



CITY OF JACKSON MICHIGAN

Comprehensive Annual Financial Report  
Fiscal Year Ended  
June 30, 2018

2018 Annual Financial Report

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# **CITY OF JACKSON, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2018**

**Including  
Single Audit Act Compliance**

**Prepared by:**

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

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## INTRODUCTORY SECTION

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December 27, 2018

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, 2018.

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, 2018 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, 2018 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 Department of Transportation finished reconstruction on W. Michigan Avenue (I-94 BL) this year from Brown Street to Steward Avenue (which is now the realigned Wildwood Avenue). This roadway had not been reconstructed since it was built with trolley tracks and the brick pavement. Along with the road reconstruction, new water mains and sanitary sewers were installed. Louis Glick Highway and Washington Avenue from Steward to S. Cooper Street were converted from one-way to two-way as part of this project. The total project cost for the Michigan Avenue reconstruction and the two-way conversion exceeded \$18 million with the major funding coming from State and Federal sources.

Other new development that is scheduled to begin or is in the design phase is as follows:

- The Downtown Partners Apartment Building on Jackson Street between Pearl Street and Glick Highway, which will have commercial area and parking on the first level under the apartments; construction is expected to begin in the spring of 2019;
- Commonwealth Associates Office Building on Blackstone Street between Pearl and Glick Highway;
- A parking deck to support Commonwealth Associates and the Hayes Building Redevelopment on Blackstone between Michigan and Pearl;
- The Hayes Building Redevelopment to have a boutique hotel, residential units and commercial space;
- The redevelopment of the Jackson Citizen Patriot building into residential units with some commercial space;
- Redevelopment of 159 W. Michigan Avenue into a first floor salon and five loft-style apartments on the second floor. Completion of this project is expected in early spring 2019; and
- Proposed senior housing on Francis Street between Franklin Street and Wesley Street.

The City has also acquired the Masonic and Vermeulen's buildings on Cortland Avenue. The Masonic building is currently being renovated for the Jackson School of the Arts and the Vermeulen's building will house a proposed culinary institute.

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 property values in the years following to where the ad valorem values were approximately \$589 million for the 2016 tax year (fiscal year 2017) . Taxable values have rebounded slightly in the last few years to nearly \$595 million (1.0% increase) in tax year 2017 and over \$600 million in tax year 2018 (.9% increase). State equalized values (50% of estimated true market values) had also declined in a similar pattern, however, the past four fiscal years have also shown increases in these values. Market values, especially in the residential sector, have shown 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, increased \$98,273 (2.2%) in total to \$4,498,120. This increase was comprised of \$71,116 constitutional and \$27,157 in the statutory component.

One of the City's major revenue categories - income taxes - continues to reflect stability after declining over \$1.1 million in fiscal year 2010. Income tax revenues in fiscal year 2017 exceeded \$9 million for the first time in the City's history but grew only slightly in fiscal year 2018. Increased efforts in the tracking of non-filers should begin to show results in the coming years. The City saw its unemployment rate increase to 7.3% (as of June 2018) from the previous fiscal year rate of 7.1%. There was also a slight increase in the total labor force of .4% to 14,303 and actual employment levels increased .2%, to 13,252. The actual number of unemployed decreased from 1,017 to 1,015, or 0.2%.

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 and a subsequent blight grant of \$ 250,000 was awarded to the City in August of 2017. These grants, together with local funds, have enabled the continuing demolition of approximately 250 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, 2017. This was the twenty-sixth 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

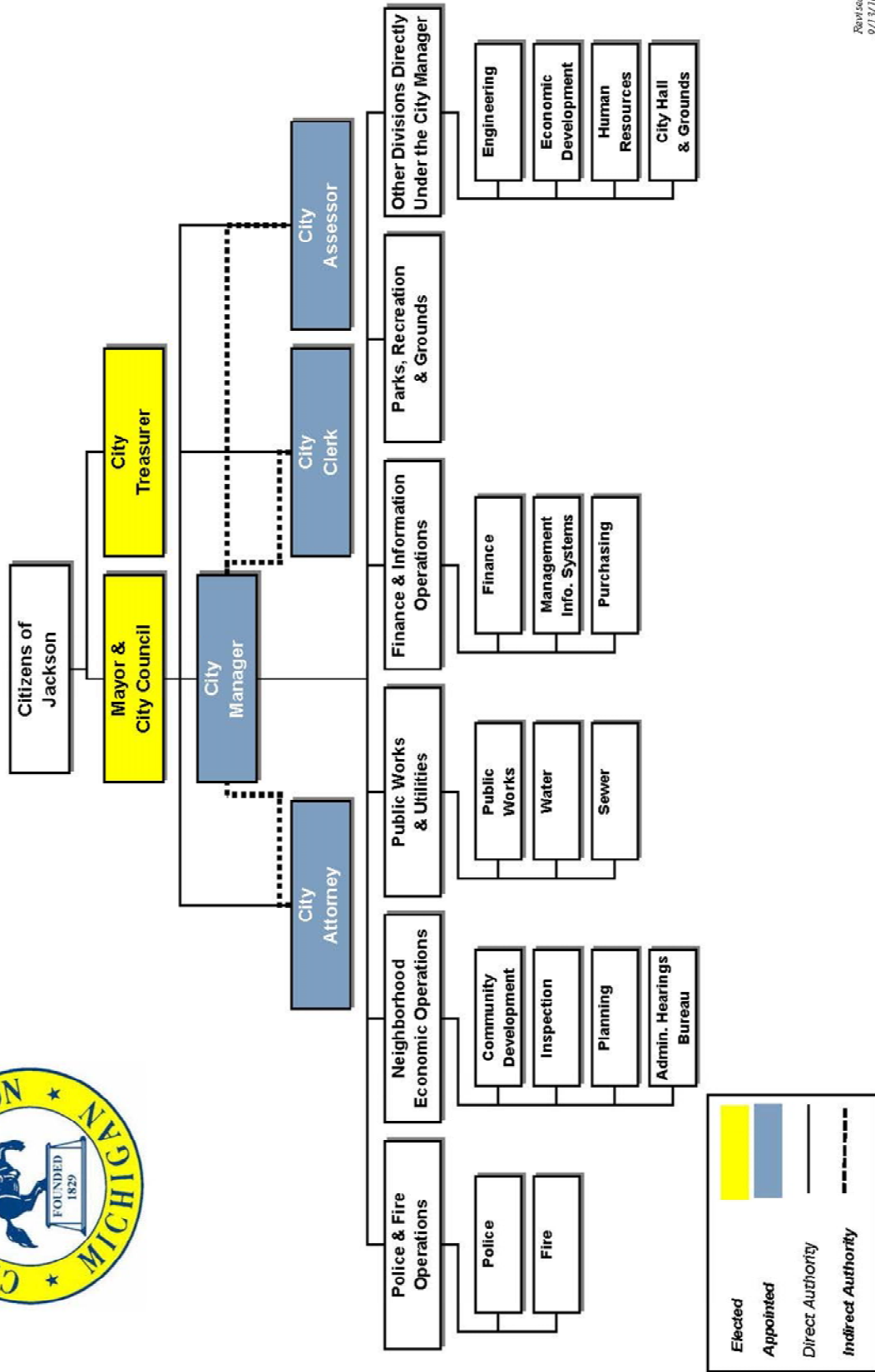
**June 30, 2017**

*Christopher P. Morill*

Executive Director/CEO



# City of Jackson Organizational Structure



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



**CITY COUNCIL**

**Derek J. Dobies, Mayor**

<b>Arlene Robinson</b>	<b>1st Ward</b>
<b>Freddie C. Dancy</b>	<b>2nd Ward</b>
<b>Jeromy Alexander</b>	<b>3rd Ward</b>
<b>Craig Pappin</b>	<b>4th Ward</b>
<b>Kelsey Heck</b>	<b>5th Ward</b>
<b>Colleen Sullivan</b>	<b>6th Ward</b>

**CITY OFFICIALS**

**Patrick Burtch, City Manager**

<b>Jonathan Greene</b>	<b>Director of Public Works/Director of Public Utilities</b>
<b>Martin J. Griffin</b>	<b>City Treasurer &amp; Income Tax Administrator</b>
<b>Elmer J. Hitt</b>	<b>Director of Police and Fire Services</b>
<b>Philip J. Hones</b>	<b>Director of Finance</b>
<b>Kelli Hoover</b>	<b>Director of Parks, Recreation &amp; Grounds</b>
<b>Jennifer L. Morris</b>	<b>Neighborhood &amp; Economic Operations Director</b>
<b>Andrea Muray</b>	<b>City Clerk</b>
<b>Bethany M. Smith</b>	<b>City Attorney</b>
<b>Jason Yoakam</b>	<b>City Assessor</b>

## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

December 27, 2018

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, 2018, 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, 2018, 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.

### *Implementation of GASB Statement No. 75*

As described in Note 22, the City implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. Accordingly, beginning net position of governmental activities, the sewage and water enterprise funds, and business-type activities was restated. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules for the 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 introductory section, combining and individual fund financial statements and schedules, and statistical section 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, 2018, 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.



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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, 2018. 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

• Total net position	\$70,370,215
• Change in total net position	25,476,124
• Fund balances, governmental funds	34,448,160
• Change in fund balances, governmental funds	11,626,439
• Unassigned fund balance, general fund	8,881,658
• Change in fund balance, general fund	1,677,965
• Installment debt outstanding	57,630,314
• Change in installment debt	12,027,640

### 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.

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.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

*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 numerous 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, special assessment capital projects and 2018 capital improvements bond construction funds, each of which are considered to be major funds. Data from the other 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 and internal service 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. All of the City's individual internal service fund data is provided in the form of combining statements elsewhere in this report.

*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.

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 is limited to this management's discussion and analysis and the schedules for the pension and other postemployment benefits plans immediately following the notes to the financial statements.

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

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

### 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 \$70,370,215 at the close of the most recent fiscal year.

The largest portion of the City's net position is 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	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current and other assets	\$ 45,366,029	\$ 31,055,979	\$ 27,443,675	\$ 24,931,706	\$ 72,809,704	\$ 55,987,685
Capital assets, net	93,196,715	83,391,775	68,554,581	64,851,145	161,751,296	148,242,920
<b>Total assets</b>	<b>138,562,744</b>	<b>114,447,754</b>	<b>95,998,256</b>	<b>89,782,851</b>	<b>234,561,000</b>	<b>204,230,605</b>
<b>Deferred outflows of resources</b>	<b>7,760,064</b>	<b>2,332,017</b>	<b>329,405</b>	<b>26,963</b>	<b>8,089,469</b>	<b>2,358,980</b>
<b>Liabilities</b>						
Long-term debt outstanding	61,473,680	47,610,152	313,267	316,075	61,786,947	47,926,227
Other liabilities	5,371,339	2,956,981	1,884,919	808,450	7,256,258	3,765,431
Net other postemployment benefits liability and net pension liability	72,981,836	72,759,283	19,384,285	557,109	92,366,121	73,316,392
<b>Total liabilities</b>	<b>139,826,855</b>	<b>123,326,416</b>	<b>21,582,471</b>	<b>1,681,634</b>	<b>161,409,326</b>	<b>125,008,050</b>
<b>Deferred inflows of resources</b>	<b>7,686,147</b>	<b>4,565,313</b>	<b>3,184,781</b>	<b>176,186</b>	<b>10,870,928</b>	<b>4,741,499</b>
<b>Net position:</b>						
Net investment in capital assets	51,108,178	46,037,381	68,554,581	64,851,145	119,662,759	110,888,526
Restricted	12,047,542	7,592,831	-	-	12,047,542	7,592,831
Unrestricted (deficit)	(64,345,914)	(64,742,170)	3,005,828	23,100,849	(61,340,086)	(41,641,321)
<b>Total net position</b>	<b>\$ (1,190,194)</b>	<b>\$ (11,111,958)</b>	<b>\$ 71,560,409</b>	<b>\$ 87,951,994</b>	<b>\$ 70,370,215</b>	<b>\$ 76,840,036</b>

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 7,633,281	\$ 7,230,063	\$ 15,207,460	\$ 14,689,369	\$ 22,840,741	\$ 21,919,432
Operating grants and contributions	7,188,154	8,057,043	-	-	7,188,154	8,057,043
Capital grants and contributions	8,725,585	4,912,701	-	-	8,725,585	4,912,701
General revenues:						
Property taxes	11,426,851	11,107,219	-	-	11,426,851	11,107,219
Income taxes	9,042,070	9,021,888	-	-	9,042,070	9,021,888
Grants and contributions not restricted to specific programs	4,667,253	4,587,193	556,648	482,229	5,223,901	5,069,422
Other	353,866	236,961	137,466	74,213	491,332	311,174
<b>Total revenues</b>	<b>49,037,060</b>	<b>45,153,068</b>	<b>15,901,574</b>	<b>15,245,811</b>	<b>64,938,634</b>	<b>60,398,879</b>
Expenses:						
Legislative	108,282	88,390	-	-	108,282	88,390
General government	(191,739)	4,757,600	-	-	(191,739)	4,757,600
Public safety	14,191,120	16,974,653	-	-	14,191,120	16,974,653
Public works	7,401,586	6,217,969	-	-	7,401,586	6,217,969
Culture and recreation	3,137,477	3,386,015	-	-	3,137,477	3,386,015
Community enrichment and development	4,965,201	3,622,160	-	-	4,965,201	3,622,160
Interest on long-term debt	2,496,690	2,501,062	-	-	2,496,690	2,501,062
Sewer	-	-	2,759,909	4,545,319	2,759,909	4,545,319
Water	-	-	4,001,789	6,761,160	4,001,789	6,761,160
Parking system	-	-	559,056	498,772	559,056	498,772
Golf practice center	-	-	33,139	34,251	33,139	34,251
<b>Total expenses</b>	<b>32,108,617</b>	<b>37,547,849</b>	<b>7,353,893</b>	<b>11,839,502</b>	<b>39,462,510</b>	<b>49,387,351</b>
Change in net position before transfers	16,928,443	7,605,219	8,547,681	3,406,309	25,476,124	11,011,528
Transfers	(2,034,062)	(102,623)	2,034,062	102,623	-	-
<b>Change in net position</b>	<b>14,894,381</b>	<b>7,502,596</b>	<b>10,581,743</b>	<b>3,508,932</b>	<b>25,476,124</b>	<b>11,011,528</b>
Net position (deficit) - beginning of year	(11,111,958)	(18,614,554)	87,951,994	84,443,062	76,840,036	65,828,508
Restatement for GASB 75	(4,972,617)	-	(26,973,328)	-	(31,945,945)	-
<b>Net position (deficit) - end of year</b>	<b>\$ (1,190,194)</b>	<b>\$ (11,111,958)</b>	<b>\$ 71,560,409</b>	<b>\$ 87,951,994</b>	<b>\$ 70,370,215</b>	<b>\$ 76,840,036</b>

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in the current year. In addition to expanded disclosure requirements, the City is required to report its net pension liability and net other postemployment benefit liability on the statement of net position.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$14,894,381 during fiscal year 2018 compared to an increase of \$7,502,596 during fiscal 2017. Some significant elements of this increase are as follows:

- Capital grants and contributions increased by \$ 3,812,884 largely attributable to the completion of the Michigan Avenue project within the Major Street special revenue fund.
- Public safety expenditures declined \$ 2,192,614 with \$ 1,387,798 of this decrease in the non-major special revenue funds.

Business-type activities. Business-type activities increased the City's net position by \$10,581,743 during fiscal year 2018 compared to an increase of \$3,508,932 during fiscal year 2017. This change resulted from increases (decreases) in the following funds:

- Sewage 3,335,598
- Water 6,999,986
- Parking deck (294,157)
- Nonmajor 398,652

Key elements of this net increase are as follows:

- Overall, revenues and expenses were somewhat comparable from last fiscal year.
- Water rates were increased 10% from the prior year which increased metered revenue by approximately \$639,000.

