,128	2,639,223
Net position, end of year	\$ 26,908,881	\$ 36,485,608	\$ 17,764,351	\$ 3,492,547	\$ 84,651,387	\$ 3,320,622

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

CITY OF JACKSON, MICHIGAN

Reconciliation

Change in Net Position of Enterprise Funds
to Change in Net Position of Business-Type Activities
For the Fiscal Year Ended June 30, 2016

Net change in net position - total enterprise funds	\$ 2,563,259
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Amounts reported for *business-type activities* in the statement of activities are different because:

An internal service fund is used by management to charge the costs of certain equipment usage to individual enterprise funds. A portion of the net operating loss attributable to those funds is reported with business-type activities.

159,152

Change in net position of business-type activities	<u>\$ 2,722,411</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Enterprise Funds - Business-type Activities				Totals	Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
Cash flows from operating activities						
Receipts from customers and users	\$ 4,868,637	\$ 7,922,103	\$ (18,266)	\$ 148,230	\$ 12,920,704	\$ -
Receipts for interfund services provided	-	-	-	-	-	6,905,646
Payments to employees	(1,092,855)	(2,388,328)	(22,911)	(73,152)	(3,577,246)	(847,653)
Payments to vendors and claimants	(2,597,032)	(4,036,177)	(80,032)	(258,643)	(6,971,884)	(5,151,943)
Net cash provided by (used in) operating activities	1,178,750	1,497,598	(121,209)	(183,565)	2,371,574	906,050
Cash flows from capital and related financing activities						
Purchase of capital assets	(1,200,465)	(2,542,068)	-	(1,238,499)	(4,981,032)	(121,405)
Principal and interest paid on long-term debt	(102,675)	-	-	(1,250)	(103,925)	-
Interfund advances	-	-	-	-	-	(32,093)
Net cash used in capital and related financing activities	(1,303,140)	(2,542,068)	-	(1,239,749)	(5,084,957)	(153,498)
Cash flows from noncapital financing activities						
Transfers in	-	-	-	1,307,314	1,307,314	-
Cash flows provided by investing activities						
Interest received on investments	32,197	30,136	2,720	550	65,603	49,246
Net change in cash and cash equivalents	(92,193)	(1,014,334)	(118,489)	(115,450)	(1,340,466)	801,798
Cash and cash equivalents, beginning of year	10,435,335	10,745,204	1,066,381	386,557	22,633,477	670,766
Cash and cash equivalents, end of year	\$ 10,343,142	\$ 9,730,870	\$ 947,892	\$ 271,107	\$ 21,293,011	\$ 1,472,564
Classified on the statement of net position as:						
Pooled cash and investments	\$ 10,343,142	\$ 9,730,870	\$ 947,892	\$ 271,107	\$ 21,293,011	\$ 1,426,564
Restricted cash and cash equivalents	-	-	-	-	-	46,000
	\$ 10,343,142	\$ 9,730,870	\$ 947,892	\$ 271,107	\$ 21,293,011	\$ 1,472,564

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds

For the Fiscal Year Ended June 30, 2016

	Enterprise Funds - Business-type Activities				Totals	Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 179,836	\$ 1,289,430	\$ (227,582)	\$ (47,417)	\$ 1,194,267	\$ 632,153
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,058,069	892,402	262,943	6,085	2,219,499	409,579
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	(69,046)	(299,108)	(29,272)	-	(397,426)	(3,124)
Interfund receivable	-	-	-	4,832	4,832	248,669
Inventories	-	(13,485)	-	-	(13,485)	-
Prepaid items	-	-	-	-	-	30,467
Accounts payable	94,279	(337,482)	(1,680)	(136,444)	(381,327)	(4,596)
Accrued payroll	4,190	(17,911)	(618)	(621)	(14,960)	(755)
Due to other funds	-	-	-	-	-	(5,095)
Interfund payable	-	-	-	-	-	(248,669)
Unearned revenue	-	-	(125,000)	-	(125,000)	-
Accrued compensated absences	6,885	(1,952)	-	-	4,933	-
Advance from other funds	-	-	-	(10,000)	(10,000)	-
Customer deposits	-	4,950	-	-	4,950	-
Estimated claims payable	-	-	-	-	-	(152,579)
Net pension liability and related deferred amount	(95,463)	(19,246)	-	-	(114,709)	-
Net cash provided by (used in) operating activities	<u>\$ 1,178,750</u>	<u>\$ 1,497,598</u>	<u>\$ (121,209)</u>	<u>\$ (183,565)</u>	<u>\$ 2,371,574</u>	<u>\$ 906,050</u>

concluded.

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

CITY OF JACKSON, MICHIGAN

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2016

	Pension and Other Employee Benefits Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ 1,138,223	\$ 110,826
Investments, at fair value:		
U.S. treasuries	2,069,735	-
U.S. agencies	1,026,547	-
Corporate bonds:		
Domestic bonds	8,274,361	-
Domestic mutual funds	10,926,976	-
Equities:		
Domestic stocks	24,206,979	-
Domestic mutual funds	14,439,041	-
International stocks	6,463,915	-
International mutual funds	5,170,083	-
Money market accounts	3,381,141	-
Receivables:		
Interest and dividends receivable	45,855	-
Other	89,082	-
Total assets	<u>77,231,938</u>	<u>\$ 110,826</u>
Liabilities		
Due to other governments	-	\$ 27,307
Refunds payable and other liabilities	429,897	83,519
Total liabilities	<u>429,897</u>	<u>\$ 110,826</u>
Net position		
Restricted for pension and other employee benefits	<u>\$ 76,802,041</u>	

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

CITY OF JACKSON, MICHIGAN

Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds
For the Fiscal Year Ended June 30, 2016

Additions

Contributions:

Employer	\$ 5,203,432
Plan members	1,195,797
Total contributions	<u>6,399,229</u>

Investment income:

Net depreciation in fair value of investments	(1,894,304)
Interest	209,875
Dividends	643,244
Total investment loss	<u>(1,041,185)</u>

Less investment expense	<u>524,668</u>
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Net investment loss	<u>(1,565,853)</u>
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Total additions	<u>4,833,376</u>
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Deductions

Benefits	9,353,851
Refunds of contributions	168,931
Administrative expense	93,838

Total deductions	<u>9,616,620</u>
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Net change in net position	(4,783,244)
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Net position:

Beginning of year	<u>81,585,285</u>
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End of year	<u><u>\$ 76,802,041</u></u>
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The accompanying notes are an integral part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jackson, Michigan (the “City”) was incorporated in 1857 and is the seat of Jackson County. The City operates under a Council-Manager form of government and provides the following services: public safety, public works, community development, culture and recreation.

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

Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City’s reporting entity because of the significance of their operational or financial relationship with the City. Each blended or discretely presented component unit has a June 30 year end.

Blended Component Unit

Blended component units, although legally separate entities, are essentially part of the government’s operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

City of Jackson Building Authority - All Board Members of the City of Jackson Building Authority are selected by the City Council and the annual budget is approved by the City Council. Proceeds from a limited-tax full faith and credit general obligation bond issue are used to finance certain improvements and renovations in City Hall. The Authority’s activity is presented in the capital projects and debt service funds.

Discretely Presented Component Units

Discretely presented component units are entities that are legally separate from the City but for which the City is financially accountable, or their relationship with the City is such that exclusion would cause the City’s financial statements to be misleading or incomplete. The discretely presented component units, each with a June 30 fiscal year end, are as follows:

City of Jackson Brownfield Redevelopment Authority - The Brownfield Redevelopment Authority was established by the City to facilitate the revitalization of environmentally distressed areas utilizing tax increment financing. The majority of Board members are appointed by the Mayor and subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. Separate financial statements are not prepared. The Authority uses governmental fund type accounting and is reported in a separate column. The Brownfield Redevelopment Authority is accounted for as a capital projects fund.

City of Jackson Downtown Development Authority - The Downtown Development Authority is responsible for directing improvements in a taxing district within the City. The Mayor appoints the members of the Authority’s governing board, subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. The Authority uses governmental fund type accounting and is reported in a separate column.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Complete financial statements of the Downtown Development Authority may be obtained from the City of Jackson Downtown Development Authority, 212 W. Michigan Avenue, Jackson, Michigan 49201.

Basis of Presentation

Government-wide and Fund Financial Statements

Government-wide Financial Statements. The statements of net position and activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the City's *governmental* and *business-type* activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements. The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. 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 and enterprise funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide, Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period, except for reimbursement-based grants which must be collected within one year. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures generally are recorded when a related fund liability is incurred, except for debt service expenditures, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The City reports the following major governmental funds:

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

Major streets special revenue fund. This fund is used to control the expenditures of motor fuel taxes which are earmarked by law for major street and highway purposes.

Special assessment capital projects fund. This fund accounts for public improvement expenditures deemed to benefit only the properties against which the special assessments are levied.

The City reports the following major enterprise funds:

Sewage enterprise fund. This fund accounts for the activities of the City's sewage disposal and sewage treatment systems.

Water enterprise fund. This fund accounts for the operations of the City's water distribution and water treatment systems.

Parking deck enterprise fund. This fund accounts for the operations of the City's East and West parking deck structures as well as surface parking constructed on Water Street.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects.

The *debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets that are not being financed by proprietary funds.

The *permanent funds* account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

The *enterprise funds* account for those operations that are financed and operated in a manner similar to private business or where the City has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

The *internal service funds* are proprietary funds used to account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the City on a cost reimbursement basis.

The *pension and other employee benefits trust funds* account for the activities of the City's three retirement funds and the retiree health care fund, which accumulate resources for retirement benefit payments and future retiree health care costs to qualified employees.

The *agency funds* account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds account for property tax collections, are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Equity

Deposits and Investments

The City Treasurer maintains a cash management pool that is used by all funds and component units of the government, except for the pension trust funds and the downtown development authority component unit. In addition to their participation in the cash management pool, certain funds and component units also have separate checking accounts. The cash management pool has the general characteristics of a demand deposit account in that deposits and withdrawals may be made at any time without prior notice or penalty. Accordingly, each fund's portion of this pool, along with any amounts in separate demand deposit accounts, is reported as "pooled cash and investments".

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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

Investments are stated at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. Investments that do not have established market values are reported at estimated fair value. Cash deposits are reported at carrying amounts, which reasonably approximates fair value.

Unrealized appreciation or depreciation on pension trust and permanent fund investments due to changes in fair value are recognized each year.

Receivables and Payables

All trade and delinquent property tax receivables are shown net of an allowance for uncollectibles, as applicable.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either interfund receivables/payables (i.e., the current portion of interfund loans) or *advances to/from other funds* (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as *due to/from other funds*. Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as internal balances.

Inventories, Prepaid Items and Other Assets

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds, with the exception of the Major Streets Fund, are recorded as expenditures when purchased.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

	Years
Public domain infrastructure	16-50
Land improvements	50
Buildings and improvements	50
Park and recreation facilities	50
Machinery and equipment	5-15
Water and sewage systems	10-50

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City reports deferred outflows of resources for change in expected and actual investment returns, assumptions, and benefits provided in its pension plans.

Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. Certain bargaining unit employees are also permitted to accumulate earned but unused sick leave. All vacation and compensatory time pay and 50 percent of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

Long-term Obligations

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The City also reports deferred inflows of resources for change in expected and actual investment returns.

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 Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. Authority rests with the City Council to assign fund balances. Assigned fund balances are reported in instances where the City Council has authorized for the making of such assignments. The general fund is the only fund that reports a positive unassigned fund balance amount. Governmental funds other than the general fund may find it necessary to report a negative unassigned fund balance if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed, or assigned to that purpose. Unassigned fund balance is the residual classification used only for the general fund and any deficits reported in other governmental funds.

When the government incurs expenditures for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end, except for those approved by the City Council for carry forward. The City Council requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in June. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

An operating budget is adopted each fiscal year for the general and special revenue funds on a basis consistent with GAAP. Budgets are legally required for the general and special revenue funds. Budgetary control is exercised at the activity level within the general fund and the community development block grant special revenue fund, and on the fund level for all other funds. Accordingly, financial statement presentation is made on this basis. A City Council resolution is required to increase activity budget amounts within the general fund and the community development block grant special revenue fund and any supplemental appropriations that increase the total expenditures of any other fund. Management can make budget transfers between line items within an activity for the general fund and the community development block grant special revenue fund and between line items for the fund as a whole for other funds.

Council reported budgeted amounts are as originally adopted or are amended by department revision or resolution. Supplemental budgetary appropriations were made during the year, the total of which was not significant in relation to the original appropriations.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies, is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end, however, material encumbrances generally are reappropriated as part of the following year's budget.

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2016, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund			
General government:			
City Clerk - Elections	\$ 111,387	\$ 124,633	\$ 13,246
Personnel	275,222	286,544	11,322
City Treasurer	329,472	335,971	6,499
Nonmajor governmental funds			
Public improvement special revenue fund	285,969	617,587	331,618
Recreation activity special revenue fund	228,650	235,241	6,591

4. FUND DEFICIT

At June 30, 2016, the special assessment capital projects fund had a fund deficit of \$1,132,447. This deficit will be eliminated as deferred special assessments become due.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

5. DEPOSITS AND INVESTMENTS

Summary of Deposit and Investment Balances. Following is a reconciliation of deposit and investment balances as of June 30, 2016:

	Primary Government	Component Units	Total
Statement of Net Position			
Pooled cash and investments	\$ 30,350,784	\$ 1,673,420	\$ 32,024,204
Restricted cash:			
Cash on hand with agents	46,000	-	46,000
Pooled cash and investments	3,004,947	-	3,004,947
Statement of Fiduciary Net Position			
Pooled cash and investments	1,249,049	-	1,249,049
Investments - pension	75,958,778	-	75,958,778
Total	<u>\$ 110,609,558</u>	<u>\$ 1,673,420</u>	<u>\$ 112,282,978</u>
Deposits and investments:			
Bank deposits (checking, savings and certificates of deposit)			\$ 21,336,863
Investments in securities and mutual funds:			
Cash and investment pool			14,925,272
Pension and other employee benefits trust funds			75,958,778
Cash on hand with agents			46,000
Cash on hand			<u>16,065</u>
Total			<u>\$ 112,282,978</u>

Deposits and Investments - Cash and Investment Pool

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2016, \$18,662,750 of the City's total bank balance of \$22,083,249 (total book balance was \$21,336,863) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City's investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the City's investments as of June 30, 2016:

U.S. treasuries	\$ 1,066,714
U.S. agencies	778,672
Domestic equities	20,815
Money markets	<u>13,059,071</u>
Total	<u>\$ 14,925,272</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2016, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

Credit Risk. As of June 30, 2016, all of the City's investments in securities of U.S. agencies were rated AA+ by Standard & Poor's. The City also held investments in U.S. treasuries and money market accounts, which are not rated. The City's investment policy does not have specific limits in excess of state law on investment credit risk.

Concentration of Credit Risk. The City's investment policy does not address this risk. At June 30, 2016, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

Interest Rate Risk. As of June 30, 2016, maturities of the City's debt securities were as follows:

	Investment Maturities (fair value by years)			
	Fair Value	Less Than 1	1-5	6-10
U.S. treasuries	\$ 1,066,714	\$ 105,261	\$ 613,874	\$ 347,579
U.S. agencies	778,672	502,322	276,350	-
	<u>\$ 1,845,386</u>	<u>\$ 607,583</u>	<u>\$ 890,224</u>	<u>\$ 347,579</u>

The City's investment policy does not address interest rate risk. The City's investments in U.S. agencies are non-callable.

Fair Value Measurements. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2016, the recurring fair value measurements for the City's investments were: the domestic equities and money market accounts were Level 1 and the U.S. treasuries and agencies were Level 2.

Deposits and Investments - Pension and Other Employee Benefits Trust Funds

The City maintains three pension trust funds (see Note 16) and one other employee benefits trust fund (see Note 17) where deposits and investments are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the pension and other employee benefits trust funds' deposits and investments are presented separately.

Deposits - The pension and other employee benefits trust funds do not maintain any checking or other demand/time deposit accounts.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Investments - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension and other employee benefit trusts to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Boards have the responsibility and authority to oversee the respective investment portfolios. Various professional investment managers are contracted to assist in managing the trust funds' assets. All investment decisions are subject to Michigan law and the investment policy established by each respective Retirement Board.

The pension and other employee benefits trust funds' investments are held in various financial institution or bank-administered trusts. Following is a summary of the funds' investments as of June 30, 2016:

**Investments at fair value, as determined by
quoted market price:**

U.S. treasuries	\$ 2,069,735
U.S. agencies	1,026,547
Corporate bonds:	
Domestic bonds	8,274,361
Domestic mutual funds	10,926,976
Equities:	
Domestic stocks	24,206,979
Domestic mutual funds	14,439,041
International stocks	6,463,915
International mutual funds	5,170,083
Money market accounts	<u>3,381,141</u>

Total investments	<u>\$ 75,958,778</u>
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Credit Risk. The pension and other employee benefits trust funds' investment policy provides that its investments in fixed income securities should have an investment grade rating by two nationally recognized statistical rating organizations. As of June 30, 2016, the pension and other employee benefits trust funds' investments in securities of U.S. agencies were all rated AA+ by Standard & Poor's.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The pension and other employee benefits trust funds' investments in domestic corporate bonds were rated by Standard & Poor's as follows:

Rating	Amount
AAA	\$ 473,884
AA+	242,768
AA	15,313
A+	20,726
A	493,093
A-	588,626
BBB+	1,075,362
BBB	825,628
BBB-	185,360
BB+	354,798
BB	218,938
BB-	168,905
B+	145,001
B	279,361
B-	317,119
Not rated	<u>2,869,479</u>
Totals	<u>\$ 8,274,361</u>

Custodial Credit Risk. For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension and other employee benefits trust funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The pension and other employee benefits trust funds' investment policy requires that investment securities be held in trust by a third-party institution in each fund's name. As such, although uninsured and unregistered, the pension and other employee benefits trust funds' investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in each funds' name.

Short-term investments in money market accounts are not subject to custodial credit risk.

Concentration of Credit Risk. The pension and other employee benefits trust funds' investment policies require that the securities of any one company or government agency should not exceed 5% of the total investment market value of each individual pension and other employee benefit trust fund. At June 30, 2016, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Interest Rate Risk. As of June 30, 2016, maturities of debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 2,069,735	\$ 138,589	\$ 1,218,780	\$ 712,366	\$ -
U.S. agencies	1,026,547	628,737	220,985	-	176,825
Domestic corporate bonds:					
Callable	797,695	389,897	56,368	175,715	175,715
Non-callable	7,205,378	1,054,537	4,955,815	954,690	240,336
Other fixed income	271,288	-	271,288	-	-
	<u>\$ 11,370,643</u>	<u>\$ 2,211,760</u>	<u>\$ 6,723,236</u>	<u>\$ 1,842,771</u>	<u>\$ 592,876</u>

The City assumes that its callable bonds totaling \$797,695 will not be called. The pension and other employee benefits trust funds' investment policies do not address interest rate risk.

Fair Value Measurements. The pension and other employee benefits trust funds categorize the fair value measurements of its investments within the fair value hierarchy established by generally accepted accounting principles. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs - other than quoted prices - included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable and are based on estimates and assumptions. These levels are determined by the management's review of the type and substance of investments held by the pension and other employee benefits trust funds.

The pension and other employee benefits trust funds had the following recurring fair value measurements as of June 30, 2016:

	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 2,069,735	\$ -	\$ 2,069,735
U.S. agencies	-	1,026,547	-	1,026,547
Corporate bonds:				
Domestic bonds	-	8,274,361	-	8,274,361
Domestic mutual funds	-	10,926,976	-	10,926,976
Equities:				
Domestic stocks	24,206,979	-	-	24,206,979
Domestic mutual funds	-	14,439,041	-	14,439,041
International stocks	6,463,915	-	-	6,463,915
International mutual funds	-	5,170,083	-	5,170,083
Money market accounts	3,381,141	-	-	3,381,141
Total investments	<u>\$ 34,052,035</u>	<u>\$ 41,906,743</u>	<u>\$ -</u>	<u>\$ 75,958,778</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES

Receivables in the governmental activities are 47.6 percent due from other governments, 26.6 percent income taxes, 17.1 percent special assessments, 7.5 percent accounts receivable, and 1.2 percent loans receivable. Business-type activities receivables are 100 percent due from customers.

7. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2016, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated -				
Land	\$ 2,428,780	\$ -	\$ -	\$ 2,428,780
Capital assets being depreciated:				
Infrastructure	142,418,949	7,630,899	-	150,049,848
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,699,780	-	-	16,699,780
Park and recreation facilities	10,977,671	-	-	10,977,671
Machinery and equipment	14,038,966	801,800	253,980	14,586,786
	<u>199,898,547</u>	<u>8,432,699</u>	<u>253,980</u>	<u>208,077,266</u>
Less accumulated depreciation for:				
Infrastructure	98,763,803	3,342,531	-	102,106,334
Land improvements	3,465,808	315,263	-	3,781,071
Buildings and improvements	6,283,874	282,653	-	6,566,527
Park and recreation facilities	5,447,043	162,232	-	5,609,275
Machinery and equipment	12,179,727	647,177	253,980	12,572,924
	<u>126,140,255</u>	<u>4,749,856</u>	<u>253,980</u>	<u>130,636,131</u>
Total capital assets being depreciated, net	<u>73,758,292</u>	<u>3,682,843</u>	<u>-</u>	<u>77,441,135</u>
Governmental activities capital assets, net	<u>\$ 76,187,072</u>	<u>\$ 3,682,843</u>	<u>\$ -</u>	<u>\$ 79,869,915</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 8,956,886	\$ -	\$ -	8,956,886
Construction in progress	267,286	1,580,556	-	1,847,842
	<u>9,224,172</u>	<u>1,580,556</u>	<u>-</u>	<u>10,804,728</u>
Capital assets being depreciated:				
Systems	81,450,153	3,372,396	-	84,822,549
Land improvements	2,512,519	-	-	2,512,519
Buildings and improvements	12,899,449	28,080	-	12,927,529
Machinery and equipment	10,878,593	-	-	10,878,593
	<u>107,740,714</u>	<u>3,400,476</u>	<u>-</u>	<u>111,141,190</u>
Less accumulated depreciation for:				
Systems	42,589,321	1,649,116	-	44,238,437
Land improvements	1,133,528	45,610	-	1,179,138
Buildings and improvements	4,666,099	245,671	-	4,911,770
Machinery and equipment	9,316,433	279,102	-	9,595,535
	<u>57,705,381</u>	<u>2,219,499</u>	<u>-</u>	<u>59,924,880</u>
Total capital assets being depreciated, net	<u>50,035,333</u>	<u>1,180,977</u>	<u>-</u>	<u>51,216,310</u>
Business-type activities capital assets, net	<u>\$ 59,259,505</u>	<u>\$ 2,761,533</u>	<u>\$ -</u>	<u>\$ 62,021,038</u>

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

Governmental activities:

General government	\$ 249,637
Public safety	192,804
Public works, including depreciation of general infrastructure assets	3,404,390
Culture and recreation	208,961
Community enrichment and development	284,485
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>409,579</u>

Total depreciation expense - governmental activities

\$ 4,749,856

Business-type activities:

Sewage	\$ 1,058,069
Water	892,402
Parking system	262,943
Golf practice center	<u>6,085</u>

Total depreciation expense - business-type activities

\$ 2,219,499

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

8. PAYABLES

Payables in the governmental activities are 58.2 percent vendors, 15.3 percent claims, 22.6 percent accrued payroll, and 3.9 percent other. Business-type activities payables are 76.4 percent vendors, 17.0 percent deposits and 6.6 percent accrued payroll.