### 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.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$34,448,160, an increase of \$11,626,439 from the prior year. Approximately 24 percent of this total amount, or \$8,372,153 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 \$285,018, prepaid expenditures \$45,466, funds advanced on a long-term basis \$50,000, cemetery perpetual care \$1,938,853 and endowments related to Ella Sharp Park and facilities \$1,388,920; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$21,283,514; and 3) committed which indicate funds that have self-imposed limitations, which total \$1,084,236. 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 \$8,881,658, while total fund balance was \$8,977,124. 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 39.7 percent of total general fund expenditures while total fund balance represents 40.1 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$1,677,965 during the current fiscal year. Much of this increase is attributable to the budgeted transfer to the Cortland Street Redevelopment Projects special revenue fund of \$ 1.375 million, of which only \$ 254,790 was actually needed to be transferred to cover expenses. This budgeted favorable variance of \$ 1.12 million is expected to be transferred this fiscal year as the project's progress continues and General fund surplus is drawn down to cover related project expenditures.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

The major streets special revenue fund's fund balance decreased \$313,577 from the prior fiscal year leaving a total surplus of \$702,897 at fiscal year-end. This decrease was largely due to an increase in street construction expenditures.

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, decreased the amount of its fund deficit by \$281,757. This fund, which has a deficit by its nature, recorded \$233,555 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$491,945.

The 2018 capital improvements bonds construction fund is used to account for monies set aside to fund various capital building and land improvements funded by the 2018 capital improvements bonds. The fund's fund balance increased \$12,800,143 from the prior fiscal year due to the issuance of the 2018 capital improvements bonds.

*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 and water funds at the end of the year amounted to \$2,017,967 and \$57,541, respectively. The sewage fund had an increase in net position for the year of \$3,335,598, and the water fund had an increase of \$6,999,986. 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 \$294,157. 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 favorable when compared to budget by \$9,352.

Expenditures were favorable when compared to budget in total by \$1,342,800. The actual increase in fund balance of \$1,677,965 exceeded the anticipated budgeted decrease of \$821,118 by \$2,499,083, or 11.2 percent of expenditures.

### 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, 2018, amounted to \$161,751,296 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, 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 \$13,508,376 or 9.1 percent.

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

- Infrastructure improvements (net), which amounted to over \$ 9.7 million during the fiscal year. The majority of these improvements consisted of major street fund projects and included the Michigan avenue and I-94 business loop two-way conversion. The total cost for these two projects alone exceeded \$ 10.5 million.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 2,395,280	\$ 2,395,280	\$ 8,956,886	\$ 8,956,886	\$ 11,352,166	\$ 11,352,166
Construction in progress	-	-	1,434,860	121,540	1,434,860	121,540
Systems	-	-	43,280,575	41,864,601	43,280,575	41,864,601
Land improvements	11,351,582	11,666,846	3,411,978	2,939,979	14,763,560	14,606,825
Infrastructure	62,414,093	52,652,804	-	-	62,414,093	52,652,804
Buildings and improvements	9,514,064	9,850,601	8,202,553	7,770,088	17,716,617	17,620,689
Park and recreation facilities	5,302,646	5,183,642	-	-	5,302,646	5,183,642
Machinery and equipment	2,219,050	1,642,602	3,267,729	3,198,051	5,486,779	4,840,653
<b>Total</b>	<b>\$ 93,196,715</b>	<b>\$ 83,391,775</b>	<b>\$ 68,554,581</b>	<b>\$ 64,851,145</b>	<b>\$ 161,751,296</b>	<b>\$ 148,242,920</b>

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 debt outstanding of \$57,630,314. Of this amount, \$57,308,920 comprises debt backed by the full faith and credit of the government.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 57,308,920	\$ 45,176,038	\$ -	\$ -	\$ 57,308,920	\$ 45,176,038
Installment purchase agreement	321,394	426,636	-	-	321,394	426,636
<b>Total</b>	<b>\$ 57,630,314</b>	<b>\$ 45,602,674</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 57,630,314</b>	<b>\$ 45,602,674</b>

The City issued general obligation bonds in the amount of \$14,890,000 during the current fiscal year. Additionally, the City made payments on existing agreements in the amount of \$2,862,360 during the current fiscal year.

The City has an "A+" rating from Standard & Poor's for general obligation debt.

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 \$95,742,698, which is significantly in excess of the City's outstanding general obligation debt of \$57,630,314.

Additional information related to long-term debt can be found in 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 2018/19 fiscal year:

- The unemployment rate for the City is currently 5.7% (October 2018), which is a 1.1% decrease from a rate of 6.8% a year ago (October 2017). While this compares unfavorably to the state's average unemployment rate of 3.8% and the national average rate of 3.7%, the City has maintained fairly consistent employment levels - from 13,079 to 13,086 - 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 increased just over 1% from the prior fiscal year. State equalized values, however, as indicated earlier, actually increased for the fourth consecutive fiscal year since 2014. 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.

## CITY OF JACKSON, MICHIGAN

### Management's Discussion and Analysis

During the 2018 fiscal year, unassigned fund balance in the general fund increased from \$7,199,991 to \$8,881,658. The current budget anticipates that this fund balance amount will decrease by \$426,527. In addition, management is also expected to utilize approximately \$ 1.12 million in transfers, as previously indicated, to the Cortland street renovation projects special revenue fund representing funding that was budgeted but not needed in fiscal year 2018.

#### 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, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Assets</b>					
Pooled cash and investments	\$ 35,647,218	\$ 23,760,284	\$ 59,407,502	\$ 1,387,831	\$ 287,193
Restricted cash:					
Cash on hand with agents	46,000	-	46,000	-	-
Pooled cash and investments	3,306,637	-	3,306,637	-	-
Receivables, net	5,751,287	3,422,658	9,173,945	-	57,156
Internal balances	20,585	(20,585)	-	-	-
Inventories and prepaid items	594,302	281,318	875,620	-	-
Capital assets not being depreciated	2,395,280	10,391,746	12,787,026	-	-
Capital assets being depreciated, net	90,801,435	58,162,835	148,964,270	-	-
<b>Total assets</b>	<b>138,562,744</b>	<b>95,998,256</b>	<b>234,561,000</b>	<b>1,387,831</b>	<b>344,349</b>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	692,087	-	692,087	-	-
Deferred pension amounts	7,067,977	329,405	7,397,382	-	-
<b>Total deferred outflows of resources</b>	<b>7,760,064</b>	<b>329,405</b>	<b>8,089,469</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	4,748,698	1,884,919	6,633,617	648	7,576
Accrued interest payable	243,202	-	243,202	-	-
Unearned revenue	379,439	-	379,439	-	33,283
Long-term debt:					
Due within one year	4,028,313	47,891	4,076,204	-	-
Due in more than one year	57,445,367	265,376	57,710,743	-	-
Other noncurrent liabilities:					
Net pension liability (due in more than one year)	52,764,279	825,721	53,590,000	-	-
Net other postemployment benefits liability (due in more than one year)	20,217,557	18,558,564	38,776,121	-	-
<b>Total liabilities</b>	<b>139,826,855</b>	<b>21,582,471</b>	<b>161,409,326</b>	<b>648</b>	<b>40,859</b>
<b>Deferred inflows of resources</b>					
Deferred pension amounts	4,341,412	114,505	4,455,917	-	-
Deferred other postemployment benefits amounts	3,344,735	3,070,276	6,415,011	-	-
<b>Total deferred inflows of resources</b>	<b>7,686,147</b>	<b>3,184,781</b>	<b>10,870,928</b>	<b>-</b>	<b>-</b>
<b>Net position</b>					
Net investment in capital assets	51,108,178	68,554,581	119,662,759	-	-
Restricted for:					
Highways and streets	1,611,405	-	1,611,405	-	-
Public improvement and recreation	7,072,237	-	7,072,237	-	-
Public safety	16,127	-	16,127	-	-
Perpetual care -					
Endowments (nonspendable)	3,347,773	-	3,347,773	-	-
Unrestricted (deficit)	(64,345,914)	3,005,828	(61,340,086)	1,387,183	303,490
<b>Total net position</b>	<b>\$ (1,190,194)</b>	<b>\$ 71,560,409</b>	<b>\$ 70,370,215</b>	<b>\$ 1,387,183</b>	<b>\$ 303,490</b>

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, 2018

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 108,282	\$ -	\$ -	\$ -	\$ (108,282)
General government	(191,739)	1,648,022	1,181,636	-	3,021,397
Public safety	14,191,120	2,397,764	864,790	-	(10,928,566)
Public works	7,401,586	253,575	4,147,537	8,543,902	5,543,428
Culture and recreation	3,137,477	861,985	27,763	1,000	(2,246,729)
Community enrichment and development	4,965,201	2,471,935	966,428	180,683	(1,346,155)
Interest on long-term debt	2,496,690	-	-	-	(2,496,690)
<b>Total governmental activities</b>	<b>32,108,617</b>	<b>7,633,281</b>	<b>7,188,154</b>	<b>8,725,585</b>	<b>(8,561,597)</b>
Business-type activities:					
Sewer	2,759,909	5,927,372	-	-	3,167,463
Water	4,001,789	9,143,069	-	-	5,141,280
Parking system	559,056	104,946	-	-	(454,110)
Golf practice center	33,139	32,073	-	-	(1,066)
<b>Total business-type activities</b>	<b>7,353,893</b>	<b>15,207,460</b>	<b>-</b>	<b>-</b>	<b>7,853,567</b>
<b>Total primary government</b>	<b>\$ 39,462,510</b>	<b>\$ 22,840,741</b>	<b>\$ 7,188,154</b>	<b>\$ 8,725,585</b>	<b>\$ (708,030)</b>
<b>Component units</b>					
Brownfield redevelopment authority	\$ 1,296,020	\$ -	\$ -	\$ -	\$ (1,296,020)
Downtown development authority	246,752	192,274	-	-	(54,478)
<b>Total component units</b>	<b>\$ 1,542,772</b>	<b>\$ 192,274</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,350,498)</b>

continued...

# CITY OF JACKSON, MICHIGAN

## Statement of Activities

For the Fiscal Year Ended June 30, 2018

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenues (expenses)	\$ (8,561,597)	\$ 7,853,567	\$ (708,030)	\$ (1,296,020)	\$ (54,478)
General revenues and transfers					
Property taxes	11,426,851	-	11,426,851	1,250,535	93,623
Income taxes	9,042,070	-	9,042,070	-	-
Grants and contributions not restricted to specific purposes	4,667,253	556,648	5,223,901	-	1,599
Unrestricted interest earnings	353,866	137,466	491,332	7,686	1,104
Transfers - internal activities	(2,034,062)	2,034,062	-	-	-
Total general revenues and transfers	23,455,978	2,728,176	26,184,154	1,258,221	96,326
Change in net position	14,894,381	10,581,743	25,476,124	(37,799)	41,848
Net position (deficit), beginning of year, restated	(16,084,575)	60,978,666	44,894,091	1,424,982	259,119
Net position (deficit), end of year	\$ (1,190,194)	\$ 71,560,409	\$ 70,370,215	\$ 1,387,183	\$ 300,967

concluded.

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

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## FUND FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

**Balance Sheet**  
Governmental Funds  
June 30, 2018

	General	Major Streets	Special Assessment Capital Projects	2018 Capital Improvements Bond	Nonmajor Governmental Funds	Totals
<b>Assets</b>						
Pooled cash and investments	\$ 6,490,386	\$ 3,139,287	\$ 227,686	\$ 13,091,410	\$ 12,794,698	\$ 35,743,467
Accounts receivables, net	439,199	10,938	-	-	182,439	632,576
Taxes receivable, net	1,977,583	-	-	-	-	1,977,583
Loans receivable	-	-	-	-	43,313	43,313
Interest receivable	177,247	-	-	-	-	177,247
Other receivables	-	-	1,596,195	-	21,136	1,617,331
Due from other governments	779,873	256,470	-	-	224,873	1,261,216
Due from other funds	-	-	-	-	15,122	15,122
Inventories	-	269,518	-	-	15,500	285,018
Prepaid items	45,466	-	-	-	-	45,466
Long-term advances to other funds	50,000	-	-	-	20,000	70,000
<b>Total assets</b>	<b>\$ 9,959,754</b>	<b>\$ 3,676,213</b>	<b>\$ 1,823,881</b>	<b>\$ 13,091,410</b>	<b>\$ 13,317,081</b>	<b>\$ 41,868,339</b>
<b>Liabilities</b>						
Negative equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 192,751	\$ 192,751
Accounts payable	405,263	2,957,127	-	291,267	289,970	3,943,627
Accrued payroll	334,139	16,189	-	-	89,018	439,346
Other liabilities	23,195	-	-	-	-	23,195
Due to other funds	107	-	-	-	15,015	15,122
Unearned revenue	219,926	-	-	-	159,513	379,439
Long-term advances from other funds	-	-	737,191	-	50,000	787,191
<b>Total liabilities</b>	<b>982,630</b>	<b>2,973,316</b>	<b>737,191</b>	<b>291,267</b>	<b>796,267</b>	<b>5,780,671</b>
<b>Deferred inflows of resources</b>						
Unavailable revenue - loans receivable	-	-	-	-	43,313	43,313
Unavailable revenue - special assessment receivable	-	-	1,596,195	-	-	1,596,195
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,596,195</b>	<b>-</b>	<b>43,313</b>	<b>1,639,508</b>
<b>Fund balances</b>						
Nonspendable	95,466	269,518	-	-	3,343,273	3,708,257
Restricted	-	433,379	-	12,800,143	8,049,992	21,283,514
Committed	-	-	-	-	1,084,236	1,084,236
Unassigned (deficit)	8,881,658	-	(509,505)	-	-	8,372,153
<b>Total fund balances (deficit)</b>	<b>8,977,124</b>	<b>702,897</b>	<b>(509,505)</b>	<b>12,800,143</b>	<b>12,477,501</b>	<b>34,448,160</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,959,754</b>	<b>\$ 3,676,213</b>	<b>\$ 1,823,881</b>	<b>\$ 13,091,410</b>	<b>\$ 13,317,081</b>	<b>\$ 41,868,339</b>

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, 2018

Fund balances - total governmental funds	\$ 34,448,160
Amounts reported for <i>governmental activities</i> 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	2,395,280
Capital assets being depreciated, net	90,801,435
Less capital assets in internal service funds	(324,038)
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.	
Unavailable loans receivable	43,313
Unavailable special assessments	1,596,195
Certain pension and other postemployment benefits-related amounts, such as the net pension liability, net other postemployment benefits 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	(52,764,279)
Deferred inflows related to the net pension liability	(4,341,412)
Deferred outflows related to the net pension liability	7,067,977
Net other postemployment benefits liability	(20,217,557)
Deferred inflows related to the net other postemployment benefits liability	(3,344,735)
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	4,446,287
Portion of internal service funds net position attributed to business-type activities	585
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	48,711
Unamortized deferred charge on refunding	692,087
Bonds and installment contracts	(57,602,924)
Unamortized bond premium	(2,087,813)
Compensated absences	(1,804,264)
Accrued interest on long-term liabilities	(243,202)
Net position of governmental activities	<u>\$ (1,190,194)</u>

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, 2018**

	General	Major Streets	Special Assessment Capital Projects	2018 Capital Improvements Bond	Nonmajor Governmental Funds	Totals
<b>Revenues</b>						
Property taxes	\$ 8,401,637	\$ -	\$ -	\$ -	\$ 3,025,214	\$ 11,426,851
Income taxes	9,042,070	-	-	-	-	9,042,070
Licenses and permits	264,555	-	-	-	-	264,555
Intergovernmental	4,608,142	10,802,138	-	-	4,264,968	19,675,248
Charges for services	1,558,627	-	-	-	3,318,112	4,876,739
Fines and forfeits	550,696	-	-	-	-	550,696
Donations	-	-	-	-	405	405
Special assessments	-	-	491,945	-	-	491,945
Investment income (loss)	218,608	(3,103)	-	-	98,157	313,662
Miscellaneous	150,098	402,579	-	-	2,034,767	2,587,444
<b>Total revenues</b>	<b>24,794,433</b>	<b>11,201,614</b>	<b>491,945</b>	<b>-</b>	<b>12,741,623</b>	<b>49,229,615</b>
<b>Expenditures</b>						
<b>Current:</b>						
Legislative	108,282	-	-	-	-	108,282
General government	4,640,313	-	-	-	-	4,640,313
Public safety	14,501,003	-	-	-	1,681,349	16,182,352
Public works	810,425	14,832,967	-	-	1,502,701	17,146,093
Culture and recreation	1,697,173	-	-	-	1,529,507	3,226,680
Community enrichment and development	604,840	-	-	1,832,857	3,169,306	5,607,003
<b>Debt service:</b>						
Principal retirement	-	-	-	-	2,810,675	2,810,675
Interest, fiscal charges and bond issuance costs	-	-	-	-	2,472,640	2,472,640
<b>Total expenditures</b>	<b>22,362,036</b>	<b>14,832,967</b>	<b>-</b>	<b>1,832,857</b>	<b>13,166,178</b>	<b>52,194,038</b>
<b>Revenues over (under) expenditures</b>	<b>2,432,397</b>	<b>(3,631,353)</b>	<b>491,945</b>	<b>(1,832,857)</b>	<b>(424,555)</b>	<b>(2,964,423)</b>
<b>Other financing sources (uses)</b>						
Issuance of long-term debt	-	-	-	14,890,000	-	14,890,000
Premium on bonds	-	-	-	1,721,868	-	1,721,868
Sale of capital assets	13,056	-	-	-	-	13,056
Transfers in	43,876	4,106,402	177,690	-	4,673,726	9,001,694
Transfers out	(811,364)	(788,626)	(387,878)	(1,978,868)	(7,069,020)	(11,035,756)
<b>Total other financing sources (uses)</b>	<b>(754,432)</b>	<b>3,317,776</b>	<b>(210,188)</b>	<b>14,633,000</b>	<b>(2,395,294)</b>	<b>14,590,862</b>
<b>Net change in fund balances</b>	<b>1,677,965</b>	<b>(313,577)</b>	<b>281,757</b>	<b>12,800,143</b>	<b>(2,819,849)</b>	<b>11,626,439</b>
<b>Fund balances (deficit), beginning of year</b>	<b>7,299,159</b>	<b>1,016,474</b>	<b>(791,262)</b>	<b>-</b>	<b>15,297,350</b>	<b>22,821,721</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 8,977,124</b>	<b>\$ 702,897</b>	<b>\$ (509,505)</b>	<b>\$ 12,800,143</b>	<b>\$ 12,477,501</b>	<b>\$ 34,448,160</b>

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, 2018

Net change in fund balances - total governmental funds \$ 11,626,439

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 assets purchased/constructed	15,160,870
Loss on disposal of capital assets	(94,336)
Proceeds from sale of capital assets	(13,056)
Depreciation expense	(5,027,534)

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.