9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2016, amounts due from and due to other funds were as follows:

Receivable funds	Payable Funds				Total
	General Fund	Special Assessment Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	
Nonmajor governmental funds	\$ 54,329	\$ 33,089	\$ 140	\$ 15,905	\$ 103,463

At June 30, 2016, long-term advances between funds were as follows:

Receivable funds	Payable Funds				Total
	Special Assessment Capital Projects	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	
General fund	\$ -	\$ 50,000	\$ -	\$ -	\$ 50,000
Nonmajor governmental funds	-	-	40,000	-	40,000
Internal service funds	1,132,447	-	-	87,663	1,220,110
	<u>\$ 1,132,447</u>	<u>\$ 50,000</u>	<u>\$ 40,000</u>	<u>\$ 87,663</u>	<u>\$ 1,310,110</u>

The City has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the nonmajor governmental funds was executed in order to assist the cash position (cash flow) of the golf practice center enterprise activity. Also, an advance from the internal service funds was used to provide cash for the special assessment capital projects fund and for the equipment revolving fund. Additionally, an advance from the general fund was used to provide cash for the community development block grant fund.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

At June 30, 2016, the interfund receivables and payables, which resulted from negative cash balances, consisted of the following:

	Receivable Fund	Payable Fund
General fund	\$ 1,849,114	\$ -
Nonmajor governmental funds	-	1,849,114
Totals	\$ 1,849,114	\$ 1,849,114

For the year ended June 30, 2016, interfund transfers consisted of the following:

Transfers Out	Transfers In				Total
	General Fund	Major Streets Fund	Nonmajor Govern- mental Funds	Nonmajor Enterprise Funds	
General fund	\$ 4,137	\$ -	\$ 703,881	\$ 21,500	\$ 729,518
Major streets fund	-	-	475,000	-	475,000
Special assessment capital projects fund	-	340,996	-	38,315	379,311
Nonmajor governmental funds	20,618	-	3,763,689	1,247,499	5,031,806
	<u>\$ 24,755</u>	<u>\$ 340,996</u>	<u>\$ 4,942,570</u>	<u>\$ 1,307,314</u>	<u>\$ 6,615,635</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

10. LONG-TERM DEBT

General obligation bonds. The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued for the items listed below was \$50,733,577.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

Purpose	Fiscal Year Matures	Interest Rates	Amount
Governmental activities			
1999 Building Authority Limited Tax	2019	5.25%	\$ 145,000
2001 Downtown Development	2026	3.70%-5.75%	8,069,452
2007 Brownfield Refunding	2030	4.00%-4.375%	9,030,000
2011 Downtown Development Refunding	2030	4.375%-4.750%	5,395,000
2012 Brownfield Redevelopment Refunding	2031	2.00%-4.00%	6,810,000
2013 General Obligation Refunding	2027	2.00%-4.00%	7,300,000
2016 Capital Improvement	2026	0.75%-2.25%	1,300,000
			<u>\$ 38,049,452</u>

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2017	\$ 1,928,414	\$ 2,288,793
2018	2,077,118	2,379,833
2019	2,139,608	2,462,546
2020	2,150,453	2,545,641
2021	2,223,299	2,630,404
2022-2026	13,335,560	14,572,770
2027-2031	14,195,000	1,635,916
	<u>\$ 38,049,452</u>	<u>\$ 28,515,903</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Installment Purchase Agreement. The government enters into installment purchase agreements for equipment and related capital assets. The installment purchase agreement outstanding at year-end is as follows:

	Maturity Date	Interest Rate	Original Amount	Amount
Installment purchase agreement				
Governmental activities:				
2016 Lease Purchase Agreement -				
Fire Truck	2023	5.00%	\$ 459,493	\$ 399,493

Annual debt service requirements to maturity for installment purchase agreements are as follows:

Year	Governmental Activities	
	Principal	Interest
2017	\$ 51,932	\$ 12,504
2018	53,557	10,879
2019	55,233	9,202
2020	56,962	7,474
2021	58,745	5,691
2022-2023	123,064	5,807
	<u>\$ 399,493</u>	<u>\$ 51,557</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended June 30, 2016, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 38,383,577	\$ 1,300,000	\$ 1,634,125	\$ 38,049,452	\$ 1,928,414
Installment purchase agreement	-	459,493	60,000	399,493	51,932
Compensated absences	1,848,781	1,025,422	989,841	1,884,362	188,436
Less deferred amounts for:					
Issuance discount	(117,754)	-	(7,959)	(109,795)	-
Issuance premium	476,150	-	36,735	439,415	-
	<u>\$ 40,590,754</u>	<u>\$ 2,784,915</u>	<u>\$ 2,712,742</u>	<u>\$ 40,662,927</u>	<u>\$ 2,168,782</u>
Business-type activities					
Revenue bonds	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -
Compensated absences	298,707	169,794	164,861	303,640	23,601
	<u>\$ 398,707</u>	<u>\$ 169,794</u>	<u>\$ 264,861</u>	<u>\$ 303,640</u>	<u>\$ 23,601</u>

For the governmental activities, compensated absences, net pension benefit obligations and net other postemployment benefit obligations, if any, are generally liquidated by the general fund.

11. SEGMENT INFORMATION - ENTERPRISE FUNDS

The government issued revenue bonds to finance certain improvements to its water and sewage systems. Because the water and sewage funds, which are individual enterprise funds that account entirely for the government's water and sewage activities, are reported as major funds in the fund financial statements, segment disclosures herein are not required.

12. ENDOWMENTS

Ella W. Sharp Park Endowment Permanent Trust Fund. For the year ended June 30, 2016, the net appreciation on investments of donor-restricted endowments was \$36,846 and there was an overall increase in fund balance of \$12,431. Under the terms of the endowment, and consistent with State statutes, the City is authorized to spend the trust earnings, except for unrealized gains and losses, for the benefit of the Ella Sharp Park. The nonexpendable endowment balance is \$1,110,719.

Cemetery Perpetual Maintenance Permanent Trust Fund. For the year ended June 30, 2016, the net appreciation on investments of donor-restricted endowments was \$45,702 and there was an overall increase in fund balance of \$38,234. Under the terms of the endowment, and consistent with State statutes, the City is authorized to spend the trust earnings, except for unrealized gains and losses, for the benefit of the cemetery system. At year-end the nonexpendable endowment balance is \$1,920,993.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

13. RISK MANAGEMENT

During the normal course of its operations, the City is exposed to various risks of loss related to liability, employee injury and other circumstances. In all instances other than workers' compensation, the City has retained coverages through commercial insurance carriers. For workers' compensation, the City has opted to protect itself from risks through means other than the purchase of traditional insurance coverage.

In 1979, the City established a self-insurance program for workers' compensation, which is accounted for in the workers' compensation internal service fund. This program is administered by a service agency, which furnishes safety inspection, claims review, and claims processing. A specific excess workers' compensation reinsurance policy indemnifies the City on a statutory basis in excess of the first \$1,000,000 per occurrence. All applicable funds are charged premiums based on payroll and workers' compensation classification. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The claims liability of \$274,612 reported in the workers' compensation internal service fund at June 30, 2016, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is estimated by management based upon historical experience. No annuity contracts have been purchased for claims liabilities. At June 30, 2016, \$111,021 of the total amount is considered to be due within one year.

The changes in the workers' compensation internal service fund liability amount for the years ended June 30, 2016 and 2015, are as follows:

	2016	2015
Claims liability at beginning of fiscal year	\$ 427,191	\$ 513,318
Claims and changes in estimates	(78,181)	(1,929)
Claims payments	<u>(74,398)</u>	<u>(84,198)</u>
Claims liability at June 30, 2016	<u>\$ 274,612</u>	<u>\$ 427,191</u>

There were no significant reductions in insurance coverage from the prior year, and no insurance settlements have exceeded coverage for each of the past three fiscal years.

14. PROPERTY TAXES

Property taxes attach as an enforceable lien on property as of December 31 each year. The City property tax is levied July 1 based on the taxable value of the property as of the preceding December 31. Real and personal property in the City for the July 1, 2015 levy was assessed and valued at approximately \$589 million, representing approximately 50% of estimated current market value.

The City's operating tax rate is 6.72 mills (cannot exceed 7.00 mills) with an additional 1.92 (cannot exceed 2.00 mills) for public improvement, 6.33 for Act 345 Pension, 1.06 for City Hall bond, and 2.00 for the Downtown Development Authority, a component unit of the City.

Taxes are payable to the City in five equal installments on the twentieth of the month commencing in July and ending in November. They are deemed delinquent immediately after the due date.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

15. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. 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 government expects such amounts, if any, to be immaterial.

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

On July 1, 1974 the City sold the Reynolds Municipal Airport to the County of Jackson. The terms of the transfer document indicated the property was being sold "as is". There was also language in the transfer documents providing for indemnification from the County to the City. The County is undertaking an expansion of the airport runways. During the preliminary stages of the expansion, it was discovered the City had operated a landfill on the property during the City's ownership. The landfill was licensed by the Michigan Department of Natural Resources during the City's operation. Even though the City complied with all laws in existence at the time, the City remains liable for any contamination resulting from the ownership/operation of the landfill. As part of the Airport expansion process, the County gave notice to the Michigan Department of Environmental Quality (MDEQ) that an old landfill was on the site. As a result of the County's action, the City received a Notice of Violation in 2005 from the MDEQ. In August 2007, the City released its right to the Reverter clause contained in the 1974 transfer deed to the County. In return, the City received additional indemnification from the County. It is not known at present if the MDEQ will have specific requirements during runway construction. The matter is not covered by insurance and the potential costs could be significant. No provision for the loss has been made in the accompanying financial statements.

16. PENSION PLAN - SINGLE EMPLOYER PENSION TRUST FUNDS

General Information about the Pension Plans

Plan administration. The City administers three single-employer defined benefit pension plans which provide retirement, death, and disability benefits covering substantially all City employees, subject to certain eligibility requirements. The obligation to contribute to these three plans and benefit provisions are authorized and amended by City ordinance. The plans do not issue separate or stand-alone reports.

Plan membership. At June 30, 2016, the date of the roll forward of the prior year actuarial valuations, system membership consisted of the following:

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Retirees and beneficiaries receiving benefits	187	24	169
Terminated plan members entitled to, but not yet receiving benefits	25	-	6
Active plan members	136	-	68
	<u>348</u>	<u>24</u>	<u>243</u>

Employees' Retirement System

Benefits provided. The Employees' Retirement System Pension Plan (ERS) is a contributory defined benefit plan that covers substantially all City employees not covered under one of the City's policemen's and firemen's pension plans and provides for retirement, death, and disability benefits. Members contribute 2.5% of annual compensation or one-half of the actuarially computed contribution if it is greater than 5.0%. The City contributes 2.5% of total compensation as a minimum, plus additional amounts as are necessary to provide assets sufficient for the early retirement window period. Pursuant to actuarial requirements, members contribute 10.6% for employees hired before July 1, 2012, and 7.29% for employees hired after July 1, 2012 with the City contributing 9.92%. Accumulated member contributions are annually credited with interest at 0.26%. Administrative costs of the plan are financed through investment earnings.

Management of the ERS is vested in the City of Jackson Employees' Retirement System Board of Trustees, which consists of nine members, four are elected to four-year terms (with no more than one from any one department), one is a citizen appointed by the City Council, one is a city council member appointed by the City Council and the remaining three are the Mayor, City Manager and City Clerk of the City of Jackson.

Contributions. Members contribute 2.5% of annual compensation or one-half of the actuarially computed contribution if it is greater than 5.0%. The City contributes 2.5% of total compensation as a minimum, plus additional amounts as are necessary to provide assets sufficient for the early retirement window period. Pursuant to actuarial requirements, members contribute 10.6% with the City contributing 12.22%. Accumulated member contributions are annually credited with interest at 0.26%. Administrative costs of the plan are financed through investment earnings.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2015, (rolled forward to June 30, 2016) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0% to 7.0%, including inflation
Investment rate of return	7.5%, net of expenses
Mortality rate	RP-2000 Mortality Table

Discount rate. A single discount rate of 6.93% was used to measure the total pension liability. The single discount rate was based on an expected rate of return on pension plan investments of 7.50% and a municipal bond rate of 3.8%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2053. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2053, and the municipal bond rate was applied to all benefit payments after that date.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 53,260,046	\$ 38,279,801	\$ 14,980,245
Changes for the year:			
Service cost	867,493	-	867,493
Interest	3,604,456	-	3,604,456
Changes in benefits	(1,585,716)	-	(1,585,716)
Differences between expected and actual experience	(1,544,806)	-	(1,544,806)
Changes in assumptions	(2,963,368)	-	(2,963,368)
Employer contributions	-	889,235	(889,235)
Employee contributions	-	717,167	(717,167)
Net investment income	-	728,453	(728,453)
Benefit payments, including refunds of employee contributions	(3,362,872)	(3,362,872)	-
Administrative expense	-	(93,838)	93,838
Net changes	(4,984,813)	(1,121,855)	(3,862,958)
Balances at June 30, 2016	\$ 48,275,233	\$ 37,157,946	\$ 11,117,287

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (5.93%)	Current Single Discount Rate (6.93%)	1% Increase (7.93%)
Plan net pension liability	\$ 16,361,798	\$ 11,117,287	\$ 6,647,344

Pension expense and deferred outflows of resources related to pensions. For the year ended June 30, 2016, the City recognized pension expense of \$799,356. At June 30, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,492,647
Changes in assumptions	470,337	2,326,467
Net difference between projected and actual earnings on pension plan investments	1,841,090	-
Total	\$ 2,311,427	\$ 3,819,114

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Outflows Amortization	Inflows Amortization
2017	\$ 719,250	\$ 1,108,844
2018	719,251	1,108,845
2019	484,082	968,916
2020	388,844	632,509
	<u>\$ 2,311,427</u>	<u>\$ 3,819,114</u>

Policemen's and Firemen's Pension

Benefits provided. The Policemen's and Firemen's Pension Plan is a contributory defined benefit plan that covers certain uniformed policemen and firemen hired prior to July 1, 1974, and provides for retirement, death, and disability benefits. There are no remaining active plan members. The City contributes such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Administrative costs of the Plan are financed through investment earnings.

Management of this plan is vested in a separate board of trustees, which consists of five members, two of which are elected from the plan retirees (or, if none are available or willing to serve as this is a closed plan, from active members of the Act 345 Plan described below) and three are appointed by the City Council.

Contributions. The annual required contribution for the current year was determined as part of a June 30, 2015 actuarial valuation using the entry age method. The actuarial assumptions included a 7.5% rate of return on investments and a 3.0% cost of living adjustment.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2015, (rolled forward to June 30, 2016) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not applicable
Salary increases	Not applicable
Investment rate of return	7.0%, net of expenses
Retirement age	Closed plan
Mortality rate	RP-2000 Combined Table

Discount rate. A single discount rate of 6.0% was used to measure the total pension liability. The single discount rate was based on an expected rate of return on pension plan investments of 6.0%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, 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, MICHIGAN

Notes to Financial Statements

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 8,124,797	\$ 3,472,235	\$ 4,652,562
Changes for the year:			
Interest	493,298	-	493,298
Differences between expected and actual experience	(163,757)	-	(163,757)
Changes in assumptions	227,357	-	227,357
Employer contributions	-	604,690	(604,690)
Net investment loss	-	(193,908)	193,908
Benefit payments, including refunds of employee contributions	(814,750)	(814,750)	-
Net changes	(257,852)	(403,968)	146,116
Balances at June 30, 2016	\$ 7,866,945	\$ 3,068,267	\$ 4,798,678

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (5.0%)	Current Single Discount Rate (6.0%)	1% Increase (7.0%)
Plan net pension liability	\$ 5,421,490	\$ 4,798,678	\$ 4,247,278

Pension expense and deferred outflows of resources related to pensions. For the year ended June 30, 2016, the City recognized pension expense of \$587,520. At June 30, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 316,155

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Outflows Amortization
2017	\$ 81,934
2018	81,934
2019	81,935
2020	<u>70,352</u>
	<u>\$ 316,155</u>

Policemen's and Firemen's Pension - Act 345

Benefits provided. The Policemen's and Firemen's Pension Plan - Act 345 is a contributory defined benefit plan that covers uniformed policemen and firemen hired subsequent to July 1, 1974, and certain policemen and firemen hired prior to that date who have elected, under the provisions of the plan, to transfer from the City's Policemen's and Firemen's Pension Plan, and provides for retirement, death, and disability benefits. Members contribute 10.95% of annual compensation with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Accumulated member contributions are annually credited with interest at 2.0%. Administrative costs of the Plan are financed through investment earnings.

Management of this plan is vested in the City of Jackson Act 345 Pension Board, which consists of five members, two are elected to four-year terms (one each from the fire and police departments), two are appointed by the City Council and one is the City Treasurer of the City of Jackson.

Contributions. The annual required contribution for the current year was determined as part of a June 30, 2015 actuarial valuation using the entry age method. The actuarial assumptions included a 6.75% rate of return on investments and a 3.0% cost of living adjustment.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2015, (rolled forward to June 30, 2016) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.00% to 9.00%
Investment rate of return	6.75%, net of expenses
Mortality rate	RP-2000 Combined Table

Discount rate. A single discount rate of 6.57% was used to measure the total pension liability. The single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 2.85%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2061. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2061, and the municipal bond rate was applied to all benefit payments after that date.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in the net pension liability. The components of the change in the net pension liability are summarized as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2015	\$ 72,598,845	\$ 39,048,406	\$ 33,550,439
Changes for the year:			
Service cost	1,008,965	-	1,008,965
Interest	4,859,213	-	4,859,213
Differences between expected and actual experience	1,353,815	-	1,353,815
Changes in assumptions	1,326,844	-	1,326,844
Employer contributions	-	3,709,507	(3,709,507)
Employee contributions	-	478,630	(478,630)
Net investment income	-	(2,123,241)	2,123,241
Benefit payments, including refunds of employee contributions	(5,345,160)	(5,345,160)	-
Net changes	3,203,677	(3,280,264)	6,483,941
Balances at June 30, 2016	\$ 75,802,522	\$ 35,768,142	\$ 40,034,380

Sensitivity of the net pension liability to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability to changes in the discount rate. In particular, the table presents the plan's net pension liability if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher than the single discount rate:

	1% Decrease (5.57%)	Current Single Discount Rate (6.57%)	1% Increase (7.57%)
Plan net pension liability	\$ 48,840,281	\$ 40,034,380	\$ 32,659,438

Pension expense and deferred outflows of resources related to pensions. For the year ended June 30, 2016, the City recognized pension expense of \$3,899,808 at June 30, 2016, the City reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 918,337	\$ 380,694
Changes in assumptions	313,250	1,494,394
Net difference between projected and actual earnings on pension plan investments	4,083,170	-
Total	\$ 5,314,757	\$ 1,875,088

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Outflows Amortization	Inflows Amortization
2017	\$ 1,787,248	\$ 1,049,831
2018	1,539,018	748,155
2019	1,118,412	77,102
2020	870,079	-
	<u>\$ 5,314,757</u>	<u>\$ 1,875,088</u>

The plans' policy in regard to the allocation of invested assets is established and may be amended by the respective Board of Trustees. The policy pursues an investment strategy that protects the financial health of the plans and reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. Plan assets will be invested in the broad investment categories and asset classes to achieve the allocation targets below. Recognizing that asset returns may vary, causing fluctuations in the relative dollar value levels of assets within classes, the plans may not maintain strict adherence to the targets in the short-term, but may allow the values to fluctuate within these ranges. Over the long-term, the plans will strive to adhere to the given targets as financially practicable and move toward target allocations in a prudent manner consistent with its fiduciary duty. The investment allocation targets for each plan are as follows:

Asset Class	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Domestic fixed income	30.00%	35.00%	33.75%
Domestic equity	45.00%	50.00%	48.25%
International equity	20.00%	15.00%	18.00%
Real estate	5.00%	-	-
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

The long-term expected rate of return on pension plan investments (for each plan) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 have not been formally adopted but are closely monitored by the Board of Trustees of each in order to achieve a blended money-weighted real rate of return of 8.0 percent.

17. POSTEMPLOYMENT BENEFITS

The City provides postemployment healthcare benefits to substantially all full-time employees who retire from the City under one of its three pension plans. The extent of the cost of those benefits paid by the City are dependent upon a variety of factors including hire date, retirement date, years of service and bargaining unit. The plan is treated as a single-employer defined benefit healthcare plan administered by the City; the plan utilizes a retirement health funding vehicle trust established with the Municipal Employees Retirement System of Michigan to invest plan assets. The plan was adopted and established by action of the City Council. The plan is reported as an other employee benefit trust fund in the accompanying financial statements. The plan does not issue a separate or stand-alone report.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The plan's financial statements are prepared using the accrual basis of accounting. Plan contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Plan membership consisted of 194 retirees currently receiving benefits and 203 active members at June 30, 2013, the date of the latest actuarial valuation.

The City has no obligation to make contributions in advance of when the insurance premiums of benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's general fund. Plan participants are not required to contribute to the plan.