Change in special assessments receivable	(258,390)
Change in loans receivable	(11,812)

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	2,810,675
Proceeds from issuance of long-term liabilities	(14,890,000)
Premium on issuance of long-term liabilities	(1,721,868)

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	1,816
Amortization of bond discount	(3,480)
Amortization of bond premium	36,735
Amortization of deferred charge on refunding	(59,121)
Change in net other postemployment benefits liability and related deferred amounts	5,822,245
Change in net pension liability and related deferred amounts	1,294,152
Change in the accrual of compensated absences	(147,275)

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	432,218
Net operating income attributable to business-type activities	(141,664)
Interest revenue from governmental internal service funds	77,767

Change in net position of governmental activities \$ 14,894,381

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

CITY OF JACKSON, MICHIGAN

**Statement of Revenues, Expenditures and Changes in Fund Balance**

Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2018

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Property taxes	\$ 8,387,936	\$ 8,502,952	\$ 8,401,637	\$ (101,315)	\$ 8,208,414
Income taxes	9,200,000	9,125,000	9,042,070	(82,930)	9,021,888
Licenses and permits	280,875	256,365	264,555	8,190	269,406
Intergovernmental	4,400,538	4,559,650	4,608,142	48,492	4,470,342
Charges for services	1,457,353	1,532,500	1,558,627	26,127	1,502,943
Fines and forfeits	350,000	580,875	550,696	(30,179)	470,675
Investment income	35,500	45,500	218,608	173,108	58,743
Miscellaneous	169,350	182,239	150,098	(32,141)	204,103
<b>Total revenues</b>	<b>24,281,552</b>	<b>24,785,081</b>	<b>24,794,433</b>	<b>9,352</b>	<b>24,206,514</b>
<b>Expenditures</b>					
<b>Current:</b>					
Legislative - City Council	127,856	126,924	108,282	(18,642)	88,390
<b>General government:</b>					
City Manager	465,525	498,402	466,947	(31,455)	457,125
City Clerk - Elections	121,253	90,432	88,364	(2,068)	96,041
Finance	412,673	416,717	408,737	(7,980)	391,518
City Assessor	406,835	417,231	386,765	(30,466)	430,895
City Attorney	574,767	522,697	496,157	(26,540)	503,989
City Clerk	155,501	148,670	138,028	(10,642)	129,919
Personnel	313,851	328,063	341,615	13,552	335,996
Purchasing	113,468	110,667	107,664	(3,003)	110,512
City Treasurer	343,789	337,159	313,298	(23,861)	329,436
City income tax administration	167,341	156,497	153,683	(2,814)	140,372
Management information services	300,671	299,956	282,552	(17,404)	296,128
City hall and grounds	334,250	331,195	293,361	(37,834)	301,190
Cemeteries	256,340	281,087	277,830	(3,257)	275,577
Administrative hearings bureau	128,979	258,120	176,743	(81,377)	145,047
Unallocated	859,454	844,923	708,569	(136,354)	687,971
<b>Total general government</b>	<b>4,954,697</b>	<b>5,041,816</b>	<b>4,640,313</b>	<b>(401,503)</b>	<b>4,631,716</b>
<b>Public safety:</b>					
<b>Police:</b>					
General	9,291,529	9,077,359	8,880,069	(197,290)	8,636,679
STEP grant	11,766	-	-	-	-
Office of Highway Safety program	15,000	13,650	9,111	(4,539)	9,776
In-service training	9,000	8,853	8,614	(239)	6,225
Consortium training	31,500	18,850	18,766	(84)	12,882
<b>Fire -</b>					
Suppression	3,351,882	3,368,121	3,358,735	(9,386)	3,240,644
Police and fire - unallocated	2,623,123	2,243,476	2,225,708	(17,768)	2,335,242
<b>Total public safety</b>	<b>15,333,800</b>	<b>14,730,309</b>	<b>14,501,003</b>	<b>(229,306)</b>	<b>14,241,448</b>

continued...

CITY OF JACKSON, MICHIGAN

**Statement of Revenues, Expenditures and Changes in Fund Balance**  
 Budget and Actual - General Fund  
 For the Fiscal Year Ended June 30, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Tax property maintenance	\$ 152,972	\$ 229,076	\$ 162,948	\$ (66,128)	\$ 92,566
Civic affairs	62,500	60,695	35,505	(25,190)	35,367
Drains at large	71,824	71,829	23,442	(48,387)	56,096
Grounds maintenance	197,955	197,955	101,624	(96,331)	133,222
Sidewalk construction	32,433	32,433	7,875	(24,558)	30,945
Street lighting	479,400	472,544	457,135	(15,409)	416,275
Weed control	80,181	79,679	40,696	(38,983)	69,694
Reimbursements	(25,000)	(25,000)	(18,800)	(6,200)	(24,602)
Total public works	<u>1,052,265</u>	<u>1,119,211</u>	<u>810,425</u>	<u>(308,786)</u>	<u>809,563</u>
Culture and recreation:					
Parks and recreation administration	576,361	711,786	667,152	(44,634)	599,235
Parks and facilities maintenance	525,087	562,884	573,518	10,634	562,841
Forestry	342,252	399,752	367,502	(32,250)	293,337
Lt. Nixon memorial pool	94,483	97,733	80,950	(16,783)	78,604
Historical district	10,577	11,106	8,051	(3,055)	7,747
Total culture and recreation	<u>1,548,760</u>	<u>1,783,261</u>	<u>1,697,173</u>	<u>(86,088)</u>	<u>1,541,764</u>
Community enrichment and development:					
Planning	222,104	145,415	129,350	(16,065)	95,828
DDA and equity grants	40,000	40,000	40,000	-	40,000
Economic development	659,974	717,900	435,490	(282,410)	580,940
Total community enrichment and development	<u>922,078</u>	<u>903,315</u>	<u>604,840</u>	<u>(298,475)</u>	<u>716,768</u>
Total expenditures	<u>23,939,456</u>	<u>23,704,836</u>	<u>22,362,036</u>	<u>(1,342,800)</u>	<u>22,029,649</u>
Revenues over expenditures	<u>342,096</u>	<u>1,080,245</u>	<u>2,432,397</u>	<u>1,352,152</u>	<u>2,176,865</u>
Other financing sources (uses)					
Sale of capital assets	13,000	13,000	13,056	56	18,054
Transfers in	32,000	34,437	43,876	9,439	24,015
Transfers out	(498,000)	(1,948,800)	(811,364)	(1,137,436)	(1,028,655)
Total other financing uses	<u>(453,000)</u>	<u>(1,901,363)</u>	<u>(754,432)</u>	<u>1,146,931</u>	<u>(986,586)</u>
Net change in fund balance	(110,904)	(821,118)	1,677,965	2,499,083	1,190,279
Fund balance, beginning of year	<u>7,299,159</u>	<u>7,299,159</u>	<u>7,299,159</u>	-	<u>6,108,880</u>
Fund balance, end of year	<u>\$ 7,188,255</u>	<u>\$ 6,478,041</u>	<u>\$ 8,977,124</u>	<u>\$ 2,499,083</u>	<u>\$ 7,299,159</u>

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**

Budget and Actual - Major Streets Fund

For the Fiscal Year Ended June 30, 2018

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018				2017 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Intergovernmental	\$ 8,671,704	\$ 12,604,026	\$ 10,802,138	\$ (1,801,888)	\$ 6,530,489
Investment income (loss)	5,000	5,250	(3,103)	(8,353)	7,036
Miscellaneous	204,976	644,886	402,579	(242,307)	632,576
<b>Total revenues</b>	<b>8,881,680</b>	<b>13,254,162</b>	<b>11,201,614</b>	<b>(2,052,548)</b>	<b>7,170,101</b>
<b>Expenditures</b>					
Public works:					
Street construction	1,851,067	4,338,636	2,540,124	(1,798,512)	2,364,865
Street maintenance	669,262	578,300	586,838	8,538	451,984
Traffic services	620,121	480,200	468,053	(12,147)	441,696
Winter maintenance	258,547	229,327	307,577	78,250	147,850
Trunkline maintenance	197,100	121,491	125,335	3,844	128,479
State highway construction	9,824,782	14,776,892	10,992,609	(3,784,283)	4,762,959
Reimbursements	(396,891)	(1,307,768)	(187,569)	1,120,199	(111,900)
<b>Total expenditures</b>	<b>13,023,988</b>	<b>19,217,078</b>	<b>14,832,967</b>	<b>(4,384,111)</b>	<b>8,185,933</b>
Revenues under expenditures	(4,142,308)	(5,962,916)	(3,631,353)	2,331,563	(1,015,832)
<b>Other financing sources (uses)</b>					
Transfers in	4,005,202	6,094,985	4,106,402	(1,988,583)	790,280
Transfers out	(396,042)	(789,380)	(788,626)	(754)	(250,000)
<b>Total other financing sources</b>	<b>3,609,160</b>	<b>5,305,605</b>	<b>3,317,776</b>	<b>(1,987,829)</b>	<b>540,280</b>
<b>Net change in fund balance</b>	<b>(533,148)</b>	<b>(657,311)</b>	<b>(313,577)</b>	<b>343,734</b>	<b>(475,552)</b>
Fund balance, beginning of year	1,016,474	1,016,474	1,016,474	-	1,492,026
<b>Fund balance, end of year</b>	<b>\$ 483,326</b>	<b>\$ 359,163</b>	<b>\$ 702,897</b>	<b>\$ 343,734</b>	<b>\$ 1,016,474</b>

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

CITY OF JACKSON, MICHIGAN

**Statement of Net Position - Proprietary Funds**  
June 30, 2018

	Enterprise Funds - Business-type Activities				Totals	Governmental
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
<b>Assets</b>						
Current assets:						
Pooled cash and investments	\$ 10,201,026	\$ 12,636,563	\$ 527,698	\$ 394,997	\$ 23,760,284	\$ 3,403,139
Accounts receivable, net	1,275,656	2,110,840	35,917	245	3,422,658	42,021
Inventories	-	281,318	-	-	281,318	-
Prepaid items	-	-	-	-	-	263,818
Restricted cash and cash equivalents -						
Cash on hand with agents	-	-	-	-	-	46,000
<b>Total current assets</b>	<b>11,476,682</b>	<b>15,028,721</b>	<b>563,615</b>	<b>395,242</b>	<b>27,464,260</b>	<b>3,754,978</b>
Noncurrent assets:						
Long-term advances	-	-	-	-	-	759,638
Capital assets not being depreciated	542,758	1,105,418	7,060,843	1,682,727	10,391,746	-
Capital assets being depreciated, net	18,710,760	28,018,988	9,173,002	2,260,085	58,162,835	324,038
<b>Total noncurrent assets</b>	<b>19,253,518</b>	<b>29,124,406</b>	<b>16,233,845</b>	<b>3,942,812</b>	<b>68,554,581</b>	<b>1,083,676</b>
<b>Total assets</b>	<b>30,730,200</b>	<b>44,153,127</b>	<b>16,797,460</b>	<b>4,338,054</b>	<b>96,018,841</b>	<b>4,838,654</b>
<b>Deferred outflows of resources</b>						
Deferred pension amounts	110,943	218,462	-	-	329,405	-
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	772,712	789,649	2,401	2,206	1,566,968	54,555
Accrued payroll	34,250	62,531	-	3,345	100,126	13,363
Customer deposits	-	217,825	-	-	217,825	-
Current portion of:						
Accrued compensated absences	12,429	35,462	-	-	47,891	-
Estimated claims payable	-	-	-	-	-	111,021
<b>Total current liabilities</b>	<b>819,391</b>	<b>1,105,467</b>	<b>2,401</b>	<b>5,551</b>	<b>1,932,810</b>	<b>178,939</b>
Noncurrent liabilities:						
Long-term advance	-	-	-	20,000	20,000	22,447
Accrued compensated absences, net of current portion	47,607	217,769	-	-	265,376	-
Installment purchase agreement	-	-	-	-	-	27,390
Estimated claims payable, net of current portion	-	-	-	-	-	163,591
Net pension liability	278,101	547,620	-	-	825,721	-
Net other postemployment benefit liability	7,195,578	11,362,986	-	-	18,558,564	-
<b>Total noncurrent liabilities</b>	<b>7,521,286</b>	<b>12,128,375</b>	<b>-</b>	<b>20,000</b>	<b>19,669,661</b>	<b>213,428</b>
<b>Total liabilities</b>	<b>8,340,677</b>	<b>13,233,842</b>	<b>2,401</b>	<b>25,551</b>	<b>21,602,471</b>	<b>392,367</b>
<b>Deferred inflows of resources</b>						
Deferred pension amounts	38,565	75,940	-	-	114,505	-
Deferred other postemployment benefit amounts	1,190,416	1,879,860	-	-	3,070,276	-
<b>Total deferred inflows of resources</b>	<b>1,228,981</b>	<b>1,955,800</b>	<b>-</b>	<b>-</b>	<b>3,184,781</b>	<b>-</b>
<b>Net position</b>						
Net investment in capital assets	19,253,518	29,124,406	16,233,845	3,942,812	68,554,581	296,648
Unrestricted	2,017,967	57,541	561,214	369,691	3,006,413	4,149,639
<b>Total net position</b>	<b>\$ 21,271,485</b>	<b>\$ 29,181,947</b>	<b>\$ 16,795,059</b>	<b>\$ 4,312,503</b>	<b>\$ 71,560,994</b>	<b>\$ 4,446,287</b>

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, 2018

Net position - enterprise funds	\$ 71,560,994
Amounts reported for <i>business-type activities</i> in the statement of net position are different because:	
Internal service funds are used by management to charge the costs of certain equipment usage, insurance, and other centralized costs to individual enterprise funds. A portion of the net position of the internal service funds attributable to these charges are included in business-type activities in the statement of net position.	<u>(585)</u>
Net position of business-type activities	<u><u>\$ 71,560,409</u></u>

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, 2018**

	Enterprise Funds - Business-type Activities				Totals	Governmental
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
<b>Operating revenues</b>						
Charges for sales and services	\$ 5,927,372	\$ 9,143,069	\$ 12,445	\$ 124,574	\$ 15,207,460	\$ 6,493,326
Other	140,262	394,234	-	22,152	556,648	1,006,837
<b>Total operating revenues</b>	<b>6,067,634</b>	<b>9,537,303</b>	<b>12,445</b>	<b>146,726</b>	<b>15,764,108</b>	<b>7,500,163</b>
<b>Operating expenses</b>						
Personal services	513,255	861,596	125	68,969	1,443,945	767,739
Administration	-	-	-	-	-	343,458
Materials and supplies	312,451	1,339,097	-	1,288	1,652,836	297,668
Contractual and other services	944,283	947,009	16,867	113,113	2,021,272	5,281,579
Benefit payments	-	-	-	-	-	151,293
Depreciation	1,031,349	949,281	292,943	103,181	2,376,754	226,208
<b>Total operating expenses</b>	<b>2,801,338</b>	<b>4,096,983</b>	<b>309,935</b>	<b>286,551</b>	<b>7,494,807</b>	<b>7,067,945</b>
<b>Operating income (loss)</b>	<b>3,266,296</b>	<b>5,440,320</b>	<b>(297,490)</b>	<b>(139,825)</b>	<b>8,269,301</b>	<b>432,218</b>
<b>Nonoperating revenues (expenses)</b>						
Investment income	62,087	70,385	3,333	1,661	137,466	77,767
Interest and fiscal charges	-	-	-	(750)	(750)	-
<b>Total nonoperating revenues (expenses)</b>	<b>62,087</b>	<b>70,385</b>	<b>3,333</b>	<b>911</b>	<b>136,716</b>	<b>77,767</b>
<b>Income (loss) before transfers</b>	<b>3,328,383</b>	<b>5,510,705</b>	<b>(294,157)</b>	<b>(138,914)</b>	<b>8,406,017</b>	<b>509,985</b>
<b>Transfers in</b>	<b>7,215</b>	<b>1,489,281</b>	<b>-</b>	<b>537,566</b>	<b>2,034,062</b>	<b>-</b>
<b>Change in net position</b>	<b>3,335,598</b>	<b>6,999,986</b>	<b>(294,157)</b>	<b>398,652</b>	<b>10,440,079</b>	<b>509,985</b>
<b>Net position, beginning of year, restated</b>	<b>17,935,887</b>	<b>22,181,961</b>	<b>17,089,216</b>	<b>3,913,851</b>	<b>61,120,915</b>	<b>3,936,302</b>
<b>Net position, end of year</b>	<b>\$ 21,271,485</b>	<b>\$ 29,181,947</b>	<b>\$ 16,795,059</b>	<b>\$ 4,312,503</b>	<b>\$ 71,560,994</b>	<b>\$ 4,446,287</b>

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, 2018

Net change in net position - total enterprise funds \$ 10,440,079

Amounts reported for *business-type activities* in the statement of activities are different because:

Internal service funds are used by management to charge the costs of certain activities, such as equipment usage, insurance, and other centralized costs, to individual funds. A portion of the net operating income attributable to those funds is reported with business-type activities.