For the year ended June 30, 2016, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2013. Such valuation computes the *annual required contribution (ARC)* that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For fiscal year 2016, the components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the plan (including *pay-as-you-go* amounts), and changes in the City's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 3,769,046
Interest on net OPEB obligation	788,286
Adjustment to annual required contribution	<u>(745,350)</u>
Annual OPEB cost	3,811,982
Payment of current costs	<u>(603,132)</u>
Increase in net OPEB obligation	3,208,850
Net OPEB obligation, beginning of year	<u>19,707,153</u>
Net OPEB obligation, end of year	<u>\$ 22,916,003</u>

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

Year Ended	OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/14	\$ 3,946,449	17.3%	\$ 16,490,535
6/30/15	3,829,789	16.0%	19,707,153
6/30/16	3,811,982	15.8%	22,916,003

The funded status of the plan as of June 30, 2013, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 48,888,510
Actuarial value of plan assets	<u>658,853</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 48,229,657</u>
Funded ratio	1.3%
Covered payroll (active plan members)	\$ 12,653,896
UAAL as a percentage of covered payroll	381.1%

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

Significant methods and assumptions were as follows:

Actuarial valuation date	June 30, 2013
Actuarial cost method	Individual entry age
Amortization method	
contributions	Level percent; open for fire
	Level dollar; open for police and general
Remaining amortization period	30 years; open basis
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5.00%
Projected salary increases	3.00% - 7.00% for the General group
	3.00% - 9.00% for the Police/Fire group
Healthcare inflation rate	9% in 2014, grading to 3% in 2019
Inflation rate	3.00%

Stand alone reports have not been issued for the plans. Financial statements for the individual pension and employee benefit plans are presented in footnote 20 and after the footnotes section. In addition, GASB Statement 68 and 45 required supplementary information is presented after the footnotes section.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

18. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 2,428,780	\$ 10,804,728
Capital assets being depreciated, net	77,441,135	51,216,310
	<u>79,869,915</u>	<u>62,021,038</u>
Long-term liabilities:		
Due within one year	2,168,782	23,601
Due in more than one year	38,494,145	280,039
Unexpended bond proceeds	(34,073)	-
	<u>40,628,854</u>	<u>303,640</u>
Less compensated absences	(1,884,362)	(303,640)
Less deferred loss on refunding	(732,897)	-
	<u>38,011,595</u>	<u>-</u>
Net investment in capital assets	<u>\$ 41,858,320</u>	<u>\$ 62,021,038</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

19. COMPONENTS OF NONSPENDABLE, RESTRICTED AND COMMITTED FUND BALANCES

Following is a summary of the components of nonspendable, restricted and committed fund balances as of June 30, 2016:

	General	Major Streets	Special Assessments Capital Projects	Nonmajor Funds	Total
Nonspendable					
Inventories	\$ -	\$ 320,616	\$ -	\$ 15,500	\$ 336,116
Prepaid items	17,427	-	-	64,436	81,863
Perpetual care	-	-	-	1,920,993	1,920,993
Endowment	-	-	-	1,110,719	1,110,719
Advances	50,000	-	-	40,000	90,000
	<u>\$ 67,427</u>	<u>\$ 320,616</u>	<u>\$ -</u>	<u>\$ 3,151,648</u>	<u>\$ 3,539,691</u>
Restricted					
Highways and streets	\$ -	\$ 1,171,410	\$ -	\$ 663,745	\$ 1,835,155
Public improvements	-	-	-	300,939	300,939
Public safety	-	-	-	19,174	19,174
Downtown Development Authority	-	-	-	1,920,425	1,920,425
Debt service	-	-	-	61,468	61,468
	<u>\$ -</u>	<u>\$ 1,171,410</u>	<u>\$ -</u>	<u>\$ 2,965,751</u>	<u>\$ 4,137,161</u>
Committed					
Culture and recreation	\$ -	\$ -	\$ -	\$ 192,994	\$ 192,994
Public safety	-	-	-	661,583	661,583
Capital projects	-	-	-	101,498	101,498
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 956,075</u>	<u>\$ 956,075</u>
Unassigned (deficit)	<u>\$ 6,041,453</u>	<u>\$ -</u>	<u>\$ (1,132,447)</u>	<u>\$ -</u>	<u>\$ 4,909,006</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

20. PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

Stand alone financial reports have not been issued for the plans. Required supplementary information is presented after the footnotes section. Financial statements for the individual pension and employee benefit plans are as follows:

Statement of Plan Net Position - June 30, 2016

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
Assets					
Pooled cash and investments	\$ 974,031	\$ -	\$ 164,142	\$ 50	\$ 1,138,223
Investments, at fair value:					
U.S. treasuries	-	195,377	1,874,358	-	2,069,735
U.S. agencies	-	45,091	981,456	-	1,026,547
Corporate bonds:					
Domestic bonds	-	637,009	7,637,352	-	8,274,361
Domestic mutual funds	10,926,976	-	-	-	10,926,976
Equities:					
Domestic stocks	5,217,109	1,605,377	17,384,493	-	24,206,979
Domestic mutual funds	14,439,041	-	-	-	14,439,041
International stocks	-	451,064	6,012,851	-	6,463,915
International mutual funds	5,170,083	-	-	-	5,170,083
Money market accounts	443,306	118,649	2,011,550	807,636	3,381,141
Total cash and investments	37,170,546	3,052,567	36,066,202	807,686	77,097,001
Receivables:					
Interest and dividends	2,098	3,633	40,124	-	45,855
Other	(3,698)	12,067	80,713	-	89,082
Total receivables	(1,600)	15,700	120,837	-	134,937
Total assets	37,168,946	3,068,267	36,187,039	807,686	77,231,938
Liabilities					
Refunds payable and other	11,000	-	418,897	-	429,897
Net position restricted for pension and other employee benefits	<u>\$ 37,157,946</u>	<u>\$ 3,068,267</u>	<u>\$ 35,768,142</u>	<u>\$ 807,686</u>	<u>\$ 76,802,041</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2016

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
Additions					
Contributions:					
Employer	\$ 889,235	\$ 604,690	\$ 3,709,507	\$ -	\$ 5,203,432
Plan members	717,167	-	478,630	-	1,195,797
Total contributions	1,606,402	604,690	4,188,137	-	6,399,229
Investment income:					
Net appreciation (depreciation) in fair value of investments	712,299	(206,890)	(2,422,556)	22,843	(1,894,304)
Interest	971	15,638	193,266	-	209,875
Dividends	139,455	40,245	463,544	-	643,244
Total investment income	852,725	(151,007)	(1,765,746)	22,843	(1,041,185)
Less investment expense	124,272	42,901	357,495	-	524,668
Net investment income (expense)	728,453	(193,908)	(2,123,241)	22,843	(1,565,853)
Total additions	2,334,855	410,782	2,064,896	22,843	4,833,376
Deductions					
Benefits	3,308,583	814,750	5,230,518	-	9,353,851
Refunds of contributions	54,289	-	114,642	-	168,931
Administrative expense	93,838	-	-	-	93,838
Total deductions	3,456,710	814,750	5,345,160	-	9,616,620
Net change in net position	(1,121,855)	(403,968)	(3,280,264)	22,843	(4,783,244)
Net position:					
Beginning of year	38,279,801	3,472,235	39,048,406	784,843	81,585,285
End of year	\$ 37,157,946	\$ 3,068,267	\$ 35,768,142	\$ 807,686	\$ 76,802,041

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Employees' Retirement System

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,		
	2016	2015	2014
Change in total pension liability			
Service cost	\$ 867,493	\$ 849,399	\$ 900,232
Interest	3,604,456	3,591,598	3,512,829
Changes of benefit terms	(1,585,716)	-	-
Differences between expected and actual experience	(1,544,806)	(559,714)	-
Changes of assumptions	(2,963,368)	940,674	(610,014)
Benefit payments, including refunds of member contributions	(3,362,872)	(3,588,908)	(3,305,997)
Net change in total pension liability	(4,984,813)	1,233,049	497,050
Total pension liability, beginning	53,260,046	52,026,997	51,529,947
Total pension liability, ending (a)	48,275,233	53,260,046	52,026,997
Change in plan fiduciary net position			
Contributions - employer	889,235	947,436	986,872
Contributions - employee	717,167	741,956	786,020
Net investment income	728,453	1,900,424	5,556,344
Benefit payments, including refunds of member contributions	(3,362,872)	(3,588,908)	(3,305,997)
Administrative expense	(93,838)	(95,161)	(214,364)
Net change in plan fiduciary net position	(1,121,855)	(94,253)	3,808,875
Plan fiduciary net position, beginning	38,279,801	38,374,054	34,565,179
Plan fiduciary net position, ending (b)	37,157,946	38,279,801	38,374,054
City's net pension liability, ending (a)-(b)	\$11,117,287	\$14,980,245	\$13,652,943
Plan fiduciary net position as a percentage of the total pension liability	76.97%	71.87%	73.76%
Covered-employee payroll	\$ 7,427,165	\$ 7,837,558	\$ 8,209,105
City's net pension liability as a percentage of covered payroll	149.68%	191.13%	166.31%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Police and Fire Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,		
	2016	2015	2014
Change in total pension liability			
Interest	\$ 493,298	\$ 522,860	\$ 541,023
Differences between expected and actual experience	(163,757)	-	-
Changes of assumptions	227,357	142,043	-
Benefit payments, including refunds of member contributions	(814,750)	(845,636)	(921,176)
Net change in total pension liability	<u>(257,852)</u>	<u>(180,733)</u>	<u>(380,153)</u>
Total pension liability, beginning	<u>8,124,797</u>	<u>8,305,530</u>	<u>8,189,493</u>
Total pension liability, ending (a)	<u>7,866,945</u>	<u>8,124,797</u>	<u>7,809,340</u>
Change in plan fiduciary net position			
Contributions - employer	604,690	607,009	606,096
Net investment income	(193,908)	120,095	659,708
Benefit payments, including refunds of member contributions	(814,750)	(845,636)	(921,176)
Administrative expense	-	-	(35,868)
Net change in plan fiduciary net position	<u>(403,968)</u>	<u>(118,532)</u>	<u>308,760</u>
Plan fiduciary net position, beginning	<u>3,472,235</u>	<u>3,590,767</u>	<u>3,282,007</u>
Plan fiduciary net position, ending (b)	<u>3,068,267</u>	<u>3,472,235</u>	<u>3,590,767</u>
City's net pension liability, ending (a)-(b)	<u>\$ 4,798,678</u>	<u>\$ 4,652,562</u>	<u>\$ 4,218,573</u>
Plan fiduciary net position as a percentage of the total pension liability	39.00%	42.74%	45.98%
Covered-employee payroll	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Police and Fire - Act 345 Pension Plan

Schedule of Changes in the City's Net Pension Liability and Related Ratios

	Fiscal Year Ended June 30,		
	2016	2015	2014
Change in total pension liability			
Service cost	\$ 1,008,965	\$ 965,176	\$ 987,637
Interest	4,859,213	4,990,906	4,928,085
Differences between expected and actual experience	1,353,815	(962,506)	-
Changes of assumptions	1,326,844	791,987	(244,312)
Benefit payments, including refunds of member contributions	(5,345,160)	(5,799,429)	(4,735,564)
Net change in total pension liability	<u>3,203,677</u>	<u>(13,866)</u>	<u>935,846</u>
Total pension liability, beginning	<u>72,598,845</u>	<u>72,612,711</u>	<u>71,676,865</u>
Total pension liability, ending (a)	<u>75,802,522</u>	<u>72,598,845</u>	<u>72,612,711</u>
Change in plan fiduciary net position			
Contributions - employer	3,709,507	3,534,236	3,012,344
Contributions - employee	478,630	517,062	542,751
Net investment income (loss)	(2,123,241)	1,268,531	6,607,787
Benefit payments, including refunds of member contributions	(5,345,160)	(5,799,429)	(4,735,567)
Net change in plan fiduciary net position	<u>(3,280,264)</u>	<u>(479,600)</u>	<u>5,427,315</u>
Plan fiduciary net position, beginning	<u>39,048,406</u>	<u>39,528,006</u>	<u>34,100,691</u>
Plan fiduciary net position, ending (b)	<u>35,768,142</u>	<u>39,048,406</u>	<u>39,528,006</u>
City's net pension liability, ending (a)-(b)	<u><u>\$40,034,380</u></u>	<u><u>\$33,550,439</u></u>	<u><u>\$33,084,705</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	 47.19%	 53.79%	 54.44%
 Covered-employee payroll	 \$ 4,782,487	 \$ 5,148,271	 \$ 5,124,768
 City's net pension liability as a percentage of covered payroll	 837.10%	 651.68%	 645.58%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of the Net Pension Liability

Fiscal Year Ended June 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as Percentage of Total Pension Liability	Covered-Employee Payroll	Net Pension Liability as Percentage of Covered Payroll
Employees' Retirement System (ERS)						
2016	\$ 48,275,233	\$ 37,157,946	\$ 11,117,287	76.97%	\$ 7,427,165	149.68%
2015	53,260,046	38,279,801	14,980,245	71.87%	7,837,558	191.13%
2014	52,026,997	38,374,054	13,652,943	73.76%	8,209,105	166.31%
Policemen's and Firemen's Pension (PFP)						
2016	\$ 7,866,945	\$ 3,068,267	\$ 4,798,678	39.00%	N/A	N/A
2015	8,124,797	3,472,235	4,652,562	42.74%	N/A	N/A
2014	7,809,340	3,590,767	4,218,573	45.98%	N/A	N/A
Policemen's and Firemen's Pension - Act 345 (Act 345)						
2016	\$ 75,802,522	\$ 35,768,142	\$ 40,034,380	47.19%	\$ 4,782,487	837.10%
2015	72,598,845	39,048,406	33,550,439	53.79%	5,148,271	651.68%
2014	72,612,711	39,528,006	33,084,705	54.44%	5,124,768	645.58%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Employees' Retirement System (ERS)					
6/30/2016	\$ 889,235	\$ 889,235	\$ -	\$ 7,427,165	11.97%
6/30/2015	947,436	947,436	-	7,837,558	12.09%
6/30/2014	986,872	986,872	-	8,209,105	12.02%
Policemen's and Firemen's Pension (PFP)					
6/30/2016	\$ 604,690	\$ 604,690	\$ -	N/A	N/A
6/30/2015	607,009	607,009	-	N/A	N/A
6/30/2014	606,096	606,096	-	N/A	N/A
Policemen's and Firemen's Pension - Act 345 (Act 345)					
6/30/2016	\$ 3,709,507	\$ 3,709,507	\$ -	\$ 4,782,487	77.56%
6/30/2015	3,534,236	3,534,236	-	5,148,271	68.65%
6/30/2014	3,012,344	3,012,344	-	5,124,768	58.78%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Notes to Schedule of Contributions

Valuation date June 30, 2015 (and rolled forward to June 30, 2016, the measurement date)
Notes Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed (level dollar PFP)
Remaining amortization period	30 years (12 years PFP; 20 years Act 345)
Asset valuation method	4-year smoothed market
Inflation	3.0%
Salary increases	3.0-7.0% (9.0% Act 345) including inflation
Investment rate of return	7.5% (7.0% PFP; 6.75% Act 345), net of pension plan investment expense, including inflation
Mortality rates	RP-2000 combined Mortality Table projected to 2017 with scale BB

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of Investment Returns

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expense
Employees' Retirement System	
6/30/2016	2.59%
6/30/2015	5.85%
6/30/2014	16.60%
Policemen's and Firemen's Pension	
6/30/2016	-5.00%
6/30/2015	3.71%
6/30/2014	20.30%
Policemen's and Firemen's Pension - Act 345	
6/30/2016	-5.17%
6/30/2015	3.58%
6/30/2014	19.88%

Note: GASB 67 was implemented in fiscal year 2014. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Other Postemployment Benefits

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/07	\$ -	\$ 56,062,594	\$ 56,062,594	0.0%	\$ 17,393,970	322.3%
6/30/09	360,691	36,872,463	36,511,772	1.0%	14,340,080	254.6%
6/30/11	561,390	59,681,463	59,120,073	0.9%	12,795,432	462.0%
6/30/13	658,853	48,888,510	48,229,657	1.3%	12,653,896	381.1%

Schedule of Employer Contributions

Year Ended	Annual Required Contributions	Annual Actual Contribution	Percentage Contributed
6/30/10	\$ 4,334,480	\$ 475,390	11.0%
6/30/11	2,971,206	554,950	18.7%
6/30/12	3,097,480	1,567,827	50.6%
6/30/13	3,750,517	1,682,621	44.9%
6/30/14	3,917,634	681,278	17.4%
6/30/15	3,793,860	613,169	16.2%
6/30/16	3,769,046	603,132	16.0%

**COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES**

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 2,038,607	\$ 7,139	\$ 2,139,151	\$ 3,004,947	\$ 7,189,844
Accounts receivable, net	193,173	-	-	-	193,173
Loans receivable	70,875	-	-	-	70,875
Other receivable	-	-	-	10,860	10,860
Due from other governments	1,968,160	-	-	-	1,968,160
Due from other funds	33,229	54,329	-	15,905	103,463
Inventories	15,500	-	-	-	15,500
Prepaid items	64,436	-	-	-	64,436
Long-term advance to other funds	-	-	-	40,000	40,000
Total assets	<u>\$ 4,383,980</u>	<u>\$ 61,468</u>	<u>\$ 2,139,151</u>	<u>\$ 3,071,712</u>	<u>\$ 9,656,311</u>
Liabilities					
Accounts payable	\$ 321,437	\$ -	\$ 17,400	\$ -	\$ 338,837
Accrued payroll	69,850	-	-	-	69,850
Due to other funds	140	-	-	-	140
Interfund payables	1,849,114	-	-	-	1,849,114
Unearned revenue	106,721	-	99,828	-	206,549
Long-term advance from other funds	50,000	-	-	-	50,000
Total liabilities	<u>2,397,262</u>	<u>-</u>	<u>117,228</u>	<u>-</u>	<u>2,514,490</u>
Deferred inflows of resources					
Unavailable revenue - loans receivable	70,875	-	-	-	70,875
Fund balances					
Nonspendable for:					
Inventories	15,500	-	-	-	15,500
Prepaid items	64,436	-	-	-	64,436
Perpetual care	-	-	-	1,920,993	1,920,993
Endowment	-	-	-	1,110,719	1,110,719
Advances	-	-	-	40,000	40,000
Restricted for:					
Highways and streets	663,745	-	-	-	663,745
Public improvements	300,939	-	-	-	300,939
Public safety	19,174	-	-	-	19,174
Downtown development	-	-	1,920,425	-	1,920,425
Debt service	-	61,468	-	-	61,468
Committed for:					
Culture and recreation	192,994	-	-	-	192,994
Public safety	661,583	-	-	-	661,583
Capital projects	-	-	101,498	-	101,498
Unassigned	(2,528)	-	-	-	(2,528)
Total fund balances	<u>1,915,843</u>	<u>61,468</u>	<u>2,021,923</u>	<u>3,071,712</u>	<u>7,070,946</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,383,980</u>	<u>\$ 61,468</u>	<u>\$ 2,139,151</u>	<u>\$ 3,071,712</u>	<u>\$ 9,656,311</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2016

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property taxes	\$ 1,079,014	\$ 645,170	\$ 719,666	\$ -	\$ 2,443,850
Intergovernmental	5,954,551	1,027,838	64,602	-	7,046,991
Charges for services	2,272,782	54,544	-	22,563	2,349,889
Investment income	176,357	323	6,160	82,548	265,388
Miscellaneous	291,584	-	1,670,285	-	1,961,869
Total revenues	9,774,288	1,727,875	2,460,713	105,111	14,067,987
Expenditures					
Current:					
Public safety	6,221,987	-	-	-	6,221,987
Public works	2,334,675	-	-	-	2,334,675
Culture and recreation	1,507,176	-	-	-	1,507,176
Community enrichment and development	2,661,664	-	604,771	9,413	3,275,848
Debt service:					
Principal retirement	60,000	1,634,125	-	-	1,694,125
Interest and fiscal charges	-	2,184,775	-	-	2,184,775
Total expenditures	12,785,502	3,818,900	604,771	9,413	17,218,586
Revenues over (under) expenditures	(3,011,214)	(2,091,025)	1,855,942	95,698	(3,150,599)
Other financing sources (uses)					
Proceeds from issuance of debt	459,493	-	1,300,000	-	1,759,493
Transfers in	2,809,548	2,094,825	38,197	-	4,942,570
Transfers out	(1,654,449)	-	(3,332,324)	(45,033)	(5,031,806)
Total other financing sources (uses)	1,614,592	2,094,825	(1,994,127)	(45,033)	1,670,257
Net change in fund balances	(1,396,622)	3,800	(138,185)	50,665	(1,480,342)
Fund balances, beginning of year	3,312,465	57,668	2,160,108	3,021,047	8,551,288
Fund balances, end of year	\$ 1,915,843	\$ 61,468	\$ 2,021,923	\$ 3,071,712	\$ 7,070,946

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CITY OF JACKSON, MICHIGAN

Nonmajor Special Revenue Funds

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

Local Street Fund - This fund is used to control the expenditure of motor fuel taxes which are earmarked by law for local street and highway purposes.

Ella W. Sharp Park Operating Fund - This fund is used to record the revenues and expenditures related to operating the Ella W. Sharp Golf Course and Ella W. Sharp Park.

Public Improvement Fund - This fund was established to account for tax revenue set aside for municipal public improvements.

Building Department Fund - This fund accounts for the revenues and expenditures for the Inspection Department Activity in accordance with the State Construction Code Act of 1999.

Building Demolitions Fund - This fund was established to account for revenues earmarked for building demolition expenditures that are not otherwise funded with Brownfield Redevelopment or Community Development Block Grant funds.

Drug Law Enforcement Fund - This fund is used to account for the proceeds from the sale of seized property which has been used in association with controlled substances.

LAWNET Grant Fund - This fund is used to account for activity relating to LAWNET Project Grants entered into with the City of Ypsilanti through the Office of Criminal Justice for the purpose of expanding the drug effort and impacting drug trafficking in the Jackson-Washtenaw-Livingston County Region.

Recreation Activity Fund - This fund is used to account for the expenditure of certain revenues generated from recreation fee programs.

Community Development Block Grant Fund - This fund accounts for grants under the Housing and Community Development Act of 1974, as amended. The Act provides for a series of grants over a period of years to be used for various community development activities.

Community Development Home Grant Fund - This fund is used to account for federal grants created by the National Affordable Housing Act of 1990.

Housing Code Enforcement Fund - This fund is used to account for revenues earmarked for housing code enforcement activities.

Byrne/JAG Program Grants Fund - This fund is used to account for the activity of a federal grant relating to drug enforcement.

Recreation Millage Fund - This fund is used to account for certain property taxes collected by Jackson Public Schools and donated to the City for certain recreation purposes.

212 W. Michigan Building Demolitions Fund - This fund was established to account for revenues earmarked for building demolition expenditures for the former Consumers Energy site that are not otherwise funded with Brownfield Redevelopment or Community Development Block Grant funds.

Blight Elimination Fund - This fund was established to account for revenues and expenditures earmarked for building demolition expenditures for designated blight areas within the City.