141,664

Change in net position of business-type activities \$ 10,581,743

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, 2018

	Enterprise Funds - Business-type Activities				Totals	Governmental
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
Cash flows from operating activities						
Receipts from customers and users	\$ 6,197,734	\$ 9,608,364	\$ 7,564	\$ 177,231	\$ 15,990,893	\$ -
Receipts for interfund services provided	-	-	-	-	-	7,480,647
Payments to employees	(2,620,440)	(4,200,140)	(125)	(68,969)	(6,889,674)	(767,468)
Payments to vendors and claimants	(764,291)	(1,610,613)	(16,847)	(121,826)	(2,513,577)	(6,067,604)
Net cash provided by (used in) operating activities	2,813,003	3,797,611	(9,408)	(13,564)	6,587,642	645,575
Cash flows from capital and related financing activities						
Purchase of capital assets	(1,765,155)	(3,847,220)	-	(467,815)	(6,080,190)	(5,204)
Principal paid on long-term debt	-	-	-	-	-	(51,685)
Interest paid on long-term debt	-	-	-	(750)	(750)	-
Advances to other funds	-	-	-	-	-	237,012
Advances from other funds	-	-	-	-	-	(11,003)
Net cash provided by (used in) capital and related financing activities	(1,765,155)	(3,847,220)	-	(468,565)	(6,080,940)	169,120
Cash flows from noncapital financing activities						
Transfers in	7,215	1,489,281	-	537,566	2,034,062	-
Cash flows provided by investing activities						
Interest received on investments	62,088	70,385	3,332	1,661	137,466	77,767
Net change in cash and cash equivalents	1,117,151	1,510,057	(6,076)	57,098	2,678,230	892,462
Cash and cash equivalents, beginning of year	9,083,875	11,126,506	533,774	337,899	21,082,054	2,556,677
Cash and cash equivalents, end of year	\$ 10,201,026	\$ 12,636,563	\$ 527,698	\$ 394,997	\$ 23,760,284	\$ 3,449,139
Classified on the statement of net position as:						
Pooled cash and investments	\$ 10,201,026	\$ 12,636,563	\$ 527,698	\$ 394,997	\$ 23,760,284	\$ 3,403,139
Restricted cash and cash equivalents	-	-	-	-	-	46,000
	\$ 10,201,026	\$ 12,636,563	\$ 527,698	\$ 394,997	\$ 23,760,284	\$ 3,449,139

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended June 30, 2018

	Enterprise Funds - Business-type Activities				Totals	Governmental
	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)	\$ 3,266,296	\$ 5,440,320	\$ (297,490)	\$ (139,825)	\$ 8,269,301	\$ 432,218
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,031,349	949,281	292,943	103,181	2,376,754	226,208
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	130,100	74,761	(3,814)	30,505	231,552	(8,808)
Inventories	-	86,373	-	-	86,373	-
Prepaid items	-	-	-	-	-	31,569
Accounts payable	492,443	589,120	20	2,008	1,083,591	(25,175)
Accrued payroll	(2,778)	(144)	-	567	(2,355)	271
Customer deposits	-	(3,700)	-	-	(3,700)	-
Due to other funds	-	-	-	-	-	(10,708)
Unearned revenue	-	-	(1,067)	-	(1,067)	-
Accrued compensated absences	2,311	(5,119)	-	-	(2,808)	-
Advance from other funds	-	-	-	(10,000)	(10,000)	-
Net pension liability	88,598	180,014	-	-	268,612	-
Net other postemployment benefit liability	(3,262,596)	(5,152,168)	-	-	(8,414,764)	-
Deferred outflows of resources - pension	(101,771)	(200,671)	-	-	(302,442)	-
Deferred inflows of resources -pension	(21,365)	(40,316)	-	-	(61,681)	-
Deferred inflows of resources -other postemployment benefits	1,190,416	1,879,860	-	-	3,070,276	-
Net cash provided by (used in) operating activities	\$ 2,813,003	\$ 3,797,611	\$ (9,408)	\$ (13,564)	\$ 6,587,642	\$ 645,575

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, 2018

	Pension and Other Employee Benefits Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and investments	\$ 194,263	\$ 254,000
Investments, at fair value:		
U.S. treasuries	2,148,620	-
U.S. agencies	207,643	-
Corporate bonds:		
Domestic bonds	4,907,377	-
Domestic mutual funds	19,635,289	-
Equities:		
Domestic stocks	10,059,638	-
Domestic mutual funds	33,095,274	-
International mutual funds	15,304,210	-
Money market accounts	3,977,648	-
Receivables -		
Interest and dividends receivable	31,983	-
<b>Total assets</b>	<u>89,561,945</u>	<u>\$ 254,000</u>
<b>Liabilities</b>		
Due to other governments	-	\$ 4,902
Refunds payable and other liabilities	420,766	249,098
<b>Total liabilities</b>	<u>420,766</u>	<u>\$ 254,000</u>
<b>Net position</b>		
Restricted for pension and other employee benefits	<u>\$ 89,141,179</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, 2018

### Additions

#### Contributions:

Employer	\$ 9,680,002
Plan members	1,210,586
Total contributions	<u>10,890,588</u>

#### Investment income:

Net appreciation in fair value of investments	7,811,753
Interest	181,866
Dividends	811,809
Total investment income	<u>8,805,428</u>

Less investment expense	<u>425,677</u>
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Net investment income	<u>8,379,751</u>
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Total additions	<u>19,270,339</u>
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### Deductions

Benefits	12,806,613
Refunds of contributions	159,538
Administrative expense	138,544
Total deductions	<u>13,104,695</u>

Total deductions	<u>13,104,695</u>
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Change in net position	6,165,644
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### Net position -

Beginning of year	<u>82,975,535</u>
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End of year	<u>\$ 89,141,179</u>
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The accompanying notes are an integral part of these financial statements.

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## NOTES TO 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: legislative, general government, public safety, public works, culture and recreation, community enrichment and development, sewer, water, parking system, and golf practice center.

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.

*2018 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 2018 capital improvement bonds.

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 and other employee benefits trust funds 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 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 and Prepaid Items*

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds, with the exception of the major streets and the Ella W. Sharp Park operating special revenue funds, 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 \$20,000 (except for motor pool capital assets which use a \$5,000 threshold) 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 cost 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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.

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 also reports deferred outflows of resources related to the net pension liability.

### *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. In addition, the City reports deferred inflows of resources related to pension and other postemployment benefit liabilities.

### *Pensions and Other Postemployment Benefits*

For purposes of measuring the net pension liability and net other postemployment benefits liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit 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. 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.

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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 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 May. 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.

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 as 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, 2018, 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			
Current:			
General government -			
Personnel	\$ 328,063	\$ 341,615	\$ 13,552
Culture and recreation -			
Parks and facilities maintenance	562,884	573,518	10,634

### 4. FUND DEFICIT

At June 30, 2018, the special assessment capital projects fund had a fund deficit of \$509,505. 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, 2018:

	Primary Government	Component Units	Total
<b>Statement of Net Position</b>			
Pooled cash and investments	\$ 59,407,502	\$ 1,675,024	\$ 61,082,526
Restricted cash:			
Cash on hand with agents	46,000	-	46,000
Pooled cash and investments	3,306,637	-	3,306,637
<b>Statement of Fiduciary Net Position</b>			
Pooled cash and investments	448,263	-	448,263
Investments - pension and other employee benefits	89,335,699	-	89,335,699
<b>Total</b>	<b>\$ 152,544,101</b>	<b>\$ 1,675,024</b>	<b>\$ 154,219,125</b>
<b>Deposits and investments:</b>			
Bank deposits (checking, savings and certificates of deposit)			\$ 57,572,825
Investments in securities and mutual funds:			
Cash and investment pool			7,248,906
Pension and other employee benefits trust funds			89,335,699
Cash on hand with agents			46,000
Cash on hand			15,695
<b>Total</b>			<b>\$ 154,219,125</b>

#### 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, 2018, \$30,015,222 of the City's total bank balance of \$58,681,524 (total book balance was \$57,572,826) 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, 2018:

Michigan CLASS Investment Fund	\$ 1,520,072
Domestic equities	16,326
Money markets	5,712,508
<b>Total</b>	<b>\$ 7,248,906</b>

# 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, 2018, 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, 2018, the City's investments in Michigan CLASS were rated AAAM by Standard & Poor's. The City also held investments in 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, 2018, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

*Interest Rate Risk.* The Michigan CLASS investment fund, domestic equities, and money market accounts are not subject to interest rate risk disclosures.

The City's investment policy does not address interest rate risk.

*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 (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 City.

As of June 30, 2018, the recurring fair value measurements for the City's investments were: the domestic equities and money market accounts were Level 1 and the Michigan CLASS investment fund was Level 2.

### Deposits and Investments - Pension and Other Employee Benefits Trust Funds

The City maintains three pension trust funds (see Note 17) and one other employee benefits trust fund (see Note 18) 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.

*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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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, 2018:

Investments at fair value, as determined by	
quoted market price:	
U.S. treasuries	\$ 2,148,620
U.S. agencies	207,643
Corporate bonds:	
Domestic bonds	4,907,377
Domestic mutual funds	19,635,289
Equities:	
Domestic stocks	10,059,638
Domestic mutual funds	33,095,274
International mutual funds	15,304,210
Money market accounts	<u>3,977,648</u>
 Total investments	 <u><u>\$ 89,335,699</u></u>

*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, 2018, the pension and other employee benefits trust funds' investments in securities of U.S. agencies were all rated AA+ by Standard & Poor's and AAA by Moody's.

The pension and other employee benefits trust funds' investments in domestic corporate bonds were rated by Standard & Poor's ("S&P") and Moody's, as follows:

Rating		Amount
Moody's	S&P	
N/A	AAA	\$ 1,062,887
N/A	AA+	401,601
N/A	AA-	98,891
N/A	A	83,779
N/A	A-	776,551
N/A	BBB+	696,577
N/A	BBB	1,060,573
N/A	BBB-	315,513
Aaa	N/A	341,725
Baa3	N/A	<u>69,280</u>
Totals		<u><u>\$ 4,907,377</u></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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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, 2018, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

*Interest Rate Risk.* As of June 30, 2018, 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	\$ 2,148,620	\$ -	\$ 571,070	\$ 952,942	\$ 624,608
U.S. agencies	207,643	-	207,643	-	-
Domestic corporate bonds:					
Mortgage backed securities	1,809,722	-	589,998	628,620	591,104
Non-callable	3,002,671	-	1,392,417	1,451,011	159,243
Other fixed income	94,984	-	29,765	-	65,219
	<u>\$ 7,263,640</u>	<u>\$ -</u>	<u>\$ 2,790,893</u>	<u>\$ 3,032,573</u>	<u>\$ 1,440,174</u>

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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

The pension and other employee benefits trust funds had the following recurring fair value measurements as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 2,148,620	\$ -	\$ 2,148,620
U.S. agencies	-	207,643	-	207,643
Corporate bonds:				
Domestic bonds	-	4,907,377	-	4,907,377
Domestic mutual funds	-	19,635,289	-	19,635,289
Equities:				
Domestic stocks	10,059,638	-	-	10,059,638
Domestic mutual funds	33,095,274	-	-	33,095,274
International mutual funds	15,304,210	-	-	15,304,210
Money market accounts	3,977,648	-	-	3,977,648
<b>Total investments</b>	<b>\$ 62,436,770</b>	<b>\$ 26,898,929</b>	<b>\$ -</b>	<b>\$ 89,335,699</b>

## 6. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 3,595,539	\$ 3,449,035	\$ -
Allowance for uncollectible amounts	(2,920,942)	(26,377)	-
Taxes receivable, net	2,456,585	-	-
Allowance for uncollectible amounts	(479,002)	-	-
Loans receivable	43,313	-	-
Notes receivable	-	-	57,156
Interest receivable	177,247	-	-
Other receivables	1,617,331	-	-
Due from other governments	1,261,216	-	-
	<b>\$ 5,751,287</b>	<b>\$ 3,422,658</b>	<b>\$ 57,156</b>
Amount not expected to be collected within one year	\$ 1,986,702	\$ -	\$ 47,044

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated -				
Land	\$ 2,395,280	\$ -	\$ -	\$ 2,395,280
Capital assets being depreciated:				
Infrastructure	158,176,103	13,669,284	-	171,845,387
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,699,780	-	115,936	16,583,844
Park and recreation facilities	10,816,796	305,507	35,873	11,086,430
Machinery and equipment	14,585,616	1,191,283	314,822	15,462,077
	<u>216,041,476</u>	<u>15,166,074</u>	<u>466,631</u>	<u>230,740,919</u>
Less accumulated depreciation for:				
Infrastructure	105,523,299	3,907,995	-	109,431,294
Land improvements	4,096,335	315,264	-	4,411,599
Buildings and improvements	6,849,179	280,334	59,733	7,069,780
Park and recreation facilities	5,633,154	157,684	7,054	5,783,784
Machinery and equipment	12,943,014	592,465	292,452	13,243,027
	<u>135,044,981</u>	<u>5,253,742</u>	<u>359,239</u>	<u>139,939,484</u>
Total capital assets being depreciated, net	<u>80,996,495</u>	<u>9,912,332</u>	<u>107,392</u>	<u>90,801,435</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 83,391,775</u>	<u>\$ 9,912,332</u>	<u>\$ 107,392</u>	<u>\$ 93,196,715</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
Capital assets not being depreciated:					
Land	\$ 8,956,886	\$ -	\$ -	\$ -	\$ 8,956,886
Construction in progress	121,540	1,902,675	-	(589,355)	1,434,860
	<u>9,078,426</u>	<u>1,902,675</u>	<u>-</u>	<u>(589,355)</u>	<u>10,391,746</u>
Capital assets being depreciated:					
Systems	87,785,777	3,760,637	-	-	91,546,414
Land improvements	4,198,447	-	-	589,355	4,787,802
Buildings and improvements	12,927,529	-	-	(28,078)	12,899,451
Machinery and equipment	13,147,514	416,878	-	28,078	13,592,470
	<u>118,059,267</u>	<u>4,177,515</u>	<u>-</u>	<u>589,355</u>	<u>122,826,137</u>
Less accumulated depreciation for:					
Systems	45,921,176	1,583,098	-	761,565	48,265,839
Land improvements	1,258,468	142,707	-	(25,351)	1,375,824
Buildings and improvements	5,157,441	275,671	-	(736,214)	4,696,898
Machinery and equipment	9,949,463	375,278	-	-	10,324,741
	<u>62,286,548</u>	<u>2,376,754</u>	<u>-</u>	<u>-</u>	<u>64,663,302</u>
Total capital assets being depreciated, net	<u>55,772,719</u>	<u>1,800,761</u>	<u>-</u>	<u>589,355</u>	<u>58,162,835</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 64,851,145</u>	<u>\$ 3,703,436</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,554,581</u>