SAFER Grant Fund - This fund is used to account for the activity of a federal grant relating to fire staffing.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2016

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Assets					
Pooled cash and investments	\$ 553,405	\$ 35,113	\$ 268,606	\$ 55,306	\$ 503,705
Accounts receivables, net	93,603	-	-	3,300	-
Loans receivable	-	-	-	-	-
Due from other governments	103,655	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	-	15,500	-	-	-
Prepaid items	-	-	64,436	-	-
Total assets	<u>\$ 750,663</u>	<u>\$ 50,613</u>	<u>\$ 333,042</u>	<u>\$ 58,606</u>	<u>\$ 503,705</u>
Liabilities					
Accounts payable	\$ 81,752	\$ 20,668	\$ -	\$ 12,385	\$ 43,560
Accrued payroll	5,166	16,973	-	7,308	734
Due to other funds	-	-	-	-	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Long-term advance from other funds	-	-	-	-	-
Total liabilities	<u>86,918</u>	<u>37,641</u>	<u>-</u>	<u>19,693</u>	<u>44,294</u>
Deferred inflows of resources					
Unavailable revenue - loans receivable	-	-	-	-	-
Fund balances					
Nonspendable for -					
Inventories	-	15,500	-	-	-
Prepaid items	-	-	64,436	-	-
Restricted for:					
Highways and streets	663,745	-	-	-	-
Public improvements	-	-	268,606	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	38,913	459,411
Unassigned	-	(2,528)	-	-	-
Total fund balances	<u>663,745</u>	<u>12,972</u>	<u>333,042</u>	<u>38,913</u>	<u>459,411</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 750,663</u>	<u>\$ 50,613</u>	<u>\$ 333,042</u>	<u>\$ 58,606</u>	<u>\$ 503,705</u>

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants
\$ 17,852	\$ 1,365	\$ 200,099	\$ 231,384	\$ 28,707	\$ 88,261	\$ -
-	-	-	-	-	96,270	-
-	-	-	70,875	-	-	-
-	-	-	-	-	-	-
-	-	-	33,229	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 17,852</u>	<u>\$ 1,365</u>	<u>\$ 200,099</u>	<u>\$ 335,488</u>	<u>\$ 28,707</u>	<u>\$ 184,531</u>	<u>\$ -</u>
\$ 43	\$ -	\$ 2,988	\$ 131,638	\$ -	\$ 7,757	\$ -
-	-	4,117	4,961	-	13,515	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	78,014	28,707	-	-
-	-	-	50,000	-	-	-
<u>43</u>	<u>-</u>	<u>7,105</u>	<u>264,613</u>	<u>28,707</u>	<u>21,272</u>	<u>-</u>
-	-	-	70,875	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
17,809	1,365	-	-	-	-	-
-	-	192,994	-	-	-	-
-	-	-	-	-	163,259	-
-	-	-	-	-	-	-
<u>17,809</u>	<u>1,365</u>	<u>192,994</u>	<u>-</u>	<u>-</u>	<u>163,259</u>	<u>-</u>
<u>\$ 17,852</u>	<u>\$ 1,365</u>	<u>\$ 200,099</u>	<u>\$ 335,488</u>	<u>\$ 28,707</u>	<u>\$ 184,531</u>	<u>\$ -</u>

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CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds

June 30, 2016

	Recreation Millage	212 W. Michigan Building Demolition	Blight Elimination	SAFER Grant	Totals
Assets					
Pooled cash and investments	\$ 54,804	\$ -	\$ -	\$ -	\$ 2,038,607
Accounts receivables, net	-	-	-	-	193,173
Loans receivable	-	-	-	-	70,875
Due from other governments	-	-	1,864,505	-	1,968,160
Due from other funds	-	-	-	-	33,229
Inventories	-	-	-	-	15,500
Prepaid items	-	-	-	-	64,436
Total assets	<u>\$ 54,804</u>	<u>\$ -</u>	<u>\$ 1,864,505</u>	<u>\$ -</u>	<u>\$ 4,383,980</u>
Liabilities					
Accounts payable	\$ 7,311	\$ -	\$ 13,335	\$ -	\$ 321,437
Accrued payroll	15,160	-	1,916	-	69,850
Due to other funds	-	-	140	-	140
Interfund payables	-	-	1,849,114	-	1,849,114
Unearned revenue	-	-	-	-	106,721
Long-term advances from other funds	-	-	-	-	50,000
Total liabilities	<u>22,471</u>	<u>-</u>	<u>1,864,505</u>	<u>-</u>	<u>2,397,262</u>
Deferred inflows of resources					
Unavailable revenue - loans receivable	-	-	-	-	70,875
Fund balances					
Nonspendable for -					
Inventories	-	-	-	-	15,500
Prepaid items	-	-	-	-	64,436
Restricted for:					
Highways and streets	-	-	-	-	663,745
Public improvements	32,333	-	-	-	300,939
Public safety	-	-	-	-	19,174
Committed for:					
Culture and recreation	-	-	-	-	192,994
Public safety	-	-	-	-	661,583
Unassigned	-	-	-	-	(2,528)
Total fund balances	<u>32,333</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,915,843</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 54,804</u>	<u>\$ -</u>	<u>\$ 1,864,505</u>	<u>\$ -</u>	<u>\$ 4,383,980</u>

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CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Revenues					
Property taxes	\$ -	\$ -	\$ 1,079,014	\$ -	\$ -
Intergovernmental	630,297	-	-	-	-
Charges for services	-	545,417	-	516,615	360,234
Investment income	726	63	2,461	3,406	162,412
Miscellaneous	-	-	-	-	-
Total revenues	631,023	545,480	1,081,475	520,021	522,646
Expenditures					
Current:					
Public safety	-	-	-	532,969	1,532,766
Public works	2,334,675	-	-	-	-
Culture and recreation	-	729,441	-	-	-
Community enrichment and development	-	-	557,587	-	-
Debt service - principal retirement	-	-	60,000	-	-
Total expenditures	2,334,675	729,441	617,587	532,969	1,532,766
Revenues over (under) expenditures	(1,703,652)	(183,961)	463,888	(12,948)	(1,010,120)
Other financing sources (uses)					
Proceeds from issuance of long-term debt	-	-	459,493	-	-
Transfers in	1,432,133	172,415	-	-	525,000
Transfers out	-	-	(974,449)	-	(680,000)
Total other financing sources (uses)	1,432,133	172,415	(514,956)	-	(155,000)
Net change in fund balances	(271,519)	(11,546)	(51,068)	(12,948)	(1,165,120)
Fund balances, beginning of year	935,264	24,518	384,110	51,861	1,624,531
Fund balances, end of year	\$ 663,745	\$ 12,972	\$ 333,042	\$ 38,913	\$ 459,411

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	214	-	863,598	281,839	843,838	24,307
-	-	275,919	-	-	-	-
39	-	379	-	-	6,790	-
15,524	-	-	229,923	20,766	25,371	-
15,563	214	276,298	1,093,521	302,605	875,999	24,307
12,503	-	-	128,984	-	-	24,307
-	-	-	-	-	-	-
-	-	235,241	-	-	-	-
-	-	-	1,031,217	302,605	770,255	-
-	-	-	-	-	-	-
12,503	-	235,241	1,160,201	302,605	770,255	24,307
3,060	214	41,057	(66,680)	-	105,744	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,060	214	41,057	(66,680)	-	105,744	-
14,749	1,151	151,937	66,680	-	57,515	-
\$ 17,809	\$ 1,365	\$ 192,994	\$ -	\$ -	\$ 163,259	\$ -

continued...

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2016

	Recreation Millage	212 W. Michigan Building Demolition	Blight Elimination	SAFER Grant	Totals
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,079,014
Intergovernmental	-	-	3,140,000	170,458	5,954,551
Charges for services	574,597	-	-	-	2,272,782
Investment income	81	-	-	-	176,357
Miscellaneous	-	-	-	-	291,584
Total revenues	<u>574,678</u>	<u>-</u>	<u>3,140,000</u>	<u>170,458</u>	<u>9,774,288</u>
Expenditures					
Current:					
Public safety	-	-	3,820,000	170,458	6,221,987
Public works	-	-	-	-	2,334,675
Culture and recreation	542,494	-	-	-	1,507,176
Community enrichment and development	-	-	-	-	2,661,664
Debt service - principal retirement	-	-	-	-	60,000
Total expenditures	<u>542,494</u>	<u>-</u>	<u>3,820,000</u>	<u>170,458</u>	<u>12,785,502</u>
Revenues over (under) expenditures	<u>32,184</u>	<u>-</u>	<u>(680,000)</u>	<u>-</u>	<u>(3,011,214)</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	-	-	-	-	459,493
Transfers in	-	-	680,000	-	2,809,548
Transfers out	-	-	-	-	(1,654,449)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>680,000</u>	<u>-</u>	<u>1,614,592</u>
Net change in fund balances	<u>32,184</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,396,622)</u>
Fund balances, beginning of year	<u>149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,312,465</u>
Fund balances, end of year	<u>\$ 32,333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,915,843</u>

concluded.

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Local Street Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2015 Actual
Revenues				
Intergovernmental	\$ 550,000	\$ 630,297	\$ 80,297	\$ 598,049
Investment income	800	726	(74)	1,692
Miscellaneous	54,896	-	(54,896)	14,500
Total revenues	605,696	631,023	25,327	614,241
Expenditures				
Current - public works:				
Street construction	2,946,232	2,389,105	(557,127)	110,126
Street maintenance	493,106	366,083	(127,023)	440,851
Traffic services	2,000	485	(1,515)	297
Winter maintenance	123,453	69,603	(53,850)	59,924
Reimbursements	(474,211)	(490,601)	(16,390)	(84,789)
Total expenditures	3,090,580	2,334,675	(755,905)	526,409
Revenues over (under) expenditures	(2,484,884)	(1,703,652)	781,232	87,832
Other financing sources (uses)				
Transfers in	1,608,127	1,432,133	(175,994)	494,560
Transfers out	-	-	-	(214,837)
Total other financing sources (uses)	1,608,127	1,432,133	(175,994)	279,723
Net change in fund balance	(876,757)	(271,519)	605,238	367,555
Fund balance, beginning of year	935,264	935,264	-	567,709
Fund balance, end of year	\$ 58,507	\$ 663,745	\$ 605,238	\$ 935,264

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Ella W. Sharp Park Special Revenue Operating Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 569,250	\$ 545,417	\$ (23,833)	\$ 527,133
Investment income	100	63	(37)	121
Total revenues	<u>569,350</u>	<u>545,480</u>	<u>(23,870)</u>	<u>527,254</u>
Expenditures				
Current - culture and recreation:				
Personal services	299,463	305,617	6,154	287,912
Materials and supplies	190,250	189,160	(1,090)	178,622
Contractual and other services	244,976	234,664	(10,312)	226,496
Total expenditures	<u>734,689</u>	<u>729,441</u>	<u>(5,248)</u>	<u>693,030</u>
Revenues under expenditures	(165,339)	(183,961)	(18,622)	(165,776)
Other financing sources				
Transfers in	167,134	172,415	5,281	168,789
Net change in fund balance	1,795	(11,546)	(13,341)	3,013
Fund balance, beginning of year	24,518	24,518	-	21,505
Fund balance, end of year	<u>\$ 26,313</u>	<u>\$ 12,972</u>	<u>\$ (13,341)</u>	<u>\$ 24,518</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Public Improvement Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2015 Actual
Revenues				
Property taxes	\$ 1,080,000	\$ 1,079,014	\$ (986)	\$ 1,043,331
Investment income	5,000	2,461	(2,539)	3,354
Total revenues	<u>1,085,000</u>	<u>1,081,475</u>	<u>(3,525)</u>	<u>1,046,685</u>
Expenditures				
Current - community enrichment and development	225,969	557,587	331,618	60,936
Debt service - principal retirement	60,000	60,000	-	-
Total expenditures	<u>285,969</u>	<u>617,587</u>	<u>331,618</u>	<u>60,936</u>
Revenues over (under) expenditures	<u>799,031</u>	<u>463,888</u>	<u>(335,143)</u>	<u>985,749</u>
Other financing sources (uses)				
Proceeds from issuance of long-term debt	-	459,493	459,493	-
Transfers out	(1,003,035)	(974,449)	(28,586)	(908,175)
Other financing sources (uses)	<u>(1,003,035)</u>	<u>(514,956)</u>	<u>430,907</u>	<u>(908,175)</u>
Net change in fund balance	<u>(204,004)</u>	<u>(51,068)</u>	<u>95,764</u>	<u>77,574</u>
Fund balance, beginning of year	<u>384,110</u>	<u>384,110</u>	<u>-</u>	<u>306,536</u>
Fund balance, end of year	<u>\$ 180,106</u>	<u>\$ 333,042</u>	<u>\$ 95,764</u>	<u>\$ 384,110</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Building Department Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2015 Actual
Revenues				
Charges for services	\$ 491,700	\$ 516,615	\$ 24,915	\$ 490,954
Investment income	2,800	3,406	606	2,289
Total revenues	<u>494,500</u>	<u>520,021</u>	<u>25,521</u>	<u>493,243</u>
Expenditures				
Current - public safety:				
Personal services	446,850	425,623	(21,227)	354,174
Materials and supplies	20,300	9,373	(10,927)	8,086
Inspection services	-	-	-	-
Contractual and other services	93,144	97,973	4,829	95,545
Total expenditures	<u>560,294</u>	<u>532,969</u>	<u>(27,325)</u>	<u>457,805</u>
Revenues over (under) expenditures	(65,794)	(12,948)	52,846	35,438
Other financing sources				
Transfers in	14,000	-	(14,000)	-
Net change in fund balance	<u>(51,794)</u>	<u>(12,948)</u>	<u>38,846</u>	<u>35,438</u>
Fund balance, beginning of year	<u>51,861</u>	<u>51,861</u>	<u>-</u>	<u>16,423</u>
Fund balance, end of year	<u>\$ 67</u>	<u>\$ 38,913</u>	<u>\$ 38,846</u>	<u>\$ 51,861</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Building Demolitions Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2015 Actual
Revenues				
Charges for services	\$ 250,000	\$ 360,234	\$ 110,234	\$ 1,077,505
Investment income	145,000	162,412	17,412	102,614
Total revenues	395,000	522,646	127,646	1,180,119
Expenditures				
Current - public safety -				
Contractual and other services	1,863,520	1,532,766	(330,754)	1,291,202
Revenues over (under) expenditures	(1,468,520)	(1,010,120)	458,400	(111,083)
Other financing sources (uses)				
Transfers in	525,000	525,000	-	1,300,000
Transfers out	(680,000)	(680,000)	-	-
Total other financing sources (uses)	(155,000)	(155,000)	-	1,300,000
Net change in fund balance	(1,623,520)	(1,165,120)	458,400	1,188,917
Fund balance, beginning of year	1,624,531	1,624,531	-	435,614
Fund balance, end of year	<u>\$ 1,011</u>	<u>\$ 459,411</u>	<u>\$ 458,400</u>	<u>\$ 1,624,531</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Drug Law Enforcement Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Investment income	\$ 350	\$ 39	\$ (311)	\$ 77
Miscellaneous:				
Sale of property	6,000	547	(5,453)	1,231
Other	12,250	14,977	2,727	12,617
Total revenues	<u>18,600</u>	<u>15,563</u>	<u>(3,037)</u>	<u>13,925</u>
Expenditures				
Current - public safety:				
Personal services	12,173	12,042	(131)	19,719
Materials and supplies	400	-	(400)	-
Contractual and other services	4,425	461	(3,964)	4,413
Total expenditures	<u>16,998</u>	<u>12,503</u>	<u>(4,495)</u>	<u>24,132</u>
Revenues over (under) expenditures	1,602	3,060	1,458	(10,207)
Other financing uses				
Transfers out	(14,515)	-	(14,515)	(15,666)
Net change in fund balance	(12,913)	3,060	15,973	(25,873)
Fund balance, beginning of year	14,749	14,749	-	40,622
Fund balance, end of year	<u>\$ 1,836</u>	<u>\$ 17,809</u>	<u>\$ 15,973</u>	<u>\$ 14,749</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

LAWNET Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ -	\$ 214	\$ 214	\$ 15,666
Expenditures				
Current - public safety -				
Personal services	-	-	-	31,331
Revenues over (under) expenditures	-	214	214	(15,665)
Other financing sources (uses)				
Transfers in	-	-	-	15,666
Transfers out	(1,151)	-	1,151	-
Net change in fund balance	(1,151)	214	1,365	1
Fund balance, beginning of year	1,151	1,151	-	1,150
Fund balance, end of year	<u>\$ -</u>	<u>\$ 1,365</u>	<u>\$ 1,365</u>	<u>\$ 1,151</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Recreation Activity Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2015 Actual
Revenues				
Charges for services	\$ 244,000	\$ 275,919	\$ 31,919	\$ 260,292
Investment income	250	379	129	218
Total revenues	<u>244,250</u>	<u>276,298</u>	<u>32,048</u>	<u>260,510</u>
Expenditures				
Current - culture and recreation:				
Personal services	89,539	92,287	2,748	86,908
Materials and supplies	55,050	59,335	4,285	49,981
Contractual and other services	84,061	83,619	(442)	83,604
Total expenditures	<u>228,650</u>	<u>235,241</u>	<u>6,591</u>	<u>220,493</u>
Net change in fund balance	15,600	41,057	25,457	40,017
Fund balance, beginning of year	<u>151,937</u>	<u>151,937</u>	-	<u>111,920</u>
Fund balance, end of year	<u><u>\$ 167,537</u></u>	<u><u>\$ 192,994</u></u>	<u><u>\$ 25,457</u></u>	<u><u>\$ 151,937</u></u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Community Development Block Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 1,145,876	\$ 863,598	\$ (282,278)	\$ 1,683,186
Miscellaneous	156,037	229,923	73,886	68,013
Total revenues	<u>1,301,913</u>	<u>1,093,521</u>	<u>(208,392)</u>	<u>1,751,199</u>
Expenditures				
Current:				
Public safety -				
Code enforcement	131,000	128,984	(2,016)	234,602
Community enrichment and development:				
Rehabilitation	164,098	127,779	(36,319)	289,691
Rehabilitation loans	3,000	-	(3,000)	5,697
Public services	50,000	49,727	(273)	38,302
Administration	166,500	109,679	(56,821)	131,501
Culture and recreation	80,000	-	(80,000)	788,916
Street construction	572,490	568,248	(4,242)	53,080
Public facility demolition	313,825	175,784	(138,041)	446,595
Total expenditures	<u>1,480,913</u>	<u>1,160,201</u>	<u>(320,712)</u>	<u>1,988,384</u>
Net change in fund balance	(179,000)	(66,680)	112,320	(237,185)
Fund balances, beginning of year	<u>66,680</u>	<u>66,680</u>	<u>-</u>	<u>303,865</u>
Fund balances, end of year	<u>\$ (112,320)</u>	<u>\$ -</u>	<u>\$ 112,320</u>	<u>\$ 66,680</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Community Development Home Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 1,035,319	\$ 281,839	\$ (753,480)	\$ 254,122
Miscellaneous	114,477	20,766	(93,711)	279,649
Total revenues	<u>1,149,796</u>	<u>302,605</u>	<u>(847,191)</u>	<u>533,771</u>
Expenditures				
Current - community enrichment and development:				
Rehabilitation assistance	413,344	130,363	(282,981)	282,981
Community housing development organizations	738,689	172,242	(566,447)	250,790
Municipal service charges	(2,237)	-	2,237	-
Total expenditures	<u>1,149,796</u>	<u>302,605</u>	<u>(847,191)</u>	<u>533,771</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Housing Code Enforcement Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 624,500	\$ 843,838	\$ 219,338	\$ 564,112
Investment income	5,000	6,790	1,790	15,422
Miscellaneous	25,000	25,371	371	87,449
Total revenues	654,500	875,999	221,499	666,983
Expenditures				
Current -				
Community enrichment and development	779,649	770,255	(9,394)	799,931
Revenues over (under) expenditures	(125,149)	105,744	230,893	(132,948)
Other financing sources (uses)				
Transfers in	67,700	-	(67,700)	-
Net change in fund balance	(57,449)	105,744	163,193	(132,948)
Fund balance, beginning of year	57,515	57,515	-	190,463
Fund balance, end of year	\$ 66	\$ 163,259	\$ 163,193	\$ 57,515

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Byrne / JAG Programs Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2015 Actual
Revenues				
Intergovernmental	\$ 25,049	\$ 24,307	\$ (742)	\$ 59,173
Expenditures				
Current - public safety:				
Contractual and other services	25,049	24,307	(742)	59,173
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Recreation Millage Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 585,000	\$ 574,597	\$ (10,403)	\$ 232,579
Investment income	8,000	81	(7,919)	4
Total revenues	<u>593,000</u>	<u>574,678</u>	<u>(18,322)</u>	<u>232,583</u>
Expenditures				
Current - culture and recreation:				
Personal services	302,182	345,665	43,483	124,284
Materials and supplies	212,000	174,801	(37,199)	102,564
Contractual and other services	54,300	22,028	(32,272)	33,639
Total expenditures	<u>568,482</u>	<u>542,494</u>	<u>(25,988)</u>	<u>260,487</u>
Net change in fund balance	24,518	32,184	7,666	(27,904)
Fund balance, beginning of year	149	149	-	28,053
Fund balance, end of year	<u>\$ 24,667</u>	<u>\$ 32,333</u>	<u>\$ 7,666</u>	<u>\$ 149</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

212 W. Michigan Building Demolition Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Investment income	\$ -	\$ -	\$ -	\$ -
Expenditures				
Current - public safety -				
Contractual and other services	-	-	-	17,500
Revenues over (under) expenditures	-	-	-	(17,500)
Other financing sources				
Transfers in	-	-	-	17,500
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

Blight Elimination Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			
	Amended Budget	Actual	Actual Over (Under) Final Budget	2015 Actual
Revenues				
Intergovernmental revenue	\$ 3,983,890	\$ 3,140,000	\$ (843,890)	\$ 1,516,110
Investment income	-	-	-	2
Total revenues	3,983,890	3,140,000	(843,890)	1,516,112
Expenditures				
Current - public safety -				
Contractual and other services	4,663,890	3,820,000	(843,890)	1,516,112
Revenues under expenditures	(680,000)	(680,000)	-	-
Other financing sources				
Transfers in	680,000	680,000	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual

SAFER Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2016

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2015

	2016			2015 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 170,692	\$ 170,458	\$ (234)	\$ 650,518
Expenditures				
Current - public safety -				
Personal services	170,692	170,458	(234)	650,518
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

Nonmajor Debt Service Funds

Debt service funds are used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

2007 Brownfield Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$9,905,000 Refunding Bonds dated December 1, 2007.

2012 Brownfield Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$7,360,000 Refunding Bonds dated December 1, 2007.

2011 Downtown Development Authority Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$5,395,000 Refunding Bonds dated March 27, 2001.

Building Authority Debt Service Fund - This fund is used to record principal and interest payments on the \$800,000 Building Authority Bonds dated June 1, 1992.

2001 DDA TIF Debt Service Fund - This fund is used to record principal and interest payments on the \$17,998,577 Downtown Development Authority bonds, used to finance the City's share of land acquisition and infrastructure improvements associated with the construction of the new Consumers Energy headquarters.

2013 City Hall Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$8,275,000 Refunding Bonds dated February 5, 2013.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Debt Service Funds

June 30, 2016

	2007 Brownfield Refunding	2012 Brownfield Refunding	2011 DDA Refunding
Assets			
Pooled cash and investments	\$ 2,373	\$ -	\$ -
Due from other funds	-	2,156	431
Total assets	<u>\$ 2,373</u>	<u>\$ 2,156</u>	<u>\$ 431</u>
Fund balances			
Restricted for debt service	<u>\$ 2,373</u>	<u>\$ 2,156</u>	<u>\$ 431</u>



Building Authority	2001 DDA TIF	2013 City Hall Refunding	Totals
\$ 3,321	\$ 637	\$ 808	\$ 7,139
-	-	51,742	54,329
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 52,550</u>	<u>\$ 61,468</u>
<u>\$ 3,321</u>	<u>\$ 637</u>	<u>\$ 52,550</u>	<u>\$ 61,468</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Fiscal Year Ended June 30, 2016

	2007 Brownfield Refunding	2012 Brownfield Refunding	2011 DDA Refunding
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	426,354	597,219	-
Charges for services	-	-	-
Investment income	-	-	-
Total revenues	<u>426,354</u>	<u>597,219</u>	<u>-</u>
Expenditures			
Debt service:			
Principal retirement	35,000	335,000	-
Interest and fiscal charges	391,354	262,219	248,325
Total expenditures	<u>426,354</u>	<u>597,219</u>	<u>248,325</u>
Revenues over (under) expenditures	-	-	(248,325)
Other financing sources			
Transfers in	-	-	248,325
Net change in fund balances	-	-	-
Fund balances, beginning of year	<u>2,373</u>	<u>2,156</u>	<u>431</u>
Fund balances, end of year	<u>\$ 2,373</u>	<u>\$ 2,156</u>	<u>\$ 431</u>



Building Authority	2001 DDA TIF	2013 City Hall Refunding	Totals
\$ -	\$ -	\$ 645,170	\$ 645,170
-	-	4,265	1,027,838
54,544	-	-	54,544
-	-	323	323
54,544	-	649,758	1,727,875
45,000	829,125	390,000	1,634,125
9,544	1,017,375	255,958	2,184,775
54,544	1,846,500	645,958	3,818,900
-	(1,846,500)	3,800	(2,091,025)
-	1,846,500	-	2,094,825
-	-	3,800	3,800
3,321	637	48,750	57,668
\$ 3,321	\$ 637	\$ 52,550	\$ 61,468

CITY OF JACKSON, MICHIGAN

■ Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund - This fund is used to account for monies set aside to fund various capital building and land improvements not otherwise funded by bond proceeds.

2016 Capital Improvement Bonds Construction Fund - This fund is used to account for monies set aside to fund various capital building and land improvements funded by the 2016 capital improvement bonds.

Downtown Development Authority Project Fund - This fund is used to account for the receipt and expenditure of tax increments based on the captured assessed value of property within the Amended Development Area.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2016

	Capital Projects	2016 Capital Improvement Bonds Construction	Downtown Development Authority Project	Totals
Assets				
Pooled cash and investments	\$ 211,547	\$ 34,073	\$ 1,893,531	\$ 2,139,151
Liabilities				
Accounts payable	\$ 10,221	\$ -	\$ 7,179	\$ 17,400
Unearned revenue	99,828	-	-	99,828
Total liabilities	110,049	-	7,179	117,228
Fund balances				
Restricted for downtown development	-	34,073	1,886,352	1,920,425
Committed for capital projects	101,498	-	-	101,498
Total fund balances	101,498	34,073	1,886,352	2,021,923
Total liabilities and fund balances	\$ 211,547	\$ 34,073	\$ 1,893,531	\$ 2,139,151

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Fiscal Year Ended June 30, 2016

	Capital Projects	2016 Capital Improvement Bonds Construction	Downtown Development Authority Project	Totals
Revenues				
Property taxes	\$ -	\$ -	\$ 719,666	\$ 719,666
Intergovernmental	-	-	64,602	64,602
Investment income	483	-	5,677	6,160
Other	170,285	-	1,500,000	1,670,285
Total revenues	170,768	-	2,289,945	2,460,713
Expenditures				
Community enrichment and development	189,543	28,428	386,800	604,771
Revenues over (under) expenditures	(18,775)	(28,428)	1,903,145	1,855,942
Other financing sources (uses)				
Proceeds from issuance of long-term debt	-	1,300,000	-	1,300,000
Transfers in	38,197	-	-	38,197
Transfers out	-	(1,237,499)	(2,094,825)	(3,332,324)
Total other financing sources (uses)	38,197	62,501	(2,094,825)	(1,994,127)
Net change in fund balances	19,422	34,073	(191,680)	(138,185)
Fund balances, beginning of year	82,076	-	2,078,032	2,160,108
Fund balances, end of year	<u>\$ 101,498</u>	<u>\$ 34,073</u>	<u>\$ 1,886,352</u>	<u>\$ 2,021,923</u>

CITY OF JACKSON, MICHIGAN

■ Nonmajor Permanent Funds

Ella W. Sharp Park Endowment Fund - This fund is used to account for monies received from the estate of Ella W. Sharp.

Cemetery Perpetual Maintenance Fund - This fund is used to account for money held in trust for the perpetual care of certain cemetery lots.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2016

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Total
Assets			
Pooled cash and investments - restricted	\$ 1,094,814	\$ 1,910,133	\$ 3,004,947
Interest receivable	-	10,860	10,860
Due from other funds	15,905	-	15,905
Long-term advance to other funds	40,000	-	40,000
Total assets	<u>\$ 1,150,719</u>	<u>\$ 1,920,993</u>	<u>\$ 3,071,712</u>
Fund balances			
Nonspendable for:			
Perpetual care	\$ -	\$ 1,920,993	\$ 1,920,993
Endowment	1,110,719	-	1,110,719
Advances	40,000	-	40,000
Total fund balances	<u>\$ 1,150,719</u>	<u>\$ 1,920,993</u>	<u>\$ 3,071,712</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Permanent Funds

For the Fiscal Year Ended June 30, 2016

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Total
Revenues			
Charges for services	\$ -	\$ 22,563	\$ 22,563
Investment income	36,846	45,702	82,548
Total revenues	36,846	68,265	105,111
Expenditures			
Current - community enrichment and development	-	9,413	9,413
Revenues over expenditures	36,846	58,852	95,698
Other financing uses			
Transfers out	(24,415)	(20,618)	(45,033)
Net change in fund balances	12,431	38,234	50,665
Fund balances, beginning of year	1,138,288	1,882,759	3,021,047
Fund balances, end of year	<u>\$ 1,150,719</u>	<u>\$ 1,920,993</u>	<u>\$ 3,071,712</u>

CITY OF JACKSON, MICHIGAN

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's commission is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered through user charges or where the government's commission has decided that periodic determination of net income is appropriate for accountability purposes.

Ella W. Sharp Park Golf Practice Center Fund - This fund is used to account for the construction and operation of the Ella W. Sharp Park Golf Practice Center.

Automobile Parking System Fund - This fund is used to account for the operation of the downtown parking garage and capital improvements to the City's parking system.

Parking Assessment Fund - This fund is used to account for the revenues and expenses of the City's meterless parking system.

Stormwater Utility - This fund is used to account for the revenues and expenses of the City's stormwater utility system.

CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2016

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
Assets					
Current assets:					
Pooled cash and investments	\$ 61,712	\$ 57,187	\$ 152,208	\$ -	\$ 271,107
Accounts receivable	-	-	1,040	-	1,040
Total current assets	<u>61,712</u>	<u>57,187</u>	<u>153,248</u>	<u>-</u>	<u>272,147</u>
Noncurrent assets:					
Capital assets not being depreciated	-	3,188,512	-	-	3,188,512
Capital assets being depreciated, net	-	127,787	-	-	127,787
Total noncurrent assets	<u>-</u>	<u>3,316,299</u>	<u>-</u>	<u>-</u>	<u>3,316,299</u>
Total assets	<u>61,712</u>	<u>3,373,486</u>	<u>153,248</u>	<u>-</u>	<u>3,588,446</u>
Liabilities					
Current liabilities:					
Accounts payable	10,500	39,633	2,713	-	52,846
Accrued payroll	1,812	146	1,095	-	3,053
Total current liabilities	<u>12,312</u>	<u>39,779</u>	<u>3,808</u>	<u>-</u>	<u>55,899</u>
Noncurrent liabilities -					
Long term advance from other funds	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Total liabilities	<u>52,312</u>	<u>39,779</u>	<u>3,808</u>	<u>-</u>	<u>95,899</u>
Net position					
Investment in capital assets	-	3,316,299	-	-	3,316,299
Unrestricted	<u>9,400</u>	<u>17,408</u>	<u>149,440</u>	<u>-</u>	<u>176,248</u>
Total net position	<u>\$ 9,400</u>	<u>\$ 3,333,707</u>	<u>\$ 149,440</u>	<u>\$ -</u>	<u>\$ 3,492,547</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenses

and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
Operating revenues					
Charges for sales and services	\$ 41,058	\$ 39,908	\$ 41,152	\$ -	\$ 122,118
Other	-	-	22,152	-	22,152
Total operating revenues	41,058	39,908	63,304	-	144,270
Operating expenses					
Personal services	27,120	5,611	40,421	-	73,152
Materials and supplies	375	2,826	-	-	3,201
Contractual and other services	13,709	41,187	54,353	-	109,249
Depreciation	-	6,085	-	-	6,085
Total operating expenses	41,204	55,709	94,774	-	191,687
Operating loss	(146)	(15,801)	(31,470)	-	(47,417)
Nonoperating revenues (expenses)					
Investment income	149	11	390	-	550
Interest and fiscal charges	(1,250)	-	-	-	(1,250)
Total nonoperating revenues (expenses)	(1,101)	11	390	-	(700)
Loss before transfers	(1,247)	(15,790)	(31,080)	-	(48,117)
Transfers in	10,000	1,248,499	48,815	-	1,307,314
Change in net position	8,753	1,232,709	17,735	-	1,259,197
Net position, beginning of year	647	2,100,998	131,705	-	2,233,350
Net position, end of year	\$ 9,400	\$ 3,333,707	\$ 149,440	\$ -	\$ 3,492,547

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2016

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
Cash flows from operating activities					
Receipts from customers and users	\$ 41,058	\$ 39,908	\$ 67,264	\$ -	\$ 148,230
Payments to employees	(27,120)	(5,611)	(40,421)	-	(73,152)
Payments to vendors and claimants	(12,208)	(172,155)	(53,569)	(20,711)	(258,643)
Net cash provided by (used in) operating activities	1,730	(137,858)	(26,726)	(20,711)	(183,565)
Cash flows from capital and related financing activities					
Purchase of capital assets	-	(1,238,499)	-	-	(1,238,499)
Interest paid on long-term debt	(1,250)	-	-	-	(1,250)
Net cash used in capital and related financing activities	(1,250)	(1,238,499)	-	-	(1,239,749)
Cash flows provided by noncapital financing activities					
Transfer in	10,000	1,248,499	48,815	-	1,307,314
Cash flows provided by investing activities					
Interest received on investments	149	11	390	-	550
Net change in cash and cash equivalents	10,629	(127,847)	22,479	(20,711)	(115,450)
Cash and cash equivalents, beginning of year	51,083	185,034	129,729	20,711	386,557
Cash and cash equivalents, end of year	\$ 61,712	\$ 57,187	\$ 152,208	\$ -	\$ 271,107
Reconciliation of operating loss to net cash provided by (used in) operating activities					
Operating loss	\$ (146)	\$ (15,801)	\$ (31,470)	\$ -	\$ (47,417)
Adjustments to reconcile operating loss to net cash provided by (used) in operating activities:					
Depreciation	-	6,085	-	-	6,085
Change in operating assets and liabilities that provided (used) cash:					
Accounts receivable	872	-	3,960	-	4,832
Accounts payable	10,500	(128,116)	1,883	(20,711)	(136,444)
Accrued payroll	504	(26)	(1,099)	-	(621)
Advance from other funds	(10,000)	-	-	-	(10,000)
Net cash provided by (used in) operating activities	\$ 1,730	\$ (137,858)	\$ (26,726)	\$ (20,711)	\$ (183,565)

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CITY OF JACKSON, MICHIGAN

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.

Workers' Compensation Fund - This fund is used to record the activity of the City's self-insured workers compensation program. Revenues are supplied by charges to various City funds.

Self Insurance Health Fund - This fund is used to record the activity of the City's self-insured health program. Revenues are supplied by charges to various City funds.

Motor Pool And Garage Fund - This fund is used to record the operations of the City's motor vehicle pool at the Department of Public Works. Revenues are supplied by equipment rental charges to other funds of the City.

Public Works Administration Fund - This fund is used to account for the administrative operations of the City's Department of Public Works.

Engineering Administration Fund - This fund is used to account for the administrative operations of the City's Engineering Department.

Local Site Remediation Revolving Fund - This Fund is used to record the receipt and disbursement of money available under Section 13(5) of the Brownfield Redevelopment Financing Act (Act 381 of 1996) and may also consist of money appropriated or otherwise made available from public or private sources.

CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2016

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage	Public Works Administration
Assets				
Current assets:				
Pooled cash and investments	\$ 241,538	\$ 638,721	\$ 216,477	\$ 31,214
Accounts receivable	1,401	-	50	23,642
Prepaid items	-	251,916	-	-
Restricted cash -				
Cash on hand with agents	46,000	-	-	-
Total current assets	288,939	890,637	216,527	54,856
Noncurrent assets:				
Long-term advances	1,220,110	-	-	-
Capital assets being depreciated, net	-	-	812,096	-
Total noncurrent assets	1,220,110	-	812,096	-
Total assets	1,509,049	890,637	1,028,623	54,856
Liabilities				
Current liabilities:				
Accounts payable	13,204	28,709	13,191	8,486
Accrued payroll	-	-	6,728	3,847
Due to other funds	-	-	15,905	-
Current portion of estimated claims payable	111,021	-	-	-
Total current liabilities	124,225	28,709	35,824	12,333
Noncurrent liabilities:				
Long-term advance	-	-	87,663	-
Estimated claims payable, net of current portion	163,591	-	-	-
Total noncurrent liabilities	163,591	-	87,663	-
Total liabilities	287,816	28,709	123,487	12,333
Net position				
Investment in capital assets	-	-	812,096	-
Unrestricted	1,221,233	861,928	93,040	42,523
Total net position	\$ 1,221,233	\$ 861,928	\$ 905,136	\$ 42,523



Engineering Administration	Local Site Remediation Revolving	Totals
\$ 30,988	\$ 267,626	\$ 1,426,564
-	-	25,093
-	-	251,916
-	-	46,000
<u>30,988</u>	<u>267,626</u>	<u>1,749,573</u>
-	-	1,220,110
-	-	812,096
<u>-</u>	<u>-</u>	<u>2,032,206</u>
<u>30,988</u>	<u>267,626</u>	<u>3,781,779</u>
4,607	-	68,197
4,205	-	14,780
-	-	15,905
-	-	111,021
<u>8,812</u>	<u>-</u>	<u>209,903</u>
-	-	87,663
-	-	163,591
<u>-</u>	<u>-</u>	<u>251,254</u>
<u>8,812</u>	<u>-</u>	<u>461,157</u>
-	-	812,096
<u>22,176</u>	<u>267,626</u>	<u>2,508,526</u>
<u>\$ 22,176</u>	<u>\$ 267,626</u>	<u>\$ 3,320,622</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenses

and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2016

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage	Public Works Administration
Operating revenues				
Charges for services	\$ 187,354	\$ 5,015,236	\$ 263,181	\$ 188,275
Miscellaneous	3,233	-	631,612	11
Total operating revenues	190,587	5,015,236	894,793	188,286
Operating expenses				
Personal services	-	-	333,957	255,091
Administration	-	-	-	23,023
Materials and supplies	-	-	266,817	-
Contractual and other services	5,575	4,159,117	110,975	-
Benefit payments:				
Claims	74,398	-	-	-
Fees and reinsurance	61,970	-	-	-
Depreciation	-	-	409,579	-
Total operating expenses	141,943	4,159,117	1,121,328	278,114
Operating income (loss)	48,644	856,119	(226,535)	(89,828)
Nonoperating revenues				
Investment income	42,054	1,091	527	4,471
Change in net position	90,698	857,210	(226,008)	(85,357)
Net position, beginning of year	1,130,535	4,718	1,131,144	127,880
Net position, end of year	\$ 1,221,233	\$ 861,928	\$ 905,136	\$ 42,523



Engineering Administration	Local Site Remediation Revolving	Totals
\$ 295,712	\$ 70,367	\$ 6,020,125
-	10,215	645,071
295,712	80,582	6,665,196
257,850	-	846,898
64,090	10,601	97,714
-	-	266,817
-	-	4,275,667
-	-	74,398
-	-	61,970
-	-	409,579
321,940	10,601	6,033,043
(26,228)	69,981	632,153
138	965	49,246
(26,090)	70,946	681,399
48,266	196,680	2,639,223
\$ 22,176	\$ 267,626	\$ 3,320,622

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2016

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage	Public Works Administration
Cash flows from operating activities				
Receipts for interfund services provided	\$ 439,256	\$ 5,015,236	\$ 890,080	\$ 184,162
Payments to employees	-	-	(332,386)	(257,495)
Payments to vendors and claimants	(292,790)	(4,377,606)	(384,205)	(24,594)
Net cash provided by (used in) operating activities	146,466	637,630	173,489	(97,927)
Cash flows from capital and related financing activities				
Purchase of capital assets	-	-	(121,405)	-
Interfund advances	(14,429)	-	(17,664)	-
Net cash used in capital and related financing activities	(14,429)	-	(139,069)	-
Cash flows provided by investing activities				
Interest received on investments	42,054	1,091	527	4,471
Net change in cash and cash equivalents	174,091	638,721	34,947	(93,456)
Cash and cash equivalents, beginning of year	113,447	-	181,530	124,670
Cash and cash equivalents, end of year	\$ 287,538	\$ 638,721	\$ 216,477	\$ 31,214
Statement of net position classification of cash				
Cash and cash equivalents	\$ 241,538	\$ 638,721	\$ 216,477	\$ 31,214
Restricted cash and cash equivalents	46,000	-	-	-
	\$ 287,538	\$ 638,721	\$ 216,477	\$ 31,214
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 48,644	\$ 856,119	\$ (226,535)	\$ (89,828)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	-	409,579	-
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	-	382	(4,124)
Interfund receivable	248,669	-	-	-
Prepaid items	-	30,467	-	-
Accounts payable	1,732	(287)	(6,413)	(1,571)
Accrued payroll	-	-	1,571	(2,404)
Due to other funds	-	-	(5,095)	-
Interfund payable	-	(248,669)	-	-
Estimated claims payable	(152,579)	-	-	-
Net cash provided by (used in) operating activities	\$ 146,466	\$ 637,630	\$ 173,489	\$ (97,927)

Engineering Administration	Local Site Remediation Revolving	Totals
\$ 296,330	\$ 80,582	\$ 6,905,646
(257,772)	-	(847,653)
(62,147)	(10,601)	(5,151,943)
(23,589)	69,981	906,050
-	-	(121,405)
-	-	(32,093)
-	-	(153,498)
138	965	49,246
(23,451)	70,946	801,798
54,439	196,680	670,766
\$ 30,988	\$ 267,626	\$ 1,472,564
\$ 30,988	\$ 267,626	\$ 1,426,564
-	-	46,000
\$ 30,988	\$ 267,626	\$ 1,472,564
\$ (26,228)	\$ 69,981	\$ 632,153
-	-	409,579
618	-	(3,124)
-	-	248,669
-	-	30,467
1,943	-	(4,596)
78	-	(755)
-	-	(5,095)
-	-	(248,669)
-	-	(152,579)
\$ (23,589)	\$ 69,981	\$ 906,050

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CITY OF JACKSON, MICHIGAN

Agency Funds

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

Payroll Clearing Fund - This fund is used to process City-wide payroll.

Jeopardy Tax Fund - This fund is used to account for advance personal property payments from dissolved businesses.

County And School Tax Collection Fund - This fund is used to record transactions arising from the collection of taxes for the County of Jackson, Jackson Community College, Jackson Transit Authority and Jackson Public Schools.

Community Development Block Grant Escrow Fund - This fund was established to act as an escrow depository for all loans and grants related to the City's Community Development Block Grant Rehabilitation Program.

Act 495 Fire Trust Fund - This fund was established to hold escrowed amounts from insurance proceeds due to fire loss in order to ensure that the damaged property is rehabilitated by the owner's.

Cafeteria Reimbursement Fund - This fund is used to account for employee cafeteria reimbursements.

CITY OF JACKSON, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2016

	Payroll Clearing	Jeopardy Tax	County and School Tax Collection	Community Development Block Grant Escrow	Act 495 Fire Trust Fund
Assets					
Pooled cash and investments	\$ 50	\$ 9,784	\$ 5,006	\$ 12,517	\$ 42,000
Liabilities					
Due to other governments	\$ -	\$ 9,784	\$ 5,006	\$ 12,517	\$ -
Other liabilities	50	-	-	-	42,000
Total liabilities	<u>\$ 50</u>	<u>\$ 9,784</u>	<u>\$ 5,006</u>	<u>\$ 12,517</u>	<u>\$ 42,000</u>

Cafeteria Reimbursement	Total
\$ 41,469	\$ 110,826
\$ - 41,469	\$ 27,307 83,519
\$ 41,469	\$ 110,826

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Payroll Clearing Account				
Assets				
Pooled cash and investments	\$ 51,065	\$ 13,913,439	\$ 13,964,454	\$ 50
Liabilities				
Other liabilities	\$ 51,065	\$ 13,913,439	\$ 13,964,454	\$ 50
Jeopardy Tax Fund				
Assets				
Pooled cash and investments	\$ 5,481	\$ 27,307	\$ 23,004	\$ 9,784
Liabilities				
Due to other governmental units	\$ 5,481	\$ 27,307	\$ 23,004	\$ 9,784
County & School Tax Collection Fund				
Assets				
Pooled cash and investments	\$ 79,716	\$ 30,713,068	\$ 30,787,778	\$ 5,006
Liabilities				
Due to other governmental units	\$ 79,716	\$ 9,053,505	\$ 9,128,215	\$ 5,006
Undistributed tax collections:				
Jackson County	-	3,752,948	3,752,948	-
Jackson Public Schools	-	7,512,240	7,512,240	-
Northwest Schools	-	36,263	36,263	-
Michigan Center Schools	-	35,596	35,596	-
East Jackson Schools	-	4,869	4,869	-
Jackson Intermediate School District	-	4,473,575	4,473,575	-
Jackson Community College	-	596,147	596,147	-
Jackson Transportation Authority	-	509,280	509,280	-
State of Michigan - State Education Tax	-	2,953,283	2,953,283	-
Total liabilities	\$ 79,716	\$ 28,927,706	\$ 29,002,416	\$ 5,006

continued...

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2016

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
Community Development Block Grant Escrow Fund				
Assets				
Pooled cash and investments	\$ 1,532	\$ 10,985	\$ -	\$ 12,517
Liabilities				
Due to other governments	\$ 1,532	\$ 10,985	\$ -	\$ 12,517
Act 495 Fire Trust Fund				
Assets				
Pooled cash and investments	\$ 32,425	\$ 95,851	\$ 86,276	\$ 42,000
Liabilities				
Insurance deposits	\$ 32,425	\$ 95,851	\$ 86,276	\$ 42,000
Cafeteria Reimbursement Fund				
Assets				
Pooled cash and investments	\$ 46,142	\$ 85,833	\$ 90,506	\$ 41,469
Liabilities				
Accounts payable	\$ -	\$ 82,216	\$ 82,216	\$ -
Employees' contributions	46,142	85,833	90,506	41,469
Total liabilities	\$ 46,142	\$ 168,049	\$ 172,722	\$ 41,469
Total All Agency Funds				
Assets				
Pooled cash and investments	\$ 216,361	\$ 44,846,483	\$ 44,952,018	\$ 110,826
Liabilities				
Accounts payable	\$ -	\$ 82,216	\$ 82,216	\$ -
Due to other governmental units	86,729	9,080,812	9,151,219	27,307
Undistributed tax collections	-	19,874,201	19,874,201	-
Other liabilities	129,632	14,095,123	14,141,236	83,519
Total liabilities	\$ 216,361	\$ 43,132,352	\$ 43,248,872	\$ 110,826

concluded.