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

<b>Governmental activities:</b>	
General government	\$ 249,769
Public safety	316,578
Public works, including depreciation of general infrastructure assets	3,980,284
Culture and recreation	198,737
Community enrichment and development	282,166
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	226,208
<b>Total depreciation expense - governmental activities</b>	<u>\$ 5,253,742</u>
<b>Business-type activities:</b>	
Sewage	\$ 1,031,349
Water	949,281
Parking system	292,943
Golf practice center	103,181
<b>Total depreciation expense - business-type activities</b>	<u>\$ 2,376,754</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

8. PAYABLES

Payables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 3,998,182	\$ 1,566,968	\$ 7,582
Accrued payroll	452,709	100,126	642
Other liabilities	297,807	-	-
Customer deposits	-	217,825	-
	<u>\$ 4,748,698</u>	<u>\$ 1,884,919</u>	<u>\$ 8,224</u>

9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2018, amounts due from and due to other funds were as follows:

Receivable funds	Payable Funds		Total
	General Fund	Nonmajor Governmental Funds	

Nonmajor governmental funds	\$ 107	\$ 15,015	\$ 15,122
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At June 30, 2018, 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	-	-	20,000	-	20,000
Internal service funds	737,191	-	-	22,447	759,638
	<u>\$ 737,191</u>	<u>\$ 50,000</u>	<u>\$ 20,000</u>	<u>\$ 22,447</u>	<u>\$ 829,638</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

For the year ended June 30, 2018, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General Fund	Major Streets Fund	Special Assessment Capital Projects	Nonmajor Governmental Funds
General fund	\$ 9,469	\$ -	\$ -	\$ 780,395
Major streets fund	-	-	-	788,626
Special assessment capital projects fund	-	159,614	-	190,014
2018 capital projects	-	354	-	14,202
Nonmajor governmental funds	34,407	3,946,434	177,690	2,900,489
	<u>\$ 43,876</u>	<u>\$ 4,106,402</u>	<u>\$ 177,690</u>	<u>\$ 4,673,726</u>

Transfers Out	Transfers In			Total
	Sewage	Water	Nonmajor Enterprise Funds	
General fund	\$ -	\$ -	\$ 21,500	\$ 811,364
Major streets fund	-	-	-	788,626
Special assessment capital projects fund	-	-	38,250	387,878
2018 capital projects	7,215	1,489,281	467,816	1,978,868
Nonmajor governmental funds	-	-	10,000	7,069,020
	<u>\$ 7,215</u>	<u>\$ 1,489,281</u>	<u>\$ 537,566</u>	<u>\$ 11,035,756</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 \$73,858,577.

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
<b>Governmental activities</b>			
1999 building authority limited tax	2019	5.25%	\$ 50,000
2001 downtown development	2026	3.70%-5.75%	6,419,920
2011 downtown development refunding	2030	4.375%-4.750%	5,395,000
2012 brownfield redevelopment refunding	2031	2.00%-4.00%	5,890,000
2013 general obligation refunding	2027	2.00%-4.00%	6,265,000
2016 capital improvement	2026	0.75%-2.25%	1,064,000
2017 transportation bond	2031	2.41%	8,410,000
2017 brownfield refunding	2030	2.64%	8,925,000
2018 capital improvement	2033	2.50% - 5.00%	14,890,000
			\$ 57,308,920

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

Year	Governmental Activities	
	Principal	Interest
2019	\$ 3,644,608	\$ 3,152,622
2020	3,645,453	3,238,605
2021	3,763,299	3,286,920
2022	3,860,697	3,338,524
2023	3,940,765	3,378,494
2024-2028	24,219,098	12,150,738
2029-2033	14,235,000	1,514,289
	\$ 57,308,920	\$ 30,060,192

# 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 agreements outstanding at year-end are 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	\$ 294,004
2017 Lease Purchase Agreement - Bucket Truck	2020	4.00%	107,552	<u>27,390</u>
				<u>\$ 321,394</u>

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

Year	Governmental Activities	
	Principal	Interest
2019	\$ 55,233	\$ 11,334
2020	84,352	8,561
2021	58,745	5,691
2022	60,584	3,852
2023	<u>62,480</u>	<u>1,956</u>
	<u>\$ 321,394</u>	<u>\$ 31,394</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 45,176,038	\$ 14,890,000	\$ 2,757,118	\$ 57,308,920	\$ 3,644,608
Installment purchase agreements	426,636	-	105,242	321,394	55,233
Compensated absences	1,656,989	804,795	657,520	1,804,264	180,426
Less deferred amounts for:					
Issuance discount	(52,191)	-	(3,480)	(48,711)	(3,480)
Issuance premium	402,680	1,721,868	36,735	2,087,813	151,526
	<u>\$ 47,610,152</u>	<u>\$ 17,416,663</u>	<u>\$ 3,553,135</u>	<u>\$ 61,473,680</u>	<u>\$ 4,028,313</u>
<b>Business-type activities</b>					
Compensated absences	<u>\$ 316,075</u>	<u>\$ 150,505</u>	<u>\$ 153,313</u>	<u>\$ 313,267</u>	<u>\$ 47,891</u>

For the governmental activities, compensated absences 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, which were paid off in fiscal 2016. 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, 2018, the net appreciation on investments of donor-restricted endowments was \$2,979 and there was an overall decrease in fund balance of \$22,192. 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 nonspendable endowment balance is \$1,096,663.

*Cemetery Perpetual Maintenance Permanent Trust Fund.* For the year ended June 30, 2018, the net appreciation on investments of donor-restricted endowments was \$34,082 and there was an overall increase in fund balance of \$23,565. 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 nonspendable endowment balance is \$1,938,853.

*Lloyd E. Mount Endowment Permanent Trust Fund.* For the year ended June 30, 2018, the net appreciation on investments of donor-restricted endowments was \$476 and there was an overall decrease in fund balance of \$4,680. 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, to initiate new programs (park entertainment or education) for public benefit. At year-end the nonspendable endowment balance is \$292,257.

# 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, 2018, is based on the requirements 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, 2018, \$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, 2018 and 2017, are as follows:

	2018	2017
Claims liability at beginning of fiscal year	\$ 274,612	\$ 274,612
Claims and changes in estimates	89,924	79,969
Claims payments	<u>(89,924)</u>	<u>(79,969)</u>
Claims liability at June 30, 2018	<u>\$ 274,612</u>	<u>\$ 274,612</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, 2017 levy was assessed and valued at approximately \$595 million, representing approximately 50% of estimated current market value.

The City's operating tax rate is 6.7192 mills (cannot exceed 7.00 mills) with an additional 1.9197 (cannot exceed 2.00 mills) for public improvement, 7.3000 for Act 345 Pension, 1.2500 for City Hall bond, and 1.9996 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. TAX ABATEMENTS

The City received reduced property tax revenues during 2018 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$18,600 in reduced tax revenues for 2018.

Brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties. These agreements were entered into based upon the Brownfield Redevelopment Act, PA 381 of 1996, as amended. Under this Act, a municipality may create a brownfield redevelopment authority to develop and implement brownfield projects. Tax increment financing may be used as a tool for property redevelopment. The abatements amounted to approximately \$32,600 in reduced City tax revenues for 2018.

### 16. 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 following completion of 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.

### 17. 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Plan membership.* At June 30, 2018, 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	190	21	171
Terminated plan members entitled to, but not yet receiving benefits	22	-	4
Active plan members	138	-	69
	<u>350</u>	<u>21</u>	<u>244</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, 2017, (rolled forward to June 30, 2018) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.00% to 7.00% including inflation
Investment rate of return	7.5%, net of expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality rate	RP-2000 Mortality Table

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Discount rate.* A single discount rate of 5.82% was used to measure the total pension liability. 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.

*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, 2017	\$ 48,905,447	\$ 39,184,812	\$ 9,720,635
Changes for the year:			
Service cost	692,095	-	692,095
Interest	3,550,091	-	3,550,091
Differences between expected and actual experience	(7,660)	-	(7,660)
Changes in assumptions	9,152,938	-	9,152,938
Employer contributions	-	821,020	(821,020)
Employee contributions	-	712,503	(712,503)
Net investment income	-	3,456,637	(3,456,637)
Benefit payments, including refunds of employee contributions	(3,833,908)	(3,833,908)	-
Administrative expense	-	(41,788)	41,788
Net changes	9,553,556	1,114,464	8,439,092
Balances at June 30, 2018	\$ 58,459,003	\$ 40,299,276	\$ 18,159,727

*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 (4.82%)	Current Single Discount Rate (5.82%)	1% Increase (6.82%)
Plan net pension liability	\$ 24,970,870	\$ 18,159,727	\$ 12,443,166

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Pension expense and deferred outflows and inflows of resources related to pensions.* For the year ended June 30, 2018, the City recognized pension expense of \$1,930,238. At June 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 815,074
Changes in assumptions	7,244,446	1,052,667
Net difference between projected and actual earnings on pension plan investments	-	650,520
<b>Total</b>	<b>\$ 7,244,446</b>	<b>\$ 2,518,261</b>

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
2019	\$ 1,908,492	\$ 1,041,024
2020	1,908,492	799,855
2021	1,908,492	505,570
2022	1,518,970	171,812
	<u>\$ 7,244,446</u>	<u>\$ 2,518,261</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, 2017 actuarial valuation using the entry age method. The actuarial assumptions included a 6.0% rate of return on investments.

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2017, (rolled forward to June 30, 2018) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	Not applicable
Salary increases	Not applicable
Investment rate of return	6.0%, net of expenses
Retirement age	Closed plan
Mortality rate	RP-2000 Combined Table

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*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, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*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, 2017	\$ 7,549,654	\$ 3,273,277	\$ 4,276,377
Changes for the year:			
Interest	429,493	-	429,493
Differences between expected and actual experience	(87,297)	-	(87,297)
Employer contributions	-	567,276	(567,276)
Net investment income	-	467,070	(467,070)
Benefit payments, including refunds of employee contributions	(782,877)	(782,877)	-
Administrative expense	-	(10,076)	10,076
Net changes	(440,681)	241,393	(682,074)
Balances at June 30, 2018	\$ 7,108,973	\$ 3,514,670	\$ 3,594,303

*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	\$ 4,133,368	\$ 3,594,303	\$ 3,120,885

*Pension expense and deferred inflows of resources related to pensions.* For the year ended June 30, 2018, the City recognized pension expense of \$139,422. At June 30, 2018, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 218,669

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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

Year Ended June 30,	Inflows Amortization
2019	\$ 23,222
2020	34,805
2021	105,155
2022	55,487
	<u>\$ 218,669</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, 2017 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, 2017, (rolled forward to June 30, 2018) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0% to 9.0%
Investment rate of return	6.75%
Retirement age	Experience-based table of rates there are specific to the type of eligibility condition. Last updated for the 2007 valuation.
Mortality rate	RP-2000 Combined Table

*Discount rate.* A single discount rate of 6.75% 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%. 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, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# CITY OF JACKSON, 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, 2017	\$ 74,506,757	\$ 39,599,297	\$ 34,907,460
Changes for the year:			
Service cost	911,249	-	911,249
Interest	4,873,412	-	4,873,412
Differences between expected and actual experience	146,242	-	146,242
Employer contributions	-	4,219,714	(4,219,714)
Employee contributions	-	498,083	(498,083)
Net investment income	-	4,355,776	(4,355,776)
Benefit payments, including refunds of employee contributions	(5,527,374)	(5,527,374)	-
Administrative expense	-	(71,180)	71,180
Net changes	403,529	3,475,019	(3,071,490)
Balances at June 30, 2018	\$ 74,910,286	\$ 43,074,316	\$ 31,835,970

*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 (5.75%)	Current Single Discount Rate (6.75%)	1% Increase (7.75%)
Plan net pension liability	\$ 40,398,521	\$ 31,835,970	\$ 24,774,872

*Pension expense and deferred outflows and inflows of resources related to pensions.* For the year ended June 30, 2018, the City recognized pension expense of \$2,148,687. At June 30, 2018, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 152,936	\$ 23,885
Changes in assumptions	-	446,864
Net difference between projected and actual earnings on pension plan investments	-	1,248,238
Total	\$ 152,936	\$ 1,718,987

# 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
2019	\$ 88,068	\$ 348,665
2020	40,687	78,868
2021	24,181	948,946
2022	-	342,508
	<u>\$ 152,936</u>	<u>\$ 1,718,987</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, 2018 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.

For the year ended June 30, 2018, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 9.72%, 13.21% and 11.93% for the Employees' Retirement System, Policemen's and Firemen's Pension Fund and Policemen's and Firemen's Pension - Act 345 Fund, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

For the governmental activities, the net pension liability is generally liquidated by the general fund.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 18. POSTEMPLOYMENT BENEFITS

#### *General Information About the Plan*

*Plan Administration.* 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.

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.* At June 30, 2018, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	220
Active plan members	<u>124</u>
Total membership	<u><u>344</u></u>

*Benefits Provided.* Non-Medicare eligible retirees receive a percentage of their premium paid by the City of Jackson. This percentage is based on the contract in place at retirement, as well as the age and service of the retiree at retirement. Certain pre-65 retirees are participating in a BlusHSA plan. These members pay \$30 monthly for single coverage or \$50 monthly for retiree and spouse coverage. These members also receive a stipend into their HSA from the City. Non-Medicare eligible retirees may receive an annual stipend if they elect to opt-out of City sponsored health insurance. Medicare eligible retirees, retired prior to a certain date per the contract in place at the time of retirement, may receive a percentage of their premium paid by the City of Jackson. Medicare eligible retirees, retired after a certain date per the contract in place at the time of retirement, are not eligible for City sponsored retiree health insurance. They may receive a payment in lieu benefit upon Medicare eligibility equal to the opt-out benefit. Spouses and dependent children under age 26 of retired employees are eligible to receive employer subsidized retiree health care benefits so long as the retiree is living. Surviving spouses and surviving dependents under age 26 are eligible for a continuation of health care benefits, as if the retiree were living, so long as the survivors are eligible to continue receiving pension benefits.

*Contributions.* The City has no obligation to make contributions in advance of when the insurance premiums or 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### Investments

The plan's 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 plan 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 plan 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 plan 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 are as follows:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return	Expected Money-Weighted Rate of Return
Domestic fixed income	25.0%	-1.50%	-0.38%
Domestic equity	25.0%	0.50%	0.13%
International equity	25.0%	4.20%	1.05%
Real estate	25.0%	5.25%	1.31%
	<u>100.0%</u>		
Inflation			2.50%
Risk factor adjustment			<u>0.39%</u>
Investment rate of return			<u>5.00%</u>

The long-term expected rate of return on other postemployment benefit plan investments is 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 other postemployment benefit plan's target asset allocation as of June 30, 2018 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 7.78 percent.

*Discount Rate.* A single discount rate of 5.00% was used to measure the total OPEB liability. This single discount rate was based on the expected rate of return on OPEB plan investments of 5.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 (rolled forward to June 30, 2018), using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.00% to 9.00%, including inflation
Investment rate of return	5.00%, net of investment expenses, including inflation
Healthcare cost trend rates	8.25% in 2018, grading to 3.50% in 2030
Changes in assumptions	Raise the Ultimate Healthcare Healthcare Cost Trend from 3.00% to 3.50%; partial resetting of the healthcare cost trend; in conjunction with the closing of the Fire group to new hires eligible for retiree health insurance, the amortization method was changed from level percent of pay to level dollar; elimination of the Excise Tax Adjustment; Updates to eligibility and benefits were reflected in this report.

Although no specific price inflation assumptions are needed for the valuation, the 2.50% long-term wage inflation assumption would be consistent with a price inflation of 3%-4%.

Mortality rates used were based on the RP-2000 Mortality Table projected to 2017 using scale BB. For disabled retirees, the regular mortality tables are used with a 10-year set forward.

The actuarial assumptions used in valuation were based on the results of the most recent actuarial experience study of 2009-2013.

### *Net OPEB Liability of the City*

The components of the net OPEB liability of the City at June 30, 2018, were as follows:

Total OPEB liability	\$ 41,029,038
Plan fiduciary net position	<u>2,252,917</u>
City's net OPEB liability	<u>\$ 38,776,121</u>
Plan fiduciary net position as a percentage of the total OPEB liability	5.5%

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### Changes in Net OPEB Liability

The components of the change in the net OPEB liability are summarized as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2017	\$ 57,276,014	\$ 918,149	\$ 56,357,865
Changes for the year:			
Service cost	555,506	-	555,506
Interest	2,807,139	-	2,807,139
Changes of benefit terms	(8,055,839)		(8,055,839)
Differences between expected and actual experience	(2,570,525)	-	(2,570,525)
Changes of assumptions	(6,161,265)		(6,161,265)
Employer contributions	-	4,071,992	(4,071,992)
Net investment income	-	100,268	(100,268)
Benefit payments, including refunds of employee contributions	(2,821,992)	(2,821,992)	-
Administrative expense	-	(15,500)	15,500
Net changes	(16,246,976)	1,334,768	(17,581,744)
Balances at June 30, 2018	\$ 41,029,038	\$ 2,252,917	\$ 38,776,121

*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate.* The following presents the net OPEB liability of the City, calculated using the discount rate of 5.0%, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1% lower (4.0%) or 1% higher (6.0%) than the current rate:

1% Decrease (4.0%)	Current Discount Rate (5.0%)	1% Increase (6.0%)
\$ 42,628,332	\$ 38,776,121	\$ 34,714,263

*Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates.* The following presents the net OPEB liability of the City, calculated using the healthcare cost trend rate of 8.25%, as well as what the City's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower (7.25%) or 1% higher (9.25%) than the current rate:

1% Decrease (7.25% graded down to 2.5%)	Current Healthcare Cost Trend Rate (8.25% graded down to	1% Increase (9.25% graded down to 4.5%)
\$ 35,299,094	\$ 38,776,121	\$ 41,395,462

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### *OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB*

For the year ended June 30, 2018, the City recognized OPEB expense of \$7,094,741. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,882,961
Changes in assumptions	4,513,251
Net difference between projected and actual earnings on OPEB plan investments	<u>18,799</u>
	<u>\$ 6,415,011</u>

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

Year Ended June 30,	Inflows Amortization
2019	\$ 2,340,278
2020	2,340,278
2021	1,729,756
2022	<u>4,699</u>
Total	<u>\$ 6,415,011</u>

*Payable to the OPEB Plan.* At June 30, 2018, the City had no amounts payable for contributions to the OPEB plan.

For the governmental activities, the net OPEB liability is generally liquidated by the general fund.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 19. 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	\$ 2,395,280	\$ 10,391,746
Capital assets being depreciated, net	90,801,435	58,162,835
	<u>93,196,715</u>	<u>68,554,581</u>
Long-term liabilities:		
Due within one year	4,028,313	47,891
Due in more than one year	57,445,367	265,376
Less unexpended bond proceeds	(16,888,792)	-
	<u>44,584,888</u>	<u>313,267</u>
Less compensated absences	(1,804,264)	(313,267)
Less deferred charge on refunding	(692,087)	-
	<u>42,088,537</u>	<u>-</u>
Net investment in capital assets	<u>\$ 51,108,178</u>	<u>\$ 68,554,581</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

20. FUND BALANCES

Following is a summary of the components of fund balances as of June 30, 2018:

	General	Major Streets	Special Assessments Capital Projects	2018 Capital Improvements Bond	Nonmajor Funds	Total
<b>Nonspendable</b>						
Inventories	\$ -	\$ 269,518	\$ -	\$ -	\$ 15,500	\$ 285,018
Prepaid items	45,466	-	-	-	-	45,466
Perpetual care	-	-	-	-	1,938,853	1,938,853
Endowment	-	-	-	-	1,388,920	1,388,920
Advances	50,000	-	-	-	-	50,000
	<u>95,466</u>	<u>269,518</u>	<u>-</u>	<u>-</u>	<u>3,343,273</u>	<u>3,708,257</u>
<b>Restricted</b>						
Highways and streets	-	433,379	-	12,800,143	908,508	14,142,030
Public improvements	-	-	-	-	441,434	441,434
Public safety	-	-	-	-	16,127	16,127
Downtown development	-	-	-	-	6,630,803	6,630,803
Debt service	-	-	-	-	53,120	53,120
	<u>-</u>	<u>433,379</u>	<u>-</u>	<u>12,800,143</u>	<u>8,049,992</u>	<u>21,283,514</u>
<b>Committed</b>						
Culture and recreation	-	-	-	-	298,158	298,158
Public safety	-	-	-	-	697,016	697,016
Capital projects	-	-	-	-	89,062	89,062
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,236</u>	<u>1,084,236</u>
<b>Unassigned (deficit)</b>	<u>8,881,658</u>	<u>-</u>	<u>(509,505)</u>	<u>-</u>	<u>-</u>	<u>8,372,153</u>
<b>Total</b>	<u>\$ 8,977,124</u>	<u>\$ 702,897</u>	<u>\$ (509,505)</u>	<u>\$ 12,800,143</u>	<u>\$ 12,477,501</u>	<u>\$34,448,160</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

21. 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, 2018

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
<b>Assets</b>					
Pooled cash and investments	\$ 129,358	\$ -	\$ 64,856	\$ 49	\$ 194,263
Investments, at fair value:					
U.S. treasuries	-	-	2,148,620	-	2,148,620
U.S. agencies	-	-	207,643	-	207,643
Corporate bonds:					
Domestic bonds	-	-	4,907,377	-	4,907,377
Domestic mutual funds	11,177,500	1,346,628	7,111,161	-	19,635,289
Equities:					
Domestic stocks	6,645,880	180,780	3,232,978	-	10,059,638
Domestic mutual funds	15,321,924	1,224,229	16,549,121	-	33,095,274
International mutual funds	6,294,931	693,021	8,316,258	-	15,304,210
Money market accounts	727,080	69,882	927,818	2,252,868	3,977,648
Total cash and investments	40,296,673	3,514,540	43,465,832	2,252,917	89,529,962
Receivables -					
Interest and dividends	2,603	130	29,250	-	31,983
Total assets	40,299,276	3,514,670	43,495,082	2,252,917	89,561,945
<b>Liabilities</b>					
Refunds payable and other	-	-	420,766	-	420,766
Net position restricted for pension and other employee benefits	\$ 40,299,276	\$ 3,514,670	\$ 43,074,316	\$ 2,252,917	\$ 89,141,179

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2018

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
<b>Additions</b>					
Contributions:					
Employer	\$ 821,020	\$ 567,276	\$ 4,219,714	\$ 4,071,992	\$ 9,680,002
Plan members	712,503	-	498,083	-	1,210,586
Total contributions	<u>1,533,523</u>	<u>567,276</u>	<u>4,717,797</u>	<u>4,071,992</u>	<u>10,890,588</u>
Investment income:					
Net appreciation in fair value of investments	3,404,308	427,335	3,877,286	102,824	7,811,753
Interest	9,718	10,112	162,036	-	181,866
Dividends	231,675	47,877	532,257	-	811,809
Total investment income	<u>3,645,701</u>	<u>485,324</u>	<u>4,571,579</u>	<u>102,824</u>	<u>8,805,428</u>
Less investment expense	<u>189,064</u>	<u>18,254</u>	<u>215,803</u>	<u>2,556</u>	<u>425,677</u>
Net investment income	<u>3,456,637</u>	<u>467,070</u>	<u>4,355,776</u>	<u>100,268</u>	<u>8,379,751</u>
Total additions	<u>4,990,160</u>	<u>1,034,346</u>	<u>9,073,573</u>	<u>4,172,260</u>	<u>19,270,339</u>
<b>Deductions</b>					
Benefits	3,699,561	782,877	5,502,183	2,821,992	12,806,613
Refunds of contributions	134,347	-	25,191	-	159,538
Administrative expense	41,788	10,076	71,180	15,500	138,544
Total deductions	<u>3,875,696</u>	<u>792,953</u>	<u>5,598,554</u>	<u>2,837,492</u>	<u>13,104,695</u>
Net change in net position	1,114,464	241,393	3,475,019	1,334,768	6,165,644
<b>Net position -</b>					
Beginning of year	<u>39,184,812</u>	<u>3,273,277</u>	<u>39,599,297</u>	<u>918,149</u>	<u>82,975,535</u>
End of year	<u>\$ 40,299,276</u>	<u>\$ 3,514,670</u>	<u>\$ 43,074,316</u>	<u>\$ 2,252,917</u>	<u>\$ 89,141,179</u>

22. RESTATEMENT

The City adopted the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the current year. As a result of this change, beginning net position of governmental activities, sewage enterprise fund, water enterprise fund, and business-type activities was decreased by \$4,972,617, \$10,458,174, \$16,515,154, and \$26,973,328, respectively.



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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,				
	2018	2017	2016	2015	2014
Change in total pension liability					
Service cost	\$ 692,095	\$ 672,198	\$ 867,493	\$ 849,399	\$ 900,232
Interest	3,550,091	3,513,819	3,604,456	3,591,598	3,512,829
Changes of benefit terms	-	432,512	(1,585,716)	-	-
Differences between expected and actual experience	(7,660)	(467,503)	(1,544,806)	(559,714)	-
Changes of assumptions	9,152,938	-	(2,963,368)	940,674	(610,014)
Benefit payments, including refunds of member contributions	(3,833,908)	(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
Net change in total pension liability	9,553,556	630,214	(4,984,813)	1,233,049	497,050
Total pension liability, beginning	48,905,447	48,275,233	53,260,046	52,026,997	51,529,947
Total pension liability, ending (a)	58,459,003	48,905,447	48,275,233	53,260,046	52,026,997
Change in plan fiduciary net position					
Contributions - employer	821,020	933,208	889,235	947,436	986,872
Contributions - employee	712,503	730,419	717,167	741,956	786,020
Net investment income	3,456,637	4,110,845	728,453	1,900,424	5,556,344
Benefit payments, including refunds of member contributions	(3,833,908)	(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
Administrative expense	(41,788)	(226,794)	(93,838)	(95,161)	(214,364)
Net change in plan fiduciary net position	1,114,464	2,026,866	(1,121,855)	(94,253)	3,808,875
Plan fiduciary net position, beginning	39,184,812	37,157,946	38,279,801	38,374,054	34,565,179
Plan fiduciary net position, ending (b)	40,299,276	39,184,812	37,157,946	38,279,801	38,374,054
City's net pension liability, ending (a)-(b)	\$ 18,159,727	\$ 9,720,635	\$ 11,117,287	\$ 14,980,245	\$ 13,652,943
Plan fiduciary net position as a percentage of the total pension liability	68.94%	80.12%	76.97%	71.87%	73.76%
Covered payroll	\$ 7,758,909	\$ 7,510,596	\$ 7,427,165	\$ 7,837,558	\$ 8,209,105
City's net pension liability as a percentage of covered payroll	234.05%	129.43%	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,				
	2018	2017	2016	2015	2014
Change in total pension liability					
Interest	\$ 429,493	\$ 447,644	\$ 493,298	\$ 522,860	\$ 541,023
Differences between expected and actual experience	(87,297)	47,444	(163,757)	-	-
Changes of assumptions	-	-	227,357	142,043	-
Benefit payments, including refunds of member contributions	(782,877)	(812,379)	(814,750)	(845,636)	(921,176)
Net change in total pension liability	(440,681)	(317,291)	(257,852)	(180,733)	(380,153)
Total pension liability, beginning	7,549,654	7,866,945	8,124,797	8,305,530	8,685,683
Total pension liability, ending (a)	7,108,973	7,549,654	7,866,945	8,124,797	8,305,530
Change in plan fiduciary net position					
Contributions - employer	567,276	565,463	604,690	607,009	606,096
Net investment income (loss)	467,070	482,691	(193,908)	120,095	659,708
Benefit payments, including refunds of member contributions	(782,877)	(812,379)	(814,750)	(845,636)	(921,176)
Administrative expense	(10,076)	(30,765)	-	-	(35,868)
Net change in plan fiduciary net position	241,393	205,010	(403,968)	(118,532)	308,760
Plan fiduciary net position, beginning	3,273,277	3,068,267	3,472,235	3,590,767	3,282,007
Plan fiduciary net position, ending (b)	3,514,670	3,273,277	3,068,267	3,472,235	3,590,767
City's net pension liability, ending (a)-(b)	\$ 3,594,303	\$ 4,276,377	\$ 4,798,678	\$ 4,652,562	\$ 4,714,763
Plan fiduciary net position as a percentage of the total pension liability	49.44%	43.36%	39.00%	42.74%	43.23%
Covered payroll	N/A	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	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,				
	2018	2017	2016	2015	2014
Change in total pension liability					
Service cost	\$ 911,249	\$ 893,487	\$ 1,008,965	\$ 965,176	\$ 987,637
Interest	4,873,412	4,949,452	4,859,213	4,990,906	4,928,088
Differences between expected and actual experience	146,242	(78,307)	1,353,815	(962,506)	-
Changes of assumptions	-	(1,212,234)	1,326,844	791,987	(244,312)
Benefit payments, including refunds of member contributions	(5,527,374)	(5,848,163)	(5,345,160)	(5,799,429)	(4,735,567)
Net change in total pension liability	403,529	(1,295,765)	3,203,677	(13,866)	935,846
Total pension liability, beginning	74,506,757	75,802,522	72,598,845	72,612,711	71,676,865
Total pension liability, ending (a)	74,910,286	74,506,757	75,802,522	72,598,845	72,612,711
Change in plan fiduciary net position					
Contributions - employer	4,219,714	4,098,288	3,709,507	3,534,236	3,012,344
Contributions - employee	498,083	489,369	478,630	517,062	542,751
Net investment income (loss)	4,355,776	5,393,796	(2,123,241)	1,268,531	6,607,787
Benefit payments, including refunds of member contributions	(5,527,374)	(5,848,163)	(5,345,160)	(5,799,429)	(4,735,567)
Administrative expense	(71,180)	(302,135)	-	-	-
Net change in plan fiduciary net position	3,475,019	3,831,155	(3,280,264)	(479,600)	5,427,315
Plan fiduciary net position, beginning	39,599,297	35,768,142	39,048,406	39,528,006	34,100,691
Plan fiduciary net position, ending (b)	43,074,316	39,599,297	35,768,142	39,048,406	39,528,006
City's net pension liability, ending (a)-(b)	\$31,835,970	\$34,907,460	\$40,034,380	\$33,550,439	\$33,084,705
Plan fiduciary net position as a percentage of the total pension liability	57.50%	53.15%	47.19%	53.79%	54.44%
Covered payroll	\$ 4,829,089	\$ 4,622,259	\$ 4,782,487	\$ 5,148,271	\$ 5,124,768
City's net pension liability as a percentage of covered payroll	659.25%	755.20%	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 Payroll	Net Pension Liability as Percentage of Covered Payroll
<b>Employees' Retirement System (ERS)</b>						
2018	\$ 58,459,003	\$ 40,299,276	\$ 18,159,727	68.94%	\$ 7,758,909	234.05%
2017	49,535,661	41,211,678	8,323,983	83.20%	7,510,596	110.83%
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%
<b>Policemen's and Firemen's Pension (PFP)</b>						
2018	\$ 7,108,973	\$ 3,514,670	\$ 3,594,303	49.44%	N/A	N/A
2017	7,549,654	3,478,287	4,071,367	46.07%	N/A	N/A
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	8,305,530	3,590,767	4,714,763	43.23%	N/A	N/A
<b>Policemen's and Firemen's Pension - Act 345 (Act 345)</b>						
2018	\$ 74,910,286	\$ 43,074,316	\$ 31,835,970	57.50%	\$ 4,829,089	659.25%
2017	74,506,757	39,599,297	34,907,460	53.15%	4,622,259	755.20%
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 City Contributions

Fiscal Year Ended	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
<b>Employees' Retirement System (ERS)</b>					
6/30/2018	\$ 821,020	\$ 821,020	\$ -	\$ 7,758,909	10.58%
6/30/2017	933,208	933,208	-	7,510,596	12.43%
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%
<b>Policemen's and Firemen's Pension (PFP)</b>					
6/30/2018	\$ 567,276	\$ 567,276	\$ -	N/A	N/A
6/30/2017	565,463	565,463	-	N/A	N/A
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
<b>Policemen's and Firemen's Pension - Act 345 (Act 345)</b>					
6/30/2018	\$ 4,219,714	\$ 4,219,714	\$ -	\$ 4,829,089	87.38%
6/30/2017	4,098,288	4,098,288	-	4,622,259	88.66%
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.