CITY OF JACKSON, MICHIGAN

Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2016

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Pooled cash and investments	\$ 1,468,805	\$ -	\$ 1,468,805
Liabilities			
Accounts payable	\$ 21	-	21
Salaries payable	461	-	461
Total liabilities	482	-	482
Fund balances			
Unrestricted	1,468,323	(1,468,323)	-
Total liabilities and fund balance	\$ 1,468,805		
Net position - unrestricted		\$ 1,468,323	\$ 1,468,323

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures

and Changes in Fund Balances / Statement of Activities

Brownfield Redevelopment Authority Component Unit

For the Fiscal Year Ended June 30, 2016

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property tax	\$ 1,090,860	\$ -	\$ 1,090,860
Interest revenue	3,487	-	3,487
Total revenues	1,094,347	-	1,094,347
Expenditures/Expenses			
Community enrichment	1,182,982	-	1,182,982
Revenues over (under) expenditures	(88,635)	88,635	-
Change in net position	-	(88,635)	(88,635)
Fund balances / net position, beginning of year	1,556,958	-	1,556,958
Fund balances / net position, end of year	<u>\$ 1,468,323</u>	<u>\$ -</u>	<u>\$ 1,468,323</u>

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STATISTICAL SECTION

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CITY OF JACKSON, MICHIGAN

Statistical Section (Unaudited)

This part of the City of Jackson's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

CONTENTS	<u>Page</u>
Financial Trends (schedules 1 thru 5)	156
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity (schedules 6 thru 9)	167
These schedules contain information to help the reader assess the government's most local sources: property taxes and water and wastewater usage fees.	
Debt Capacity (schedules 10 thru 12)	171
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information (schedules 13 and 14)	176
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
Operating Information (schedules 15 thru 26)	178
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF JACKSON, MICHIGAN

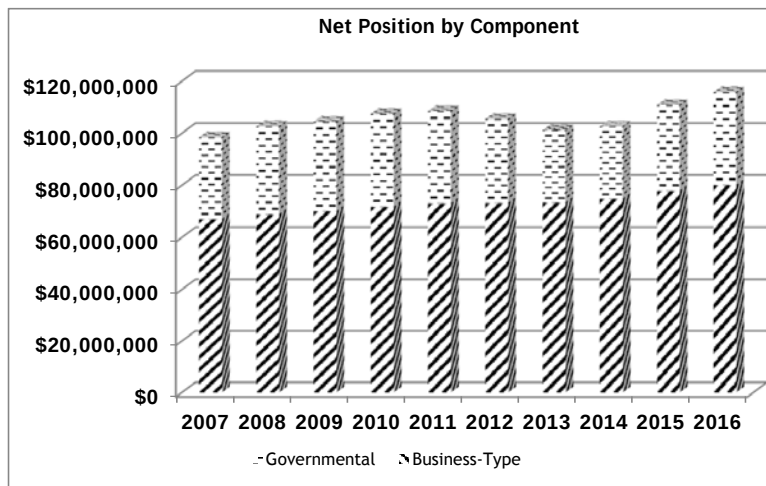
Net Position by Component

Last Ten Years

(accrual basis of accounting)

	2007	2008	2009	2010	2011
Governmental activities					
Net investment in capital assets	\$ 23,412,904	\$ 22,909,620	\$ 25,292,037	\$ 26,205,595	\$ 27,905,286
Restricted	5,261,929	5,250,943	6,084,912	5,954,460	4,234,677
Unrestricted (deficit)	7,158,068	7,433,449	1,004,574	(4,248,423)	(4,269,622)
Total governmental activities net assets	\$ 35,832,901	\$ 35,594,012	\$ 32,381,523	\$ 27,911,632	\$ 27,870,341
Business-type activities					
Net investment in capital assets	\$ 53,809,620	\$ 55,168,398	\$ 57,102,607	\$ 56,517,510	\$ 56,651,540
Restricted	1,447,009	1,447,009	167,600	160,100	167,600
Unrestricted	16,417,163	16,368,542	15,846,100	16,599,831	17,964,849
Total business-type activities net assets	\$ 71,673,792	\$ 72,983,949	\$ 73,116,307	\$ 73,277,441	\$ 74,783,989
Primary government					
Net investment in capital assets	\$ 77,222,524	\$ 78,078,018	\$ 82,394,644	\$ 82,723,105	\$ 84,556,826
Restricted	6,708,938	6,697,952	6,252,512	6,114,560	4,402,277
Unrestricted (deficit)	23,575,231	23,801,991	16,850,674	12,351,408	13,695,227
Total primary government net position	\$ 107,506,693	\$ 108,577,961	\$ 105,497,830	\$ 101,189,073	\$ 102,654,330

Source: City of Jackson Finance Department



Schedule 1
Unaudited

2012	2013	2014	2015	2016
\$ 32,867,134	\$ 36,771,568	\$ 37,303,547	\$ 38,234,548	\$ 41,858,320
4,240,770	6,439,037	7,181,966	7,972,469	7,208,873
(4,048,999)	(6,970,145)	(11,088,913)	(62,538,673)	(67,681,747)
<u>\$ 33,058,905</u>	<u>\$ 36,240,460</u>	<u>\$ 33,396,600</u>	<u>\$ (16,331,656)</u>	<u>\$ (18,614,554)</u>
\$ 57,808,727	\$ 57,446,945	\$ 57,537,510	\$ 59,159,505	\$ 62,021,038
67,300	62,500	62,500	62,500	-
19,952,439	22,506,870	23,712,577	22,498,646	22,422,024
<u>\$ 77,828,466</u>	<u>\$ 80,016,315</u>	<u>\$ 81,312,587</u>	<u>\$ 81,720,651</u>	<u>\$ 84,443,062</u>
\$ 90,675,861	\$ 94,218,513	\$ 94,841,057	\$ 97,394,053	\$ 103,879,358
4,308,070	6,501,537	7,244,466	8,034,969	7,208,873
15,903,440	15,536,725	12,623,664	(40,040,027)	(45,259,723)
<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>	<u>\$ 114,709,187</u>	<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>

CITY OF JACKSON, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2007	2008	2009	2010	2011
Revenue					
Governmental activities:					
Program revenues:					
Charges for services	\$ 4,928,945	\$ 4,576,960	\$ 4,545,223	\$ 4,729,249	\$ 4,996,781
Operating grants and contributions	5,929,661	5,954,457	5,964,746	7,238,196	6,800,210
Capital grants and contributions	2,591,674	1,119,751	1,444,563	2,130,328	2,363,474
General revenues:					
Property taxes	11,062,066	10,710,438	10,488,646	10,305,545	9,826,762
Income taxes	7,822,180	7,946,837	7,645,706	6,519,574	6,977,923
Grants and contributions not restricted to specific programs	5,538,943	5,390,450	5,730,532	4,785,181	4,750,419
Other	626,456	613,778	210,499	36,974	99,733
Total governmental activities revenues	38,499,925	36,312,671	36,029,915	35,745,047	35,815,302
Business-type activities:					
Program revenues:					
Charges for services	12,004,796	11,987,813	11,741,153	10,969,737	12,738,380
Operating grants and contributions	-	-	-	17,165	-
General revenues:					
Grants and contributions not restricted to specific programs	268,077	527,454	225,628	285,961	292,290
Other	703,383	781,190	446,863	221,234	101,871
Total business-type activities revenues	12,976,256	13,296,457	12,413,644	11,494,097	13,132,541
Total primary government revenues	51,476,181	49,609,128	48,443,559	47,239,144	48,947,843
Expenses					
Governmental activities:					
Legislative	79,944	100,856	84,987	81,455	78,998
General government	5,227,643	5,106,778	5,590,322	5,193,157	4,672,731
Public safety	16,865,859	16,474,297	18,514,730	18,480,322	16,182,495
Public works	6,112,674	6,363,857	6,982,096	6,815,307	6,604,418
Culture and recreation	2,746,767	2,484,262	2,823,240	3,074,451	2,891,768
Community enrichment & development	3,951,962	3,836,177	4,276,212	4,808,286	3,764,313
Interest on long-term debt	1,995,657	1,767,307	1,823,284	1,761,960	1,634,370
Total governmental activities expenses	36,980,506	36,133,534	40,094,871	40,214,938	35,829,093
Business-type activities:					
Sewer	5,257,605	5,405,194	5,186,279	5,221,872	5,165,228
Water	5,448,272	5,896,097	6,315,543	5,360,557	5,718,144
Stormwater utilities	-	-	-	-	88,861
Parking system	627,579	743,253	708,936	688,921	623,946
Golf practice center	68,705	71,092	70,528	61,613	57,314
Total business-type activities expenses	11,402,161	12,115,636	12,281,286	11,332,963	11,653,493
Total primary government expenses	48,382,667	48,249,170	52,376,157	51,547,901	47,482,586
Change in net position	3,093,514	1,359,958	(3,932,598)	(4,308,757)	1,465,257
Net position, beginning of year, as restated	104,413,179	107,506,693	108,577,961	105,497,830	101,189,073
Other restatements at June 30	-	(288,690)	852,467	-	-
Net position, end of year	\$ 107,506,693	\$ 108,577,961	\$ 105,497,830	\$ 101,189,073	\$ 102,654,330

Source: City of Jackson Finance Department.

Schedule 2
Unaudited

2012	2013	2014	2015	2016
\$ 4,598,435	\$ 6,587,602	\$ 4,848,628	\$ 5,552,879	\$ 6,865,865
5,979,625	7,603,364	4,954,371	8,168,083	8,528,481
5,321,414	4,434,092	1,715,400	2,616,526	4,382,916
9,708,980	9,495,893	9,347,632	9,848,721	10,098,963
7,297,281	8,017,329	8,080,526	8,806,662	8,269,968
4,061,333	4,218,247	4,350,343	4,473,462	4,529,640
100,188	88,095	205,048	220,316	273,697
<u>37,067,256</u>	<u>40,444,622</u>	<u>33,501,948</u>	<u>39,686,649</u>	<u>42,949,530</u>
15,905,133	14,550,167	12,747,090	12,157,199	12,950,095
-	-	-	-	-
245,514	274,432	502,598	494,502	484,125
93,619	185,949	91,290	79,121	65,603
<u>16,244,266</u>	<u>15,010,548</u>	<u>13,340,978</u>	<u>12,730,822</u>	<u>13,499,823</u>
<u>53,311,522</u>	<u>55,455,170</u>	<u>46,842,926</u>	<u>52,417,471</u>	<u>56,449,353</u>
78,779	81,079	80,442	77,646	86,196
4,224,454	4,774,616	5,316,441	4,430,955	4,919,166
14,157,903	18,980,031	18,040,231	20,342,158	23,831,644
5,509,209	6,157,790	5,909,656	6,078,035	6,008,799
2,764,356	2,392,391	2,592,620	2,925,356	3,001,248
3,140,708	3,281,198	3,049,440	2,955,101	3,853,316
1,280,723	1,595,962	1,275,528	1,212,116	2,224,745
<u>31,156,132</u>	<u>37,263,067</u>	<u>36,264,358</u>	<u>38,021,367</u>	<u>43,925,114</u>
5,808,940	4,622,944	4,528,885	4,269,366	4,697,987
5,923,975	6,079,526	6,388,397	6,671,055	6,837,381
845,506	1,441,642	524,814	679,023	-
632,315	625,116	633,440	590,951	507,451
62,084	53,471	50,620	53,489	41,907
<u>13,272,820</u>	<u>12,822,699</u>	<u>12,126,156</u>	<u>12,263,884</u>	<u>12,084,726</u>
<u>44,428,952</u>	<u>50,085,766</u>	<u>48,390,514</u>	<u>50,285,251</u>	<u>56,009,840</u>
8,882,570	5,369,404	(1,547,588)	2,132,220	439,513
102,654,330	110,887,371	116,256,775	63,256,775	65,388,995
(649,529)	-	-	-	-
<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>	<u>\$ 114,709,187</u>	<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>

CITY OF JACKSON, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Years

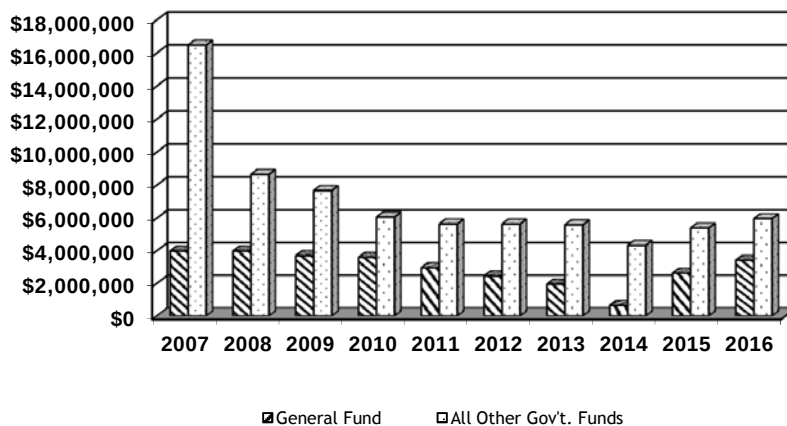
(modified accrual basis of accounting)

	2007	2008	2009	2010	2011
General fund					
Nonspendable					\$ 469,317
Unassigned					2,160,928
Reserved	\$ 311,967	\$ 379,213	\$ 249,169	\$ 76,177	-
Unreserved	2,656,966	2,078,521	1,707,278	581,788	-
Total general fund	\$ 2,968,933	\$ 2,457,734	\$ 1,956,447	\$ 657,965	\$ 2,630,245
All other governmental funds					
Nonspendable					\$ 3,092,357
Restricted					2,005,904
Committed					127,472
Unassigned (deficit)					(895,314)
Reserved	\$ 2,989,343	\$ 3,116,497	\$ 3,259,351	\$ 3,518,347	-
Unreserved, reported in:					
Special revenue funds	2,810,082	2,498,687	2,492,904	2,485,481	-
Debt service funds	43,361	54,908	42,961	13,714	-
Capital projects funds	230,953	(17,189)	(146,010)	(420,308)	-
Total all other governmental funds	6,073,739	5,652,903	5,649,206	5,597,234	4,330,419
Total governmental funds	\$ 9,042,672	\$ 8,110,637	\$ 7,605,653	\$ 6,255,199	\$ 6,960,664

(A) The City of Jackson implemented GASB Statement No. 54 as of and for the year ended June 30, 2011. Fund balance component classifications are shown as reported under that new criteria as of that date.

Source: City of Jackson Finance Department.

Fund Balances - Governmental Funds



Schedule 3
Unaudited

2012	2013	2014	2015	2016
\$ 54,655	\$ 62,482	\$ 60,073	\$ 66,122	\$ 67,427
3,372,517	4,188,560	4,757,198	5,475,601	6,041,453
-	-	-	-	-
-	-	-	-	-
<u>\$ 3,427,172</u>	<u>\$ 4,251,042</u>	<u>\$ 4,817,271</u>	<u>\$ 5,541,723</u>	<u>\$ 6,108,880</u>
\$ 3,169,686	\$ 3,156,635	\$ 3,185,209	\$ 3,312,687	\$ 3,472,264
2,871,925	3,282,402	3,996,757	4,951,422	4,137,161
321,791	685,861	812,627	2,026,938	956,075
(958,023)	(1,149,377)	(1,054,511)	(1,100,354)	(1,134,975)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>5,405,379</u>	<u>5,975,521</u>	<u>6,940,082</u>	<u>9,190,693</u>	<u>7,430,525</u>
<u>\$ 8,832,551</u>	<u>\$ 10,226,563</u>	<u>\$ 11,757,353</u>	<u>\$ 14,732,416</u>	<u>\$ 13,539,405</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 18,716,042	\$ 18,589,716	\$ 18,249,873	\$ 16,936,953	\$ 16,753,417
Licenses and permits	231,486	228,671	247,399	250,602	270,214
Intergovernmental	13,180,443	11,274,670	11,885,926	12,316,023	12,727,160
Charges for services	4,051,135	3,848,682	3,870,877	3,913,947	3,898,388
Fines and forfeits	203,086	221,869	224,967	261,677	224,881
Special assessments	306,739	467,981	384,602	278,701	254,958
Investment income	697,179	767,926	406,345	218,023	127,759
Miscellaneous	571,129	785,300	998,231	1,222,574	1,518,901
Total revenues	37,957,239	36,184,815	36,268,220	35,398,500	35,775,678
Expenditures					
Legislative	79,944	100,856	84,987	81,455	78,998
General government	4,814,896	4,687,386	4,778,604	4,440,441	4,156,263
Public safety	17,460,830	16,945,032	17,398,422	16,770,309	15,553,034
Public works	8,480,193	5,954,413	5,974,822	6,435,712	6,088,484
Culture and recreation	2,727,397	2,668,948	2,758,877	2,503,995	2,839,995
Community enrichment and development	2,581,143	2,589,998	2,543,682	2,856,698	2,614,118
Capital outlay	731,251	506,321	625,907	162,571	210,309
Debt service:					
Principal	1,219,000	1,479,000	1,604,000	1,699,000	1,832,000
Interest & fiscal charges	1,994,884	1,773,561	1,789,183	1,735,313	1,669,512
Other	-	215,913	-	-	-
Total expenditures	40,089,538	36,921,428	37,558,484	36,685,494	35,042,713
Excess of revenues over (under) expenditures	(2,132,299)	(736,613)	(1,290,264)	(1,286,994)	732,965
Other financing sources (uses)					
Proceeds from the sale of capital assets	20,984	11,452	22,538	18,842	-
Proceeds from the issuance of debt	-	9,905,000	-	-	-
Discount on bonds	-	(94,062)	-	-	-
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	(9,599,786)	-	-	-
Transfers in	2,969,637	2,635,156	3,552,312	3,232,670	3,207,550
Transfers out	(3,092,763)	(2,764,492)	(3,642,036)	(3,314,972)	(3,235,050)
Total other financing sources (uses)	(102,142)	93,268	(67,186)	(63,460)	(27,500)
Net change in fund balances	\$ (2,234,441)	\$ (643,345)	\$ (1,357,450)	\$ (1,350,454)	\$ 705,465
Debt service as a percentage of total expenditures	8.0%	9.4%	9.0%	9.4%	10.0%

Source: City of Jackson Finance Department.

Schedule 4
Unaudited

2012	2013	2014	2015	2016
\$ 16,885,935	\$ 17,321,868	\$ 17,428,158	\$ 18,655,383	\$ 18,368,931
262,775	271,848	265,297	269,871	269,932
15,414,169	16,139,922	10,841,106	15,052,090	17,545,877
3,806,252	5,133,688	3,588,723	3,794,081	3,581,590
199,216	223,947	184,411	251,069	291,348
223,209	403,688	288,255	372,646	347,218
134,927	121,539	186,120	208,663	294,770
608,713	660,058	771,598	1,077,636	2,273,206
37,535,196	40,276,558	33,553,668	39,681,439	42,972,872
78,779	81,079	80,442	77,646	86,196
4,111,378	4,334,482	4,111,567	4,265,628	4,381,350
13,936,985	17,766,806	15,829,087	17,659,079	19,869,088
8,704,847	8,036,993	5,044,025	5,483,350	9,533,378
2,686,777	2,684,768	2,545,604	2,634,120	2,943,178
1,998,043	2,260,186	2,002,541	3,474,674	3,938,264
547,300	641,945	781,655	434,097	-
915,000	1,600,000	710,000	765,000	1,694,125
1,255,740	1,458,980	1,272,030	1,187,255	2,184,775
471,371	-	-	-	-
34,706,220	38,865,239	32,376,951	35,980,849	44,630,354
2,828,976	1,411,319	1,176,717	3,700,590	(1,657,482)
-	16,996	12,140	8,939	12,292
13,025,000	8,275,000	-	-	1,759,493
(69,591)	-	-	-	-
141,288	415,396	-	-	-
(13,975,326)	(8,644,152)	-	-	-
2,384,867	5,005,390	3,059,835	3,550,761	5,308,321
(2,463,327)	(5,085,937)	(2,717,902)	(4,285,227)	(6,615,635)
(957,089)	(17,307)	354,073	(725,527)	464,471
\$ 1,871,887	\$ 1,394,012	\$ 1,530,790	\$ 2,975,063	\$ (1,193,011)
7.6%	7.9%	6.1%	5.4%	10.7%

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

	2007	2008	2009	2010	2011
Revenues					
Taxes	\$ 16,016,387	\$ 15,794,628	\$ 15,415,825	\$ 14,201,465	\$ 13,994,106
Licenses and permits	231,486	228,671	247,399	250,602	270,214
Intergovernmental	5,572,841	5,204,759	5,474,154	4,579,549	4,835,891
Charges for services	1,306,639	1,305,095	1,299,376	1,282,471	1,202,033
Fines and forfeits	203,086	221,869	224,967	261,677	224,881
Investment income	288,413	307,193	101,926	23,086	28,179
Miscellaneous	130,031	151,284	370,730	544,266	730,797
Total revenues	23,748,883	23,213,499	23,134,377	21,143,116	21,286,101
Expenditures					
Legislative	79,944	100,856	84,987	81,455	78,998
General government	4,814,896	4,687,386	4,778,604	4,440,441	4,156,263
Public safety	16,292,286	15,745,929	16,165,588	15,143,445	14,037,609
Public works	1,498,532	1,498,147	1,513,350	1,165,539	659,843
Culture and recreation	1,465,900	1,466,462	1,549,225	1,379,570	1,725,123
Community enrichment and development	202,150	198,589	259,488	182,875	189,356
Total expenditures	24,353,708	23,697,369	24,351,242	22,393,325	20,847,192
Excess of revenues over (under) expenditures	(604,825)	(483,870)	(1,216,865)	(1,250,209)	438,909
Other financing sources (uses)					
Proceeds from the sale of capital assets	20,984	11,452	9,979	18,367	-
Transfers in	274,603	319,680	152,291	72,260	95,662
Transfers (out)	(325,855)	(358,461)	(299,158)	(138,900)	(167,500)
Total other financing sources (uses)	(30,268)	(27,329)	(136,888)	(48,273)	(71,838)
Net change in fund balances	\$ (635,093)	\$ (511,199)	\$ (1,353,753)	\$ (1,298,482)	\$ 367,071

Source: City of Jackson Finance Department.

2012	2013	2014	2015	2016
\$ 14,140,266	\$ 14,797,663	\$ 15,034,328	\$ 16,185,035	\$ 15,925,081
262,775	271,848	265,297	269,871	269,932
3,964,157	4,403,887	4,244,084	4,382,628	4,417,029
1,222,262	1,216,088	1,218,086	1,077,458	1,231,701
199,216	223,947	184,411	251,069	291,348
17,945	30,887	26,901	28,652	26,733
292,346	198,786	167,695	180,446	110,815
20,098,967	21,143,106	21,140,802	22,375,159	22,272,639
78,779	81,079	80,442	77,646	86,196
4,111,378	4,334,482	4,111,567	4,265,628	4,381,350
12,399,958	12,900,639	12,731,670	13,376,704	13,647,101
645,059	593,487	693,097	574,188	799,946
1,530,163	1,582,946	1,454,265	1,460,110	1,436,002
163,125	113,533	254,537	316,852	662,416
18,928,462	19,606,166	19,325,578	20,071,128	21,013,011
1,170,505	1,536,940	1,815,224	2,304,031	1,259,628
-	16,996	12,140	8,939	12,292
72,422	46,406	30,353	28,133	24,755
(446,000)	(776,472)	(1,291,488)	(1,616,651)	(729,518)
(373,578)	(713,070)	(1,248,995)	(1,579,579)	(692,471)
\$ 796,927	\$ 823,870	\$ 566,229	\$ 724,452	\$ 567,157

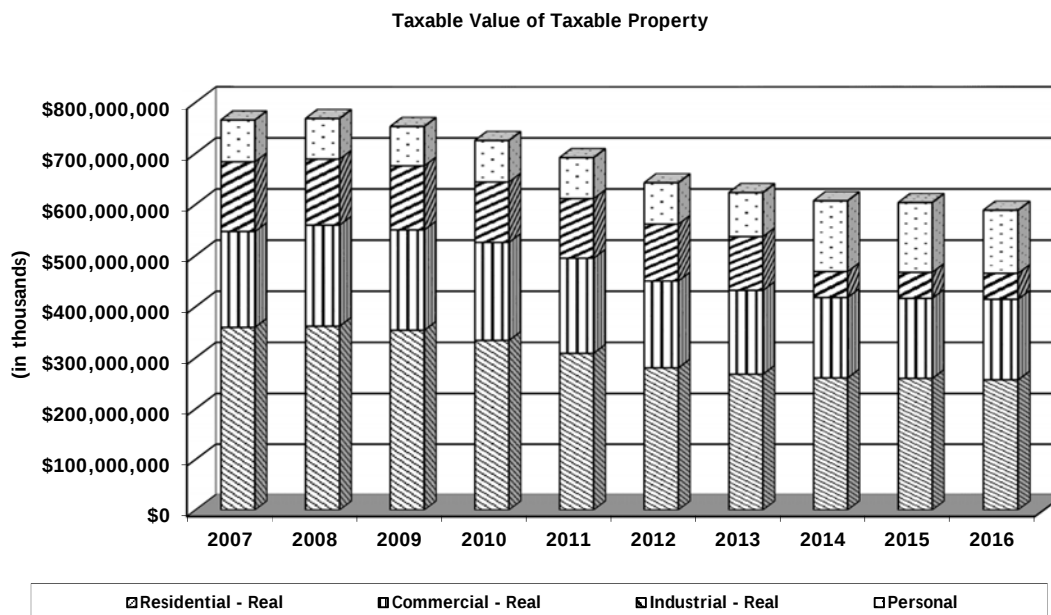
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Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

	Taxable Value by Property Type						
	Real Property			Personal Property	Total	Estimated Actual Value	Total Direct Tax Rate
Tax Year (2)	Residential	Commercial	Industrial				
2007	\$ 359,719,432	\$ 187,419,444	\$ 136,593,395	\$ 81,563,700	\$ 765,295,971	\$ 1,891,532,700	14.6789
2008	361,956,829	197,794,933	129,149,728	79,361,400	768,262,890	1,842,335,000	14.5889
2009	353,941,043	196,333,654	125,399,758	76,961,000	752,635,455	1,698,488,700	14.8089
2010	333,963,240	191,882,575	118,178,126	81,180,897	725,204,838	1,696,488,700	14.3589
2011	308,857,852	186,076,317	116,724,423	80,010,400	691,668,992	1,466,403,330	14.8389
2012	280,275,052	170,027,779	111,159,314	80,966,400	642,428,545	1,323,376,200	15.1389
2013	267,840,044	164,156,082	105,319,947	85,933,700	623,249,773	1,272,223,600	15.0889
2014	260,629,651	157,464,395	50,709,410	138,432,300	607,235,756	1,246,337,100	15.9789
2015	259,617,797	156,947,201	50,781,342	136,449,200	603,793,360	1,258,852,000	16.0329
2016	256,822,054	157,682,846	50,813,506	123,390,100	588,708,506	1,265,986,800	17.0389

- (1) Ad Valorem assessments only; amounts do not include Act 189, NEZ, OPRA, Land Bank or other abated properties. The term "taxable value" rather than "assessed value" is used in determining tax liability effective 7/1/94.
- (2) The tax year 2015 taxable values are for the tax year beginning July 1, 2015, i.e... for the fiscal year ending June 30, 2016.
- (3) Above Ad Valorem assessments include those properties located within Renaissance Zones and which are exempt from all millages levied except for bonded indebtedness. This exemption is phased out beginning July 1, 2012 at which time those properties will be taxed at 25 % of their taxable value. This percentage will increase to 50% as of July 16, 2013 and 75% as of July 1, 2014. Renaissance Zones will become fully taxable July 1, 2015.