# CITY OF JACKSON, MICHIGAN

## Required Supplementary Information

### Notes to Schedule of Contributions

Valuation date June 30, 2017 (and rolled forward to June 30, 2018, 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:

ERS	Entry age normal
PFP	Aggregate
Act 345	Entry age normal

##### Amortization method:

ERS	Level percentage of payroll
PFP	Level dollar, closed
Act 345	Level percentage of payroll

##### Remaining amortization period:

ERS	30 years closed
PFP	10 years beginning with FYE 2019
Act 345	12 years closed for actives, 9 years closed for retirees

##### Asset valuation method

4-year smoothed market

##### Inflation:

ERS	3.00%
PFP	N/A
Act 345	3.00%

##### Salary increases:

ERS	3.00% to 7.00% including inflation
PFP	N/A
Act 345	3.00% to 9.00%

##### Investment rate of return:

ERS	7.50% net of expenses
PFP	6.00% net of expenses
Act 345	6.75%

##### Mortality rates

RP-2000 combined Mortality Table projected to 2017 using scale BB.

##### Other information:

ERS	There were no benefit changes during the year. Retirement rates were adjusted to approximate anticipated member behavior as a result of the prior year's plan changes.
PFP	The Board adopted a 10-year level dollar closed amortization period in conjunction with the June 30, 2017 Actuarial Valuation.
Act 345	N/A

# CITY OF JACKSON, MICHIGAN

## Required Supplementary Information

### Schedule of Investment Returns

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expense
<b>Employees' Retirement System</b>	
6/30/2018	9.72%
6/30/2017	11.64%
6/30/2016	2.59%
6/30/2015	5.85%
6/30/2014	16.60%
<b>Policemen's and Firemen's Pension</b>	
6/30/2018	13.21%
6/30/2017	15.62%
6/30/2016	-5.00%
6/30/2015	3.71%
6/30/2014	20.30%
<b>Policemen's and Firemen's Pension - Act 345</b>	
6/30/2018	11.93%
6/30/2017	14.73%
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 Plan

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

	Fiscal Year Ended June 30,	
	2018	2017
Change in total OPEB liability		
Service cost	\$ 555,506	\$ 665,665
Interest	2,807,139	2,774,192
Changes of benefit terms	(8,055,839)	-
Differences between expected and actual experience	(2,570,525)	-
Changes of assumptions	(6,161,265)	-
Benefit payments, including refunds of member contributions	(2,821,992)	(2,629,714)
Net change in total OPEB liability	(16,246,976)	810,143
Total OPEB liability, beginning	57,276,014	56,465,871
Total OPEB liability, ending (a)	41,029,038	57,276,014
Change in plan fiduciary net position		
Contributions - employer	4,071,992	2,629,714
Net investment income	100,268	112,584
Benefit payments, including refunds of member contributions	(2,821,992)	(2,629,714)
Administrative expense	(15,500)	(2,121)
Net change in plan fiduciary net position	1,334,768	110,463
Plan fiduciary net position, beginning	918,149	807,686
Plan fiduciary net position, ending (b)	2,252,917	918,149
City's net OPEB liability, ending (a)-(b)	\$ 38,776,121	\$ 56,357,865
Plan fiduciary net position as a percentage of the total OPEB liability	5.49%	1.60%
Covered payroll	\$ 7,819,428	\$ 10,131,529
City's net OPEB liability as a percentage of covered payroll	495.89%	556.26%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

CITY OF JACKSON, MICHIGAN

**Required Supplementary Information**  
Other Postemployment Benefits Plan

Schedule of City Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2018	\$ 3,964,720	\$ 4,071,992	\$ (107,272)	\$ 7,819,428	52.1%
2017	3,972,858	2,629,714	1,343,144	10,131,529	26.0%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, ten years of data will be presented.

Notes to Schedule of Contributions

Valuation date	June 30, 2017
Notes	Actuarially determined contribution rates are calculated as of June 30 of odd numbered years, which is 24 months prior to the beginning of the fiscal year biennium in which contributions are reported.
Other information	There were no benefit changes during the year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Market value
Healthcare cost trend rates	8.25% in 2018, grading to 3.5% in 2030
Inflation rate	2.50%
Salary increases	3.00% - 9.00%, including inflation
Investment rate of return	5.00%, net of investment expenses, including inflation
Mortality rates	RP-2000 Mortality Table projected to 2017 using scale BB. For disabled retirees, the regular mortality tables are used with a 10-year set forward.
Changes in assumptions	Raise the Ultimate Healthcare Healthcare Cost Trend from 3.00% to 3.50%; partial resetting of the healthcare cost trend; in conjunction with the closing of the Fire group to new hires eligible for retiree health insurance, the amortization method was changed from level percent of pay to level dollar; elimination of the Excise Tax Adjustment; Updates to eligibility and benefits were reflected in this report.

# CITY OF JACKSON, MICHIGAN

## Required Supplementary Information Other Postemployment Benefits Plan

### Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2018	7.78%
2017	13.00%

Note: GASB 74 was implemented in fiscal year 2017. This schedule is being built prospectively. Ultimately, 10 years of data will be presented.

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

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Assets</b>					
Pooled cash and investments	\$ 2,652,642	\$ 54,495	\$ 6,780,924	\$ 3,306,637	\$ 12,794,698
Accounts receivable, net	182,439	-	-	-	182,439
Loans receivable	43,313	-	-	-	43,313
Other receivables	-	-	-	21,136	21,136
Due from other governments	224,873	-	-	-	224,873
Due from other funds	15,122	-	-	-	15,122
Inventories	15,500	-	-	-	15,500
Long-term advance to other funds	-	-	-	20,000	20,000
<b>Total assets</b>	<b>\$ 3,133,889</b>	<b>\$ 54,495</b>	<b>\$ 6,780,924</b>	<b>\$ 3,347,773</b>	<b>\$ 13,317,081</b>
<b>Liabilities</b>					
Negative equity in pooled cash and investments	\$ 192,751	\$ -	\$ -	\$ -	\$ 192,751
Accounts payable	278,907	1,375	9,688	-	289,970
Accrued payroll	89,018	-	-	-	89,018
Due to other funds	15,015	-	-	-	15,015
Unearned revenue	108,142	-	51,371	-	159,513
Long-term advance from other funds	50,000	-	-	-	50,000
<b>Total liabilities</b>	<b>733,833</b>	<b>1,375</b>	<b>61,059</b>	<b>-</b>	<b>796,267</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - loans receivable	43,313	-	-	-	43,313
<b>Fund balances</b>					
Nonspendable	15,500	-	-	3,327,773	3,343,273
Restricted	1,366,069	53,120	6,630,803	-	8,049,992
Committed	975,174	-	89,062	20,000	1,084,236
<b>Total fund balances</b>	<b>2,356,743</b>	<b>53,120</b>	<b>6,719,865</b>	<b>3,347,773</b>	<b>12,477,501</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 3,133,889</b>	<b>\$ 54,495</b>	<b>\$ 6,780,924</b>	<b>\$ 3,347,773</b>	<b>\$ 13,317,081</b>

CITY OF JACKSON, MICHIGAN

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances**  
Nonmajor Governmental Funds  
For the Fiscal Year Ended June 30, 2018

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Revenues</b>					
Property taxes	\$ 1,109,680	\$ 778,085	\$ 1,137,449	\$ -	\$ 3,025,214
Intergovernmental	3,083,332	1,131,636	50,000	-	4,264,968
Charges for services	3,236,682	54,688	-	26,742	3,318,112
Donations	-	-	-	405	405
Investment income	41,471	1,344	17,805	37,537	98,157
Miscellaneous	354,084	-	1,680,683	-	2,034,767
<b>Total revenues</b>	<b>7,825,249</b>	<b>1,965,753</b>	<b>2,885,937</b>	<b>64,684</b>	<b>12,741,623</b>
<b>Expenditures</b>					
<b>Current:</b>					
Public safety	1,681,349	-	-	-	1,681,349
Public works	1,502,701	-	-	-	1,502,701
Culture and recreation	1,529,507	-	-	-	1,529,507
Community enrichment and development	2,993,233	-	173,221	2,852	3,169,306
<b>Debt service:</b>					
Principal retirement	53,557	2,757,118	-	-	2,810,675
Interest, fiscal charges and bond issuance costs	10,879	2,461,761	-	-	2,472,640
<b>Total expenditures</b>	<b>7,771,226</b>	<b>5,218,879</b>	<b>173,221</b>	<b>2,852</b>	<b>13,166,178</b>
Revenues over (under) expenditures	54,023	(3,253,126)	2,712,716	61,832	(424,555)
<b>Other financing sources (uses)</b>					
Transfers in	1,416,040	3,226,381	31,305	-	4,673,726
Transfers out	(916,644)	-	(6,087,237)	(65,139)	(7,069,020)
<b>Total other financing sources (uses)</b>	<b>499,396</b>	<b>3,226,381</b>	<b>(6,055,932)</b>	<b>(65,139)</b>	<b>(2,395,294)</b>
<b>Net change in fund balances</b>	<b>553,419</b>	<b>(26,745)</b>	<b>(3,343,216)</b>	<b>(3,307)</b>	<b>(2,819,849)</b>
Fund balances, beginning of year	1,803,324	79,865	10,063,081	3,351,080	15,297,350
<b>Fund balances, end of year</b>	<b>\$ 2,356,743</b>	<b>\$ 53,120</b>	<b>\$ 6,719,865</b>	<b>\$ 3,347,773</b>	<b>\$ 12,477,501</b>

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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.

*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.

*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.

*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.

*Cortland Street Redevelopment Projects Fund* - This fund is used to separately account for the redevelopment of 135 W. Cortland (Vermeulen's) and 145 W. Cortland (Masonic Temple).

*2017 Blight Elimination Grant Fund* - This fund was established to account for revenues and expenditures earmarked for building demolition expenditures for designated blight areas within the City.

*Lead Hazard Control Grant Fund* - This fund is used to account for the expenditure of a \$2.5 million Lead-Based Paint Hazard Control Grant and supplemental \$400,000 Healthy Homes Initiative Grant from the Department of Housing and Urban Development Office of Lead Hazard Control and Healthy Homes.

*2008 Brownfield Revolving Loan Fund* - This fund is used to account for the expenditure of a \$1 million EPA Revolving Loan Fund Grant to cover the cost of cleanup activities for environmentally contaminated properties pursuant to the cooperative agreement provisions. A supplemental grant of \$400,000 was also subsequently received.

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Special Revenue Funds  
 June 30, 2018

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
<b>Assets</b>					
Pooled cash and investments	\$ 902,083	\$ 82,903	\$ 354,642	\$ 332,850	\$ 286,969
Accounts receivables, net	-	-	-	1,980	82,640
Loans receivable	-	-	-	-	-
Due from other governments	71,535	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	-	15,500	-	-	-
<b>Total assets</b>	<b>\$ 973,618</b>	<b>\$ 98,403</b>	<b>\$ 354,642</b>	<b>\$ 334,830</b>	<b>\$ 369,609</b>
<b>Liabilities</b>					
Negative equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	57,790	38,627	-	1,680	38,105
Accrued payroll	7,320	17,428	-	10,192	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Long-term advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>65,110</b>	<b>56,055</b>	<b>-</b>	<b>11,872</b>	<b>38,105</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - loans receivable	-	-	-	-	-
<b>Fund balances</b>					
Nonspendable for -					
Inventories	-	15,500	-	-	-
Restricted for:					
Highways and streets	908,508	-	-	-	-
Public improvements	-	-	354,642	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	26,848	-	-	-
Public safety	-	-	-	322,958	331,504
<b>Total fund balances</b>	<b>908,508</b>	<b>42,348</b>	<b>354,642</b>	<b>322,958</b>	<b>331,504</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 973,618</b>	<b>\$ 98,403</b>	<b>\$ 354,642</b>	<b>\$ 334,830</b>	<b>\$ 369,609</b>

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement
\$ 16,169	\$ 262,255	\$ 182,800	\$ 53,885	\$ -
-	-	-	-	97,819
-	-	43,313	-	-
-	-	-	-	-
-	-	107	-	4,731
-	-	-	-	-
<u>\$ 16,169</u>	<u>\$ 262,255</u>	<u>\$ 226,220</u>	<u>\$ 53,885</u>	<u>\$ 102,550</u>
\$ -	\$ -	\$ -	\$ -	\$ 35,552
42	6,027	61,699	-	6,558
-	4,918	1,936	-	17,886
-	-	15,015	-	-
-	-	54,257	53,885	-
-	-	50,000	-	-
<u>42</u>	<u>10,945</u>	<u>182,907</u>	<u>53,885</u>	<u>59,996</u>
-	-	43,313	-	-
-	-	-	-	-
-	-	-	-	-
16,127	-	-	-	-
-	251,310	-	-	-
-	-	-	-	42,554
<u>16,127</u>	<u>251,310</u>	<u>-</u>	<u>-</u>	<u>42,554</u>
<u>\$ 16,169</u>	<u>\$ 262,255</u>	<u>\$ 226,220</u>	<u>\$ 53,885</u>	<u>\$ 102,550</u>

continued...

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Special Revenue Funds  
 June 30, 2018

	Recreation Millage	Blight Elimination	SAFER Grant	Cortland Street Redevelopment Projects Fund
<b>Assets</b>				
Pooled cash and investments	\$ 118,370	\$ 10,875	\$ -	\$ 48,841
Accounts receivables, net	-	-	-	-
Loans receivable	-	-	-	-
Due from other governments	-	-	80,821	-
Due from other funds	-	-	-	-
Inventories	-	-	-	-
<b>Total assets</b>	<u>\$ 118,370</u>	<u>\$ 10,875</u>	<u>\$ 80,821</u>	<u>\$ 48,841</u>
<b>Liabilities</b>				
Negative equity in pooled cash and investments	\$ -	\$ -	\$ 80,821	\$ -
Accounts payable	6,290	10,875	-	48,841
Accrued payroll	25,288	-	-	-
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
Long-term advances from other funds	-	-	-	-
<b>Total liabilities</b>	<u>31,578</u>	<u>10,875</u>	<u>80,821</u>	<u>48,841</u>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	-	-	-	-
<b>Fund balances</b>				
Nonspendable for -				
Inventories	-	-	-	-
Restricted for:				
Highways and streets	-	-	-	-
Public improvements	86,792	-	-	-
Public safety	-	-	-	-
Committed for:				
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
<b>Total fund balances</b>	<u>86,792</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<u>\$ 118,370</u>	<u>\$ 10,875</u>	<u>\$ 80,821</u>	<u>\$ 48,841</u>

2017 Blight Elimination Grant	Lead Hazard Control Grant	2008 Brownfield Revolving Loan	Totals
\$ -	\$ -	\$ -	\$ 2,652,642
-	-	-	182,439
-	-	-	43,313
62,460	10,057	-	224,873
-	10,284	-	15,122
-	-	-	15,500
<u>\$ 62,460</u>	<u>\$ 20,341</u>	<u>\$ -</u>	<u>\$ 3,133,889</u>
\$ 60,689	\$ 15,689	\$ -	\$ 192,751
1,503	870	-	278,907
268	3,782	-	89,018
-	-	-	15,015
-	-	-	108,142
-	-	-	50,000
<u>62,460</u>	<u>20,341</u>	<u>-</u>	<u>733,833</u>
-	-	-	43,313
-	-	-	15,500
-	-	-	908,508
-	-	-	441,434
-	-	-	16,127
-	-	-	278,158
-	-	-	697,016
-	-	-	2,356,743
<u>\$ 62,460</u>	<u>\$ 20,341</u>	<u>\$ -</u>	<u>\$ 3,133,889</u>

concluded.