Source: Michigan Department of Treasury Form L-4022



CITY OF JACKSON, MICHIGAN

Property Tax Rates - Direct and Overlapping

Last Ten Years

(rate per \$1,000 of taxable value)

	2007	2008	2009	2010	2011
City direct rates					
Operating	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9197	1.9197	1.9197	1.9197	1.9197
City hall debt	0.7400	0.7500	0.7700	0.8700	0.9500
Act 345 pension	5.3000	5.2000	5.4000	4.8500	5.2500
Total direct rate	14.6789	14.5889	14.8089	14.3589	14.8389
Overlapping rates					
Jackson County:					
Operating	5.1187	5.1187	5.1187	5.1187	5.1187
Jail debt	0.4851	0.4851	0.4851	0.4851	0.4851
Medical care facility	0.1398	0.1398	0.1398	0.1398	0.1398
Senior services	0.2473	0.2473	0.2473	0.2473	0.2473
District library	0.8593	1.2593	1.2593	1.2593	1.2593
	6.8502	7.2502	7.2502	7.2502	7.2502
Intermediate School District:					
Operating	0.3422	0.3422	0.3422	0.3422	0.3422
Special & vocational education	7.7541	7.7678	7.7678	7.7678	7.7678
	8.0963	8.1100	8.1100	8.1100	8.1100
Jackson Community College:	1.1446	1.1446	1.1446	1.1446	1.1446
Jackson Transit Authority - operating	0.9597	1.0000	1.0000	1.0000	1.0000
Downtown Dev. Authority - operating	1.9996	1.9996	1.9996	1.9996	1.9996
Jackson Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	2.2500	2.2500	2.2500	2.8500	2.8500
Recreation	0.2000	0.2000	0.2000	0.2000	0.2000
	26.4500	26.4500	26.4500	27.0500	27.0500
East Jackson Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	5.8800	5.8400	5.9400	6.0000	6.0000
	29.8800	29.8400	29.9400	30.0000	30.0000
Michigan Center Public Schools:					
Operating	17.3999	18.0000	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	-	-	-	-	-
Extra Voted/Sinking Fund	4.0016	3.4015	-	-	-
	27.4015	27.4015	24.0000	24.0000	24.0000
Northwest Public Schools:					
Operating	16.9487	16.9487	16.9487	16.9487	16.9487
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	-	-	0.9173	1.0281	1.0281
Extra voted	1.0513	1.0513	1.0513	1.0513	1.0513
	24.0000	24.0000	24.9173	25.0281	25.0281

Note: Levy shown is as of July 1. The July 1, 2015 levy is for the fiscal year ending June 30, 2016.

Source: City of Jackson Finance Department.

2012	2013	2014	2015	2016
6.7192	6.7192	6.7192	6.7192	6.7192
1.9197	1.7197	1.9197	1.9197	1.9197
1.0400	1.0100	1.0600	1.0640	1.1700
5.4600	5.6400	6.2800	6.3300	7.2300
15.1389	15.0889	15.9789	16.0329	17.0389
5.1187	5.1187	5.1187	5.1187	5.1187
0.4851	0.4851	0.4851	0.4851	0.4851
0.1398	0.1398	0.1398	0.1398	0.1398
0.2500	0.2500	0.2500	0.2500	0.2500
1.2593	1.2593	1.2593	1.2593	1.2593
7.2529	7.2529	7.2529	7.2529	7.2529
0.3422	0.3422	0.3422	0.3422	0.3422
8.4178	8.4178	8.4178	8.4178	8.4178
8.7600	8.7600	8.7600	8.7600	8.7600
1.1446	1.1446	1.1446	1.1446	1.1446
1.0000	1.0000	1.0000	1.0000	1.0000
1.9996	1.9996	1.9996	1.9996	1.9996
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
3.1500	3.1000	3.2500	3.2500	3.2500
0.2000	0.2000	0.2000	0.5000	0.5000
27.3500	27.3000	27.4500	27.7500	27.7500
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
7.0000	7.0000	7.0000	7.0000	7.0000
31.0000	31.0000	31.0000	31.0000	31.0000
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
-	-	-	-	1.4450
-	-	-	-	-
24.0000	24.0000	24.0000	24.0000	25.4450
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
1.0221	4.7973	4.8145	4.7690	4.7879
-	-	-	-	-
25.0221	28.7973	28.8145	28.7690	28.7879

Principal Property TaxpayersCurrent Year and Nine Years Ago
(amounts expressed in thousands)

Taxpayer	2016			2007		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Consumers Energy	\$ 140,385,518	1	23.85%	\$ 52,292,911	2	6.83%
Ramco (Jackson Crossing/Jackson West)	9,224,421	2	1.57%	8,268,354	3	1.08%
Allegiance/Henry Ford/Foote/ Health Center	5,677,633	3	0.96%	3,930,886	8	0.51%
Alro Steel Corporation	4,438,097	4	0.75%	5,946,740	6	0.78%
Jackson Iron & Metal/Omnisource	4,361,017	5	0.74%	-	N/A	N/A
Wolverine Technologies/Certainteed	4,261,626	6	0.72%	6,170,800	4	0.81%
Sears	2,978,913	7	0.51%	-	N/A	N/A
Wood Jackson (1100 W. Argyle St.)	2,442,700	8	0.41%	-	N/A	N/A
Jackson Properties (915-1089 N. Wisner St.)	2,147,456	9	0.36%	-	N/A	N/A
Dayton Hudson (Target Store)	2,145,229	10	0.36%	-	N/A	N/A
Kinder Morgan/Alphagen	-	N/A	N/A	98,741,650	1	12.90%
Home Depot	-	N/A	N/A	6,068,100	5	0.79%
Edscha Jackson Group	-	N/A	N/A	5,189,416	7	0.68%
Merchant's Crossing (Kroger)	-	N/A	N/A	3,745,350	9	0.49%
Alpine Lake Apartments, LLC	-	N/A	N/A	3,332,058	10	0.44%
	<u>\$ 178,062,610</u>		<u>30.25%</u>	<u>\$ 193,686,265</u>		<u>25.31%</u>

(1) Total Ad Valorem Taxable Valuation as of June 30, 2016 = \$ 588,708,506 (valuation for fiscal year 2017).

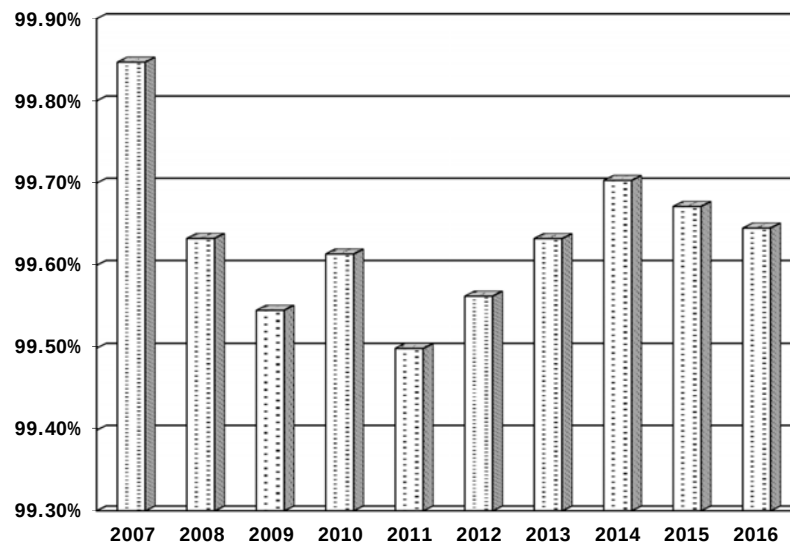
Total Ad Valorem Taxable Valuation as of June 30, 2007 = \$ 765,295,971 (valuation for fiscal year 2008).

Source: City of Jackson Assessors Department.

Property Tax Levies and Collections
 Last Ten Years

Fiscal Year	Year of Levy	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2007	2006	\$ 10,074,157	\$ 9,251,721	91.84%	\$ 807,029	\$ 10,058,750	99.85%
2008	2007	10,460,635	9,674,158	92.48%	748,057	10,422,215	99.63%
2009	2008	9,808,693	8,940,028	91.14%	824,139	9,764,167	99.55%
2010	2009	9,942,692	9,006,808	90.59%	897,485	9,904,293	99.61%
2011	2010	9,037,902	8,156,819	90.25%	835,861	8,992,680	99.50%
2012	2011	8,791,409	7,924,795	90.14%	828,217	8,753,012	99.56%
2013	2012	8,640,462	7,890,861	91.32%	717,852	8,608,713	99.63%
2014	2013	8,667,986	7,955,742	91.78%	686,515	8,642,257	99.70%
2015	2014	9,272,624	8,581,310	92.54%	660,859	9,242,169	99.67%
2016	2015	9,557,929	8,902,668	93.14%	621,360	9,524,028	99.65%

Ratio of Total Tax Collections to Total Tax Levy
Last Ten Fiscal Years



Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Installment Debt	Revenue Bonds			
2007	\$ 47,220,094	\$ 1,629,000	\$ 3,540,000	\$ 52,389,094	5.01%	\$ 1,304
2008	46,272,114	1,320,000	3,030,000	50,622,114	4.68%	1,278
2009	45,014,094	1,006,000	1,876,000	47,896,094	4.49%	1,243
2010	43,576,074	777,000	1,701,000	46,054,074	4.54%	1,303
2011	41,918,054	635,000	1,014,000	43,567,054	4.08%	1,253
2012	40,913,561	570,000	673,000	42,156,561	3.86%	1,223
2013	40,274,525	-	300,000	40,574,525	3.53%	1,204
2014	39,535,749	-	200,000	39,735,749	3.44%	1,182
2015	38,741,973	-	100,000	38,841,973	n/a	1,158
2016	38,379,072	399,493	-	38,778,565	n/a	1,148

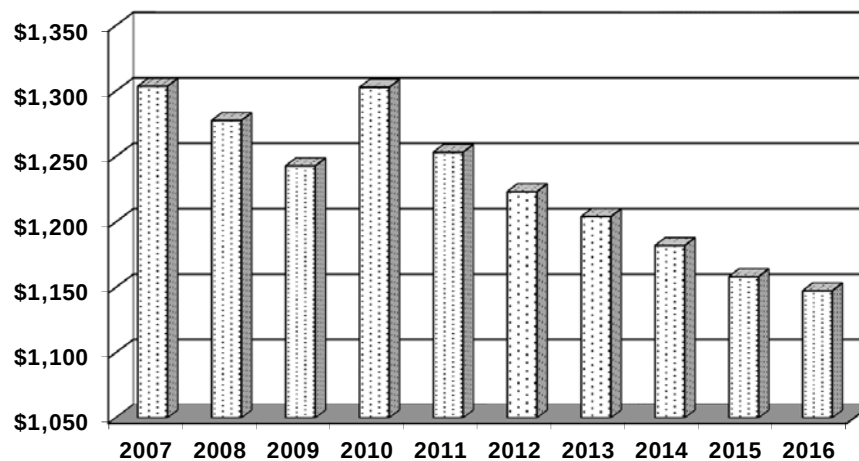
Source: City of Jackson Finance Department & U.S. Bureau of Economic Analysis.
 Personal Income statistics not available for the City of Jackson. Data used is for Jackson County.
 Personal Income statistics not available for 2015 and 2016.

Ratios of Net General Bonded Debt Outstanding
Last Ten Years

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	% of Personal Income	% of Ad Valorem Taxable Value of Property	Per Capita
2007	\$ 47,220,094	\$ -	\$ 47,220,094	4.51%	6.17%	\$ 1,304
2008	46,272,114	-	46,272,114	4.28%	6.02%	1,278
2009	45,014,094	-	45,014,094	4.22%	5.98%	1,243
2010	43,576,074	-	43,576,074	4.30%	6.01%	1,303
2011	41,918,054	-	41,918,054	3.93%	6.06%	1,253
2012	40,913,561	-	40,913,561	3.75%	6.37%	1,223
2013	40,274,525	-	40,274,525	3.51%	6.46%	1,204
2014	39,535,749	-	39,535,749	3.43%	6.51%	1,182
2015	38,741,973	-	38,741,973	n/a	6.42%	1,158
2016	38,379,072	-	38,379,072	n/a	6.52%	1,148

Source: City of Jackson Finance Department & U.S. Bureau of Economic Analysis.
 Personal Income statistics not available for the City of Jackson. Data used is for Jackson County.
 Personal Income statistics not available for 2015 and 2016.

General Bonded Debt Per Capita



CITY OF JACKSON, MICHIGAN

Schedule 11

Unaudited

Computation of Net Direct and Overlapping Debt

June 30, 2016

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
Direct debt			
Unlimited tax general obligation debt:			
2013 City hall refunding bonds	\$ 7,300,000	\$ -	\$ 7,300,000
Limited tax general obligation debt:			
2001 Downtown development authority bonds	8,069,452	8,069,452	-
2011 Downtown development authority refunding bonds	5,395,000	5,395,000	-
2007 Brownfield redevelopment authority refunding bonds	9,030,000	9,030,000	-
2012 Brownfield redevelopment authority refunding bonds	6,810,000	6,810,000	-
2016 Capital improvement bonds	1,300,000	1,300,000	-
1999 Building authority bonds	145,000	-	145,000
Installment purchase agreement	399,493	-	399,493
Net direct debt	<u>\$ 38,448,945</u>	<u>\$ 30,604,452</u>	<u>7,844,493</u>
	<u>Gross</u>	<u>City Share</u>	
Overlapping debt			
School Districts:			
Jackson School District	\$ 41,600,000	49.77%	20,704,320
East Jackson School District	22,174,026	0.09%	19,957
Michigan Center School District	10,500,000	2.32%	243,600
Northwest School District	40,415,000	0.26%	105,079
			<u>21,072,956</u>
Jackson County at large	30,260,000	13.74%	4,157,724
Jackson College	39,170,000	13.74%	5,381,958
Jackson County Intermediate School District	750,000	13.54%	101,550
Net overlapping debt			<u>30,714,188</u>
Net direct and overlapping debt			<u>\$ 38,558,681</u>
Per capita debt: (33,445 population)			
Gross direct debt			\$ 1,149.62
Net direct debt			234.55
Net overlapping debt			918.35
Total net direct and overlapping debt			1,152.90
Percent of taxable valuation: (\$588,708,506 ad valorem taxable valuation at 6/30/16)			
Net direct debt			1.33%
Net overlapping debt			<u>5.22%</u>
Total net debt			<u>6.55%</u>

Source: City of Jackson Finance Department and Municipal Advisory Council of Michigan.

CITY OF JACKSON, MICHIGAN

Schedule 12
Unaudited

Legal Debt Margin

Last Ten Years

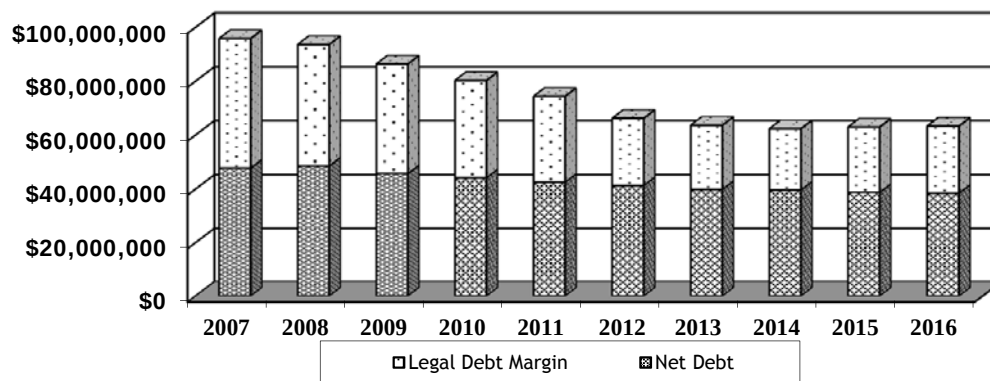
Legal debt margin calculation for 2016

State equalized value as of December 31, 2015 (for taxes levied by the City on July 1, 2016)	\$ 632,993,400
Debt limit (10% of state equalized value)	\$ 63,299,340
Total debt - (See Schedule 11)	38,448,945
Legal debt margin	\$ 24,850,395

	For Taxes Levied July 1	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit As % of Debt Limit Ratio
2007		\$ 95,841,305	\$ 47,782,577	\$ 48,058,728	49.86%
2008		93,622,301	48,566,077	45,056,224	51.87%
2009		86,354,230	45,754,577	40,599,653	52.98%
2010		80,238,220	44,205,577	36,032,643	55.09%
2011		74,359,325	42,533,577	31,825,748	57.20%
2012		66,168,810	41,298,577	24,870,233	62.41%
2013		63,611,180	39,858,577	23,752,603	62.66%
2014		62,316,855	39,641,429	22,675,426	63.61%
2015		62,942,600	38,741,973	24,200,627	61.55%
2016		63,299,340	38,448,945	24,850,395	60.74%

Source: City of Jackson Finance Department.

Components of Debt Limit



Demographic and Economic Statistics
Last Ten Years

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income (000's)	(3) Per Capita Income
2007	36,218	17,873	15,761	2,112	11.8%	\$ 4,717,870	\$ 28,875
2008	36,218	17,643	15,507	2,136	12.1%	4,803,077	29,410
2009	36,218	18,446	14,589	3,857	20.9%	4,718,335	29,338
2010	33,445	15,203	12,246	2,957	19.5%	4,855,064	30,323
2011	33,445	14,686	12,194	2,492	17.0%	5,098,226	31,819
2012	33,445	14,425	12,272	2,153	14.9%	5,237,323	32,772
2013	33,445	14,425	12,560	1,865	12.9%	5,505,580	34,344
2014	33,445	14,425	12,817	1,608	11.1%	5,509,407	34,490
2015	33,445	14,425	12,984	1,441	10.0%	n/a	n/a
2016	33,445	13,805	12,730	1,075	7.8%	n/a	n/a

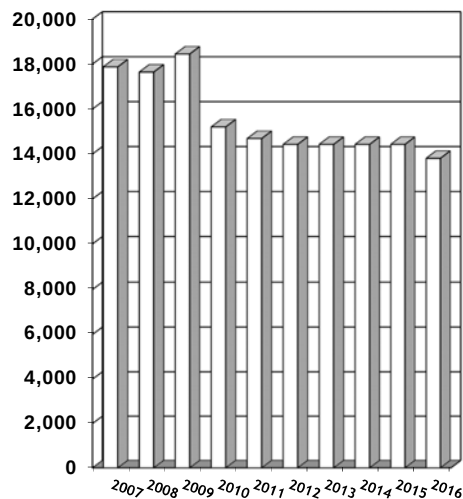
All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2016 represents June, 2016.

(1) Population shown is based on the most recent preceding year's actual.

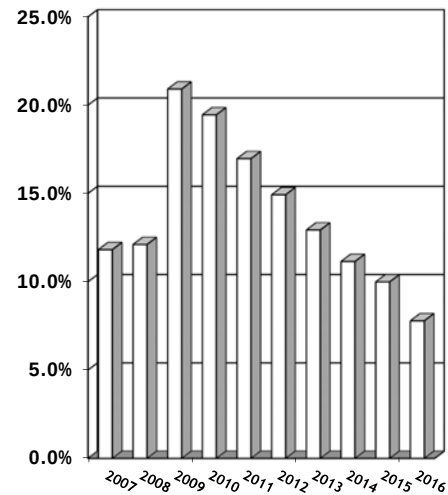
(2) Source: Michigan Bureau of Labor Market & Strategic Initiatives.

(3) Source: Bureau of Economic Analysis. Data shown is for the Jackson County. Data is not yet available for 2015 or 2016.

Labor Force



Unemployment Rate



Principal Employers

Current Year and Nine Years Ago

Employer	2016			2007			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Henry Ford Allegiance Health System	4,100	1	21.73%	3,146	(a)	1	16.79%
Consumers Energy	2,400	2	9.42%	2,000	(b)	2	7.27%
Great Lakes Home Health/Hospice	1,118	3	8.10%	400		6	2.24%
Local Government	870	4	6.30%	870		3	4.87%
Jackson Public Schools	782	5	5.66%	782		4	4.38%
Eaton Corporation	700	6	5.07%	598	(c)	5	1.68%
Anesthesia Business Consultants	284	7	2.06%	284		8	1.59%
Lifeways/Community Connections	275	8	1.99%	-		-	-
Alro Steel Corporation	271	9	1.96%	325		7	1.82%
Center for Family Health	219	10	1.59%	-		-	-
Certainteed / Wolverine Vinyl Siding	-	N/A	-	250		9	1.40%
Edscha (Jackson Automotive Group)	-	N/A	-	250		10	1.40%
	<u>11,019</u>		<u>63.88%</u>	<u>8,905</u>			<u>43.42%</u>

(1) Total employees in Jackson County. Most of the employees shown are within the City of Jackson unless noted below.

(a) Approximately 3,000 of total shown work in the City...percentage adjusted to reflect.

(b) Approximately 1,300 of total shown work in the City...percentage adjusted to reflect.

(c) Approximately 300 of total shown for 2007 only work in the City...percentage adjusted to reflect.

Source: The Enterprise Group, Jackson County.

Full-time Equivalent City Government Employees by Function/ProgramBy Function/Program
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government:										
City manager	4	2	2	2	2	2	2	3	3	3
Finance	5	5	5	4	4	4	4	4	4	4
City assessor	5	5	5	3	3	3	3	3	3	5
City attorney	5	5	5	3	2	3	3	4	5	5
City clerk/elections	4	4	4	3	3	3	1	1	1	2
Personnel	4	3	4	3	1	1	1	1	2	2
Purchasing/city hall	3	3	2	2	2	2	1	1	1	1
City treasurer/income tax	7	7	6	4	4	4	4	3	3	3
Mgt. information services	2	3	3	3	2	2	3	3	2	2
Public safety:										
Police - civilian	20	20	18	14	13	13	13	10	10	11
Police - enforcement	64	64	64	60	47	44	46	47	42	43
Fire - civilian	2	2	2	2	1	1	1	-	-	-
Fire - protection	43	42	36	33	23	17	26	26	26	17
Emergency measures	1	1	1	1	1	1	1	-	-	-
Public works:										
Public works	29	31	28	26	26	25	24	15	16	11
Engineering	13	12	11	11	10	11	10	8	8	8
Culture & recreation:										
Parks, recreation & grounds	24	24	24	22	18	18	16	15	13	15
Neighborhood Economic Operations:										
Public safety/community enrichment & development	11	11	11	11	8	9	10	11	9	14
Building inspection	5	5	4	4	4	4	6	5	6	3
Enterprise funds:										
Sewer	19	19	17	19	18	17	15	11	12	12
Water	33	34	30	26	26	25	24	26	26	28
Total	303	302	282	256	218	209	214	197	192	189

Source: City of Jackson Personnel Department (EEO Reports as of June 30) and Finance Department.

Note: EEO Reports exclude City Treasurer (elected position).

Operating Indicators by Function/Program

Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public safety										
Police:										
Physical arrests	3,206	3,314	3,660	3,523	2,928	2,253	2,649	2,645	2,514	2,887
Traffic violations	9,796	7,666	7,815	8,649	6,108	6,683	6,784	5,578	3,976	5,111
Engineering - Traffic Division:										
Parking violations	3,668	3,410	3,476	2,605	2,085	2,303	2,490	2,123	1,966	1,982
Fire:										
Calls answered	4,521	4,685	4,454	4,469	4,835	4,214	4,345	4,540	4,662	4,259
Inspections conducted	341	452	450	178	53	10	122	97	172	43
Sewer system										
Service connections	12,758	12,758	12,844	12,800	12,860	12,860	12,860	11,620	11,449	11,407
Daily average treatment (mg)	13.6	13.6	12.8	12.1	11.9	11.9	10.2	11.2	9.3	9.6
Maximum daily capacity (mg)	19	19	19	19	19	19	19	19	19	19
Township service (bulk metering)	5	5	5	5	5	5	5	5	5	5
Water system										
Service connections	15,509	15,697	15,709	15,726	15,769	15,778	15,654	14,314	14,307	14,549
Daily average consumption (mg)	5.43	5.43	5.22	5.49	5.98	6.30	6.57	6.64	6.47	7.66
Maximum daily capacity (mg)	24	24	24	24	24	24	24	24	24	24

mg = million gallons

Source: Various City Departments.

CITY OF JACKSON, MICHIGAN

Schedule 17
Unaudited**Capital Assets Statistics by Function/Program**
Last Ten Years

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	38	36	36	37	33	31	30	30	29	29
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	10	10	10	10	10	10	11	11	11	11
Culture and recreation										
Parks:										
Number	26	26	27	27	27	27	27	26	26	26
Acreage	637	637	638	638	638	638	638	639	639	639
Community centers	2	2	2	2	2	2	2	2	2	2
Golf courses:										
18 hole	1	1	1	1	1	1	1	1	1	1
Mini	1	1	1	1	1	1	1	1	1	1
Inline skate rink	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	1	1	1	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
Public works										
Miles of streets	171	171	171	171	171	171	171	171	171	171
Street lights	2,458	2,458	2,458	2,697	2,724	2,724	2,719	2,719	2,719	2,719
Sewer system										
Miles of sanitary sewers	160	165	165	165	165	165	165	165	165	165
Miles of storm sewers	108	110	110	110	110	110	110	110	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
Water system										
Miles of water mains	244	244	244	244	244	244	244	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	2,064	2,111	2,111	2,111	2,105	2,197	2,197	2,197	2,197	2,197

(1) Only one station actively in use since June 30, 2011.

Source: City of Jackson Finance Department.

Schedule of Insurance

As of June 30, 2016

Type of Coverage	Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u>		7/1/15-6/30/16	\$ 152,316	All risk coverage on buildings and contents. \$166,734,047 limit with \$2,500 deductible per occurrence.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Automobile</u>		7/1/15-6/30/16	81,527	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Liability</u>		7/1/15-6/30/16	190,878	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$2,500 deductible.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Crime/Bonds</u>		7/1/15-6/30/16	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Workers Compensation</u>				
	<i>Midwest Employers Casualty</i>	9/1/15-8/31/16	47,122	Excess insurance above \$450,000 retention.
	<i>Broadspire Services</i>	9/1/15-8/31/16	14,702	TPA for claims service.
<u>Community Blue-PPO</u>		Monthly	Varies	City's self-insured PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and substantially all retired City personnel.
<u>Health & Prescription Drug Coverage</u>				
	<i>Blue Cross / Blue Shield</i>			
<u>Life</u>		Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary. All full-time employees are covered.
	<i>Hartford Life Insurance Company</i>			
<u>Long-term Disability</u>		Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.
	<i>Hartford Life Insurance Company</i>			

Source: City of Jackson Finance Department.

CITY OF JACKSON, MICHIGAN

Schedule 19
Unaudited

State Equalized Valuation/Taxable Valuation

Fiscal Years Ended June 30, 2012 Through 2017

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Fiscal Year Ended June 30	Ad Valorem State Equalized Valuation	Ad Valorem Taxable Value	Total Taxable Valuation (1)
2011	2012	2013	\$ 661,688,100	\$ 642,428,545	\$ 651,634,810
2012	2013	2014	636,111,800	623,249,773	631,760,110
2013	2014	2015	623,168,550	607,235,756	615,976,761
2014	2015	2016	629,426,000	603,793,360	611,997,165
2015	2016	2017	632,993,400	588,708,506	594,000,645

Per capita 2016 ad valorem taxable valuation is \$ 17,602 and per capita 2016 total taxable valuation is \$17,761 based on the City's 2010 U. S. census population of 33,445.

(1) Includes tax abatements under Act 198 and renaissance zones.

Breakdown of Taxable Value by Use and Class					
Year of State Equalization and Tax Levy					
	2012	2013	2014	2015	2016
Use:					
Commercial	33.84%	34.35%	29.79%	29.88%	30.88%
Industrial	23.11%	23.20%	27.84%	27.65%	25.81%
Residential	43.05%	42.45%	42.37%	42.47%	43.31%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Class:					
Real	86.69%	85.59%	76.64%	76.89%	78.80%
Personal	13.31%	14.41%	23.36%	23.11%	21.20%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City of Jackson - Forms L-4022.

Revenue Bonds Coverage - Sewer Enterprise Fund

Last Ten Fiscal Years

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2007	\$ 5,934,576	\$ 3,829,760	\$ 2,104,816	\$ 200,000	\$ 52,725	\$ 252,725	8.33
2008	5,766,209	4,200,485	1,565,724	225,000	42,063	267,063	5.86
2009	5,457,382	3,868,200	1,589,182	75,000	34,425	109,425	14.52
2010	4,763,799	3,933,923	829,876	75,000	30,851	105,851	7.84
2011	5,256,618	3,918,974	1,337,644	75,000	26,944	101,944	13.12
2012	6,558,187	4,770,680	1,787,507	75,000	23,001	98,001	18.24
2013	4,906,631	3,571,289	1,335,342	100,000	18,650	118,650	11.25
2014	4,892,681	3,426,285	1,466,396	100,000	13,475	113,475	12.92
2015	4,628,308	3,168,719	1,459,589	100,000	8,725	108,725	13.42
2016	4,969,880	3,699,778	1,270,102	100,000	2,675	102,675	12.37

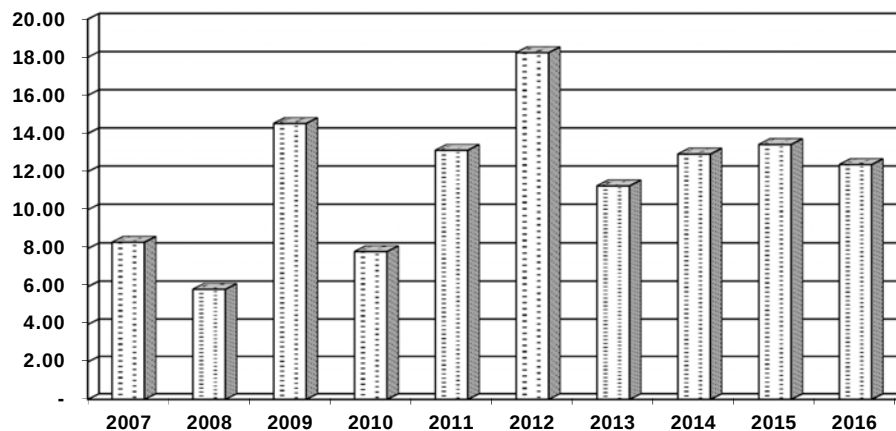
(1) Total revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

(4) Outstanding revenue bonds were retired with payment on the final maturity due 9/1/15.

Revenue Bond Coverage



Revenue Bonds Coverage - Water Enterprise Fund

Last Ten Fiscal Years

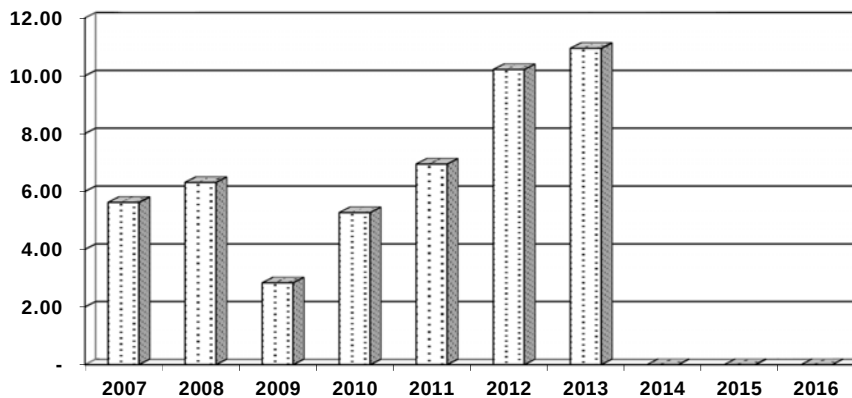
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2007	\$ 6,345,440	\$ 4,593,068	\$ 1,752,372	\$ 200,000	\$ 111,723	\$ 311,723	5.62
2008	7,021,941	5,044,892	1,977,049	210,000	103,323	313,323	6.31
2009	6,392,887	5,463,828	929,059	220,000	107,610	327,610	2.84
2010	6,188,397	4,580,963	1,607,434	253,000	52,218	305,218	5.27
2011	7,010,430	4,940,145	2,070,285	259,000	39,089	298,089	6.95
2012	8,088,240	5,187,421	2,900,819	266,000	17,927	283,927	10.22
2013	8,416,601	5,326,058	3,090,543	273,000	9,282	282,282	10.95
2014	7,965,592	5,571,764	2,393,828	-	-	-	-
2015	7,711,143	5,729,201	1,981,942	-	-	-	-
2016	8,246,397	6,034,429	2,211,968	-	-	-	-

(1) Total revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

Revenue Bond Coverage



Water Supply System

Last Five Fiscal Years

	Fiscal Year Ended June 30				
	2012	2013	2014	2015	2016
Water pumped vs. water sold: (in million gallons)					
Pumped	2,703	2,665	2,425	2,363	2,795
Sold	2,299	2,397	2,115	2,036	2,266
Sold as a % of pumped	85.06%	89.94%	87.22%	86.16%	81.07%
Number of customers:					
Residential	12,368	12,254	12,231	12,166	12,060
Commercial	2,160	1,951	1,982	1,958	1,878
Industrial	239	176	174	172	169
Total	14,767	14,381	14,387	14,296	14,107
Percent of water consumption by category:					
Residential	30.00%	27.00%	31.67%	30.00%	26.00%
Commercial	42.80%	46.00%	54.95%	49.00%	43.00%
Industrial	27.20%	27.00%	13.38%	21.00%	31.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
History of water rates					
(average consumption - 22 HCF / average 5/8 inch meter)					
Metered per quarter	\$ 70.65	\$ 72.48	\$ 72.48	\$ 72.48	\$ 79.73
% Change (in average consumption)	10.79%	2.59%	0.00%	0.00%	10.00%
Water supply system annual revenues:					
Metered revenue	\$ 7,739,709	\$ 8,014,367	\$ 7,584,137	\$ 7,348,461	\$ 7,917,879
% increase (decrease)	15.15%	3.55%	-5.37%	-3.11%	7.75%
Water supply system revenues by user class:					
Residential	\$ 3,170,632	\$ 3,190,253	\$ 3,361,445	\$ 3,116,062	\$ 3,033,734
Commercial	3,270,748	3,535,986	3,547,818	3,332,473	3,297,299
Industrial	1,298,329	1,288,128	674,874	899,926	1,586,846
Sewer - billing & collection charges	197,639	252,768	248,499	264,581	251,416
Total	\$ 7,937,348	\$ 8,267,135	\$ 7,832,636	\$ 7,613,042	\$ 8,169,295
Water supply revenues by user class as a % of total revenues:					
Residential	39.95%	38.59%	42.92%	40.93%	37.14%
Commercial	41.21%	42.77%	45.30%	43.77%	40.36%
Industrial	16.36%	15.58%	8.62%	11.82%	19.42%
Sewer - billing & collection charges	2.49%	3.06%	3.17%	3.48%	3.08%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City Water Department.

Water Supply System

Ten Largest Water Customers - By Usage
For the Fiscal Year Ended June 30, 2016

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
Consumers Energy - Jackson Generating	\$ 724,943	31.99%	\$ 733,865	8.98%
* Michigan Department of Corrections	360,200	15.90%	417,829	5.11%
Henry Ford - Allegiance Health/Health Cent	87,070	3.84%	164,847	2.02%
Elm Plating Company	56,980	2.51%	117,612	1.44%
Eaton Aerospace	33,360	1.47%	63,500	0.78%
Commonwealth Commerce Center	30,653	1.35%	45,640	0.56%
* Sun Communities Inc.	27,150	1.20%	62,949	0.77%
* Consumers Energy Company	23,245	1.03%	54,480	0.67%
Jackson Tumble Finish	21,852	0.96%	43,412	0.53%
Certainfeed/Wolverine Technologies	21,300	0.94%	37,702	0.46%

(1) Unit = million gallons (MG)

(2) Based on June 30, 2016 total water sold (Schedule 22) of 2,266 MG's.

(3) Based on June 30, 2016 water supply system revenues by user class (Schedule 22) of \$ 8,169,295.

* Located outside of City limits.

Source: City Water Department.

Industrial Facilities Tax Roll

For the Fiscal Year Ended June 30, 2016

Year of Transfer To Ad Valorem Tax Roll	(1) I.F.T. S.E.V. Amount
2017	\$ 145,672
2018	544,629
2019	-
2020	-
2021	-
2022	1,524
2023	-
2024	-
2025	149,728
2026	241,717
2027	13,150
2028	-
2029	-
2030	61,050
	<u>\$ 1,157,470</u>

(1) Represents current assessed value of abated property at time of assessment.
Personal property is excluded due to changes in the personal property exemptions.

Source: City Assessors Department.

Tax Increment Revenues, Debt Service and Debt Service Coverage**Downtown Development Authority Bonds**

Fiscal Year	(1) Tax Increment Revenues	(2) Annual Lease Service	Debt Service	(3) DDA Budgetary Commitments	Excess Tax Increment Revenues	Debt Service Coverage
2004	\$ 847,306	\$ -	\$ 672,905	\$ 28,285	\$ 146,116	1.26
2005	869,006	-	746,790	28,992	93,224	1.16
2006	872,740	-	815,790	29,717	27,233	1.07
2007	972,179	-	891,945	30,460	49,774	1.09
2008	1,014,339	-	968,923	31,220	14,196	1.05
2009	1,056,990	-	1,051,513	32,002	(26,525)	1.01
2010	984,502	-	1,139,263	32,802	(187,563)	0.86
2011	1,010,638	-	1,244,100	-	(233,462)	0.81
2012	1,038,602	-	166,366	-	872,236	6.24
2013	830,014	-	247,250	-	582,764	3.36
2014	834,327	-	246,825	-	587,502	3.38
2015	832,239	-	248,325	-	583,914	3.35
2016	784,268	1,500,000	2,094,825	-	189,443	1.09

(1) Tax increment revenues include state grant amounts Act 86, effective with fiscal year 2016.

(2) Beginning January 1, 2016 Consumers Energy will be paying an annual lease of \$ 1.5 million which will be designated, together with the tax increment revenues, toward the payment of debt service.

(3) DDA budgetary commitments were existing prior to the sale of the bonds and are subordinate to the bonds.

Brownfield Redevelopment Authority Bonds

Fiscal Year	Tax Increment Revenues (1)	Debt Service	(2) Capitalized Interest	Excess Tax Increment Revenues	Debt Service Coverage
2004	\$ 845,825	\$ 955,220	\$ 955,220	\$ 845,825	-
2005	1,063,299	955,721	79,602	187,180	-
2006	1,074,376	955,469	-	118,907	1.12
2007	1,113,451	980,470	-	132,981	1.14
2008	1,153,851	979,017	-	174,834	1.18
2009	1,180,434	1,015,277	-	165,157	1.16
2010	1,161,198	1,039,777	-	121,421	1.12
2011	1,099,927	1,067,896	-	32,031	1.03
2012	1,087,348	864,875	-	222,473	1.26
2012	1,087,348	864,875	-	222,473	1.26
2013	996,467	1,100,123	-	(103,656)	0.91
2014	963,588	1,069,023	-	(105,435)	0.90
2015	943,683	1,025,273	-	(81,590)	0.92
2016	947,673	1,023,573	-	(75,900)	0.93

(1) Includes only those amounts captured for the bonds.

(2) Capitalized interest was used to pay debt service in fiscal years 2003, 2004 and 2005 (partial).

Miscellaneous Supplemental Disclosures

General Fund - State Shared Revenues - Sales Tax (State of Michigan)

Fiscal Year	Constitutional Component	Statutory/ E.V.I.P. (1) Component	Total Revenue Sharing Payments
2010	\$ 2,300,271	\$ 2,174,594	\$ 4,474,865
2011	2,214,124	2,260,741	4,474,865
2012	2,401,665	1,475,187	3,876,852
2013	2,451,389	1,580,556	4,031,945
2014	2,508,877	1,656,705	4,165,582
2015	2,548,282	1,707,283	4,255,565
2016	2,545,833	1,707,283	4,253,116

(1) EVIP payments began in FY 2012 and are based on Michigan PA 63 of 2011.

General Fund - Income Tax Net Revenues

Fiscal Year	Net Revenues	Increase (Decrease) From Prior Year
2010	\$ 6,519,574	(14.73%)
2011	6,977,923	7.03%
2012	7,297,281	4.58%
2013	8,017,633	9.87%
2014	8,080,526	0.78%
2015	8,806,662	8.99%
2016	8,269,968	(6.09%)

Gas and Weight Tax Revenues, Maximum Annual Debt Service and Historical Debt Service Coverage

Fiscal Year	Gas & Weight Tax Revenues	(2) Maximum Annual Debt Service	Historical Debt Service Coverage
2010	\$ 2,366,767	\$ 284,480	8.32
2011	2,401,143	284,480	8.44
2012	2,427,571	284,480	8.53
2013	2,439,876	284,480	8.58
2014	2,514,518	-	n/a
2015	2,566,625	-	n/a
2016	2,704,803	-	n/a

(2) Includes maximum debt service on all debt payable from major and local street funds.

Note: As of June 30, 2013 there was no longer any debt payable from major and local street funds.

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**SINGLE AUDIT
ACT COMPLIANCE**

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**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

December 27, 2016

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

We have audited 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, Michigan** (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 27, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is 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 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rehmann Robson LLC

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CITY OF JACKSON, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2016

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Housing and Urban Development					
Community Development Block Grant - Entitlement Grants Cluster:					
Community Development Block Grant	14.218	Direct	B14MC260021	\$ 25,895	\$ 863,598
Home Investment Partnership Programs	14.239	Direct	M14MC260214	21,039	232,018
Home Investment Partnership Programs	14.239	Direct	M15MC260214	-	49,821
				<u>21,039</u>	<u>281,839</u>
Total U.S. Department of Housing and Urban Development				<u>46,934</u>	<u>1,145,437</u>
U.S. Department of Treasury					
H4HH Blight Elimination Grant	21.U00	MSHDA	n/a	-	3,140,000
U.S. Department of Justice					
Bulletproof Vest Partnership	16.607	Direct	n/a	-	5,616
Justice Assistance Grant Program Cluster:					
Byrne Recovery Act Grant	16.738	Direct	2015-DJ-BX-0775		24,307
Byrne Formula Grant - LAWNET Enhancement Project	16.738	MSP	72239-9-14-B	-	214
				<u>-</u>	<u>24,521</u>
Total U.S. Department of Justice				<u>-</u>	<u>30,137</u>
U.S. Department of Transportation					
Safe Communities Traffic Programs	20.602	JTSP0	n/a	-	12,026
U.S. Department of Homeland Security					
Assistance to Fire Fighters - SAFER	97.044	Direct	n/a	-	170,458
Total expenditures of federal awards				<u>\$ 46,934</u>	<u>\$4,498,058</u>

See notes to schedule of expenditures of federal awards.

CITY OF JACKSON, MICHIGAN

Notes to the Schedule of Expenditures of Federal Awards

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the **City of Jackson, Michigan** (the "City") under programs of the federal government for the year ended June 30, 2016. 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 presents 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 position or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

For purposes of charging indirect costs to federal awards, the City has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. PASS-THROUGH AGENCIES

The City receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MSHDA	Michigan State Housing Development Authority
MSP	Michigan State Police
JTSPO	Jackson Traffic Safety Program Office

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**INDEPENDENT AUDITORS' 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**

December 27, 2016

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

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** (the "City"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 27, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

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

December 27, 2016

Honorable Mayor and
Members of the City Council
City of Jackson, Michigan

Report on Compliance for Each Major Federal Program

We have audited the compliance of the **City of Jackson** (the "City") with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended June 30, 2016. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for a major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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.

Rehmann Loborn LLC

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2016

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

Noncompliance material to financial statements
noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? yes X none reported

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

Identification of major programs and type of auditors'
report issued on compliance for each major program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Type of Report</u>
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21.xxx	H4HH Blight Elimination Grant	Unmodified
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Dollar threshold used to distinguish between Type A
and Type B programs: 750,000

Auditee qualified as low-risk auditee? X yes no

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2016

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

None reported.

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CITY OF JACKSON, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Fiscal Year Ended June 30, 2016

None reported.

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