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, 2018

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 1,109,680	\$ -	\$ -
Intergovernmental	1,141,070	-	-	-	-
Charges for services	-	558,293	-	457,027	169,425
Investment income	3,003	26	5,067	3,224	12,912
Miscellaneous	954	16,640	-	-	500
<b>Total revenues</b>	<b>1,145,027</b>	<b>574,959</b>	<b>1,114,747</b>	<b>460,251</b>	<b>182,837</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	437,575	345,334
Public works	1,502,701	-	-	-	-
Culture and recreation	-	741,238	-	-	-
Community enrichment and development	-	-	86,249	-	-
Debt service:					
Principal retirement	-	-	53,557	-	-
Interest	-	-	10,879	-	-
<b>Total expenditures</b>	<b>1,502,701</b>	<b>741,238</b>	<b>150,685</b>	<b>437,575</b>	<b>345,334</b>
Revenues over (under) expenditures	(357,674)	(166,279)	964,062	22,676	(162,497)
<b>Other financing sources (uses)</b>					
Transfers in	566,722	172,732	-	-	352,300
Transfers out	-	-	(847,148)	-	(69,496)
<b>Total other financing sources (uses)</b>	<b>566,722</b>	<b>172,732</b>	<b>(847,148)</b>	<b>-</b>	<b>282,804</b>
<b>Net change in fund balances</b>	<b>209,048</b>	<b>6,453</b>	<b>116,914</b>	<b>22,676</b>	<b>120,307</b>
Fund balances, beginning of year	699,460	35,895	237,728	300,282	211,197
<b>Fund balances, end of year</b>	<b>\$ 908,508</b>	<b>\$ 42,348</b>	<b>\$ 354,642</b>	<b>\$ 322,958</b>	<b>\$ 331,504</b>

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	1,083,499	68,624	-
-	254,742	-	-	970,934
68	1,453	-	-	15,456
17,442	-	191,439	56,433	60,176
<u>17,510</u>	<u>256,195</u>	<u>1,274,938</u>	<u>125,057</u>	<u>1,046,566</u>
14,358	-	17,092	-	-
-	-	-	-	-
-	240,454	-	-	-
-	-	1,257,846	125,057	1,014,636
-	-	-	-	-
-	-	-	-	-
<u>14,358</u>	<u>240,454</u>	<u>1,274,938</u>	<u>125,057</u>	<u>1,014,636</u>
<u>3,152</u>	<u>15,741</u>	<u>-</u>	<u>-</u>	<u>31,930</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>3,152</u>	<u>15,741</u>	<u>-</u>	<u>-</u>	<u>31,930</u>
<u>12,975</u>	<u>235,569</u>	<u>-</u>	<u>-</u>	<u>10,624</u>
<u>\$ 16,127</u>	<u>\$ 251,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,554</u>

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, 2018

	Recreation Millage	Blight Elimination	SAFER Grant	Cortland Street Redevelopment Projects Fund
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	1	650,675	-
Charges for services	574,751	-	-	251,510
Investment income	262	-	-	-
Miscellaneous	-	10,500	-	-
<b>Total revenues</b>	<b>575,013</b>	<b>10,501</b>	<b>650,675</b>	<b>251,510</b>
<b>Expenditures</b>				
Current:				
Public safety	-	79,997	650,675	-
Public works	-	-	-	-
Culture and recreation	547,815	-	-	-
Community enrichment and development	-	-	-	506,300
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
<b>Total expenditures</b>	<b>547,815</b>	<b>79,997</b>	<b>650,675</b>	<b>506,300</b>
Revenues over (under) expenditures	27,198	(69,496)	-	(254,790)
<b>Other financing sources (uses)</b>				
Transfers in	-	69,496	-	254,790
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>69,496</b>	<b>-</b>	<b>254,790</b>
<b>Net change in fund balances</b>	<b>27,198</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances, beginning of year	59,594	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 86,792</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



2017 Blight Elimination Grant	Lead Hazard Control Grant	2008 Brownfield Revolving Loan	Totals
\$ -	\$ -	\$ -	\$ 1,109,680
73,370	62,948	3,145	3,083,332
-	-	-	3,236,682
-	-	-	41,471
-	-	-	354,084
<u>73,370</u>	<u>62,948</u>	<u>3,145</u>	<u>7,825,249</u>
73,370	62,948	-	1,681,349
-	-	-	1,502,701
-	-	-	1,529,507
-	-	3,145	2,993,233
-	-	-	53,557
-	-	-	10,879
<u>73,370</u>	<u>62,948</u>	<u>3,145</u>	<u>7,771,226</u>
-	-	-	54,023
-	-	-	1,416,040
-	-	-	(916,644)
-	-	-	499,396
-	-	-	553,419
-	-	-	1,803,324
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,356,743</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, 2018

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental	\$ 1,022,289	\$ 1,141,070	\$ 118,781	\$ 724,939
Investment income	1,000	3,003	2,003	682
Miscellaneous	-	954	954	-
<b>Total revenues</b>	<b>1,023,289</b>	<b>1,145,027</b>	<b>121,738</b>	<b>725,621</b>
<b>Expenditures</b>				
Current - public works:				
Street construction	1,092,880	636,564	(456,316)	1,340,673
Street maintenance	741,129	686,049	(55,080)	473,401
Traffic services	2,500	949	(1,551)	-
Winter maintenance	147,673	192,820	45,147	86,719
Reimbursements	(305,706)	(13,681)	292,025	(198,110)
<b>Total expenditures</b>	<b>1,678,476</b>	<b>1,502,701</b>	<b>(175,775)</b>	<b>1,702,683</b>
Revenues under expenditures	(655,187)	(357,674)	297,513	(977,062)
<b>Other financing sources</b>				
Transfers in	532,897	566,722	33,825	1,012,777
<b>Net change in fund balance</b>	<b>(122,290)</b>	<b>209,048</b>	<b>331,338</b>	<b>35,715</b>
Fund balance, beginning of year	699,460	699,460	-	663,745
<b>Fund balance, end of year</b>	<b>\$ 577,170</b>	<b>\$ 908,508</b>	<b>\$ 331,338</b>	<b>\$ 699,460</b>

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, 2018

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 583,250	\$ 558,293	\$ (24,957)	\$ 554,364
Investment income	100	26	(74)	25
Miscellaneous	16,640	16,640	-	27,853
<b>Total revenues</b>	<b>599,990</b>	<b>574,959</b>	<b>(25,031)</b>	<b>582,242</b>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	302,335	286,333	(16,002)	321,232
Materials and supplies	197,400	211,076	13,676	193,345
Contractual and other services	268,477	243,829	(24,648)	267,698
<b>Total expenditures</b>	<b>768,212</b>	<b>741,238</b>	<b>(26,974)</b>	<b>782,275</b>
Revenues under expenditures	(168,222)	(166,279)	1,943	(200,033)
<b>Other financing sources</b>				
Transfers in	188,977	172,732	(16,245)	222,956
<b>Net change in fund balance</b>	<b>20,755</b>	<b>6,453</b>	<b>(14,302)</b>	<b>22,923</b>
Fund balance, beginning of year	35,895	35,895	-	12,972
<b>Fund balance, end of year</b>	<b>\$ 56,650</b>	<b>\$ 42,348</b>	<b>\$ (14,302)</b>	<b>\$ 35,895</b>

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Property taxes	\$ 1,128,797	\$ 1,109,680	\$ (19,117)	\$ 1,097,818
Investment income	3,000	5,067	2,067	2,880
<b>Total revenues</b>	<b>1,131,797</b>	<b>1,114,747</b>	<b>(17,050)</b>	<b>1,100,698</b>
Expenditures				
Current - community enrichment and development	145,613	86,249	(59,364)	96,545
Debt service:				
Principal retirement	64,436	53,557	(10,879)	51,932
Interest	-	10,879	10,879	12,504
<b>Total expenditures</b>	<b>210,049</b>	<b>150,685</b>	<b>(59,364)</b>	<b>160,981</b>
Revenues over expenditures	921,748	964,062	42,314	939,717
Other financing uses				
Transfers out	(1,109,223)	(847,148)	(262,075)	(1,035,031)
Net change in fund balance	(187,475)	116,914	304,389	(95,314)
Fund balance, beginning of year	237,728	237,728	-	333,042
<b>Fund balance, end of year</b>	<b>\$ 50,253</b>	<b>\$ 354,642</b>	<b>\$ 304,389</b>	<b>\$ 237,728</b>

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 429,550	\$ 457,027	\$ 27,477	\$ 712,920
Investment income	2,500	3,224	724	3,333
<b>Total revenues</b>	<u>432,050</u>	<u>460,251</u>	<u>28,201</u>	<u>716,253</u>
<b>Expenditures</b>				
Current - public safety:				
Personal services	387,140	385,400	(1,740)	389,818
Materials and supplies	7,350	7,368	18	8,428
Contractual and other services	48,875	44,807	(4,068)	56,638
<b>Total expenditures</b>	<u>443,365</u>	<u>437,575</u>	<u>(5,790)</u>	<u>454,884</u>
<b>Net change in fund balance</b>	(11,315)	22,676	33,991	261,369
Fund balance, beginning of year	300,282	300,282	-	38,913
<b>Fund balance, end of year</b>	<u>\$ 288,967</u>	<u>\$ 322,958</u>	<u>\$ 33,991</u>	<u>\$ 300,282</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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 75,000	\$ 169,425	\$ 94,425	\$ 189,325
Investment income	29,000	12,912	(16,088)	104,687
Miscellaneous	-	500	500	-
<b>Total revenues</b>	<b>104,000</b>	<b>182,837</b>	<b>78,837</b>	<b>294,012</b>
<b>Expenditures</b>				
Current - public safety - Contractual and other services	391,600	345,334	(46,266)	610,816
<b>Revenues under expenditures</b>	<b>(287,600)</b>	<b>(162,497)</b>	<b>125,103</b>	<b>(316,804)</b>
<b>Other financing sources (uses)</b>				
Transfers in	352,300	352,300	-	770,000
Transfers out	(275,888)	(69,496)	(206,392)	(701,410)
<b>Total other financing sources (uses)</b>	<b>76,412</b>	<b>282,804</b>	<b>206,392</b>	<b>68,590</b>
<b>Net change in fund balance</b>	<b>(211,188)</b>	<b>120,307</b>	<b>331,495</b>	<b>(248,214)</b>
<b>Fund balance, beginning of year</b>	<b>211,197</b>	<b>211,197</b>	<b>-</b>	<b>459,411</b>
<b>Fund balance, end of year</b>	<b>\$ 9</b>	<b>\$ 331,504</b>	<b>\$ 331,495</b>	<b>\$ 211,197</b>

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Investment income	\$ 40	\$ 68	\$ 28	\$ 37
Miscellaneous:				
Sale of property	150	3,111	2,961	150
Other	12,000	14,331	2,331	16,470
<b>Total revenues</b>	<b>12,190</b>	<b>17,510</b>	<b>5,320</b>	<b>16,657</b>
<b>Expenditures</b>				
Current - public safety:				
Personal services	15,696	13,602	(2,094)	16,169
Materials and supplies	100	-	(100)	1,184
Contractual and other services	790	756	(34)	5,503
<b>Total expenditures</b>	<b>16,586</b>	<b>14,358</b>	<b>(2,228)</b>	<b>22,856</b>
Revenues over (under) expenditures	(4,396)	3,152	7,548	(6,199)
<b>Other financing sources</b>				
Transfers in	-	-	-	1,365
<b>Net change in fund balance</b>	<b>(4,396)</b>	<b>3,152</b>	<b>7,548</b>	<b>(4,834)</b>
Fund balance, beginning of year	12,975	12,975	-	17,809
<b>Fund balance, end of year</b>	<b>\$ 8,579</b>	<b>\$ 16,127</b>	<b>\$ 7,548</b>	<b>\$ 12,975</b>

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 254,343	\$ 254,742	\$ 399	\$ 257,161
Investment income	600	1,453	853	677
<b>Total revenues</b>	<b>254,943</b>	<b>256,195</b>	<b>1,252</b>	<b>257,838</b>
Expenditures				
Current - culture and recreation:				
Personal services	87,671	70,978	(16,693)	61,960
Materials and supplies	60,100	54,868	(5,232)	47,791
Contractual and other services	101,328	114,608	13,280	105,512
<b>Total expenditures</b>	<b>249,099</b>	<b>240,454</b>	<b>(8,645)</b>	<b>215,263</b>
Net change in fund balance	5,844	15,741	9,897	42,575
Fund balance, beginning of year	235,569	235,569	-	192,994
<b>Fund balance, end of year</b>	<b>\$ 241,413</b>	<b>\$ 251,310</b>	<b>\$ 9,897</b>	<b>\$ 235,569</b>

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 2,677,036	\$ 1,083,499	\$ (1,593,537)	\$ 1,162,437
Miscellaneous	61,563	191,439	129,876	132,622
<b>Total revenues</b>	<b>2,738,599</b>	<b>1,274,938</b>	<b>(1,463,661)</b>	<b>1,295,059</b>
Expenditures				
Current:				
Public safety -				
Code enforcement	17,092	17,092	-	113,596
Community enrichment and development:				
Rehabilitation	1,013,773	692,002	(321,771)	325,550
Rehabilitation loans	5,634	4,644	(990)	800
Administration	216,550	117,595	(98,955)	66,824
Culture and recreation	169,262	152,425	(16,837)	20,756
Street construction	957,949	156,911	(801,038)	315,824
Public facility demolition	358,339	134,269	(224,070)	451,709
<b>Total expenditures</b>	<b>2,738,599</b>	<b>1,274,938</b>	<b>(1,463,661)</b>	<b>1,295,059</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 528,422	\$ 68,624	\$ (459,798)	\$ 174,102
Miscellaneous	(15,178)	56,433	71,611	35,171
<b>Total revenues</b>	<b>513,244</b>	<b>125,057</b>	<b>(388,187)</b>	<b>209,273</b>
Expenditures				
Current - community enrichment and development:				
Rehabilitation assistance	187,890	54,913	(132,977)	450
Community housing development organizations	325,354	70,144	(255,210)	208,823
<b>Total expenditures</b>	<b>513,244</b>	<b>125,057</b>	<b>(388,187)</b>	<b>209,273</b>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 990,000	\$ 970,934	\$ (19,066)	\$ 576,030
Investment income	15,000	15,456	456	11,613
Miscellaneous	50,000	60,176	10,176	58,026
Total revenues	1,055,000	1,046,566	(8,434)	645,669
Expenditures				
Current -				
Community enrichment and development	1,044,022	1,014,636	(29,386)	798,304
Net change in fund balance	10,978	31,930	20,952	(152,635)
Fund balance, beginning of year	10,624	10,624	-	163,259
Fund balance, end of year	\$ 21,602	\$ 42,554	\$ 20,952	\$ 10,624

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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 575,000	\$ 574,751	\$ (249)	\$ 581,398
Investment income	29	262	233	35
<b>Total revenues</b>	<u>575,029</u>	<u>575,013</u>	<u>(16)</u>	<u>581,433</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	388,214	402,911	14,697	383,883
Materials and supplies	147,050	124,702	(22,348)	144,780
Contractual and other services	35,500	20,202	(15,298)	25,509
<b>Total expenditures</b>	<u>570,764</u>	<u>547,815</u>	<u>(22,949)</u>	<u>554,172</u>
<b>Net change in fund balance</b>	4,265	27,198	22,933	27,261
<b>Fund balance, beginning of year</b>	<u>59,594</u>	<u>59,594</u>	-	<u>32,333</u>
<b>Fund balance, end of year</b>	<u>\$ 63,859</u>	<u>\$ 86,792</u>	<u>\$ 22,933</u>	<u>\$ 59,594</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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ 1	\$ 1	\$ 843,890
Miscellaneous	10,500	10,500	-	17,786
<b>Total revenues</b>	10,500	10,501	1	861,676
<b>Expenditures</b>				
Current - public safety - Contractual and other services	92,726	79,997	(12,729)	1,563,086
Revenues under expenditures	(82,226)	(69,496)	12,730	(701,410)
<b>Other financing sources</b>				
Transfers in	82,226	69,496	(12,730)	701,410
<b>Net change in fund balance</b>	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

**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, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 652,903	\$ 650,675	\$ (2,228)	\$ 266,114
Expenditures				
Current - public safety - Personal services	652,903	650,675	(2,228)	266,114
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**  
 Cortland Street Redevelopment Projects Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 210,365	\$ 251,510	\$ 41,145	\$ -
Expenditures				
Community enrichment and development -				
Economic development	1,863,494	506,300	(1,357,194)	-
Revenues under expenditures	(1,653,129)	(254,790)	1,398,339	-
Other financing sources				
Transfers in	1,675,000	254,790	(1,420,210)	-
Net change in fund balance	21,871	-	(21,871)	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ 21,871	\$ -	\$ (21,871)	\$ -

CITY OF JACKSON, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual**  
 2017 Blight Elimination Grant Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 250,000	\$ 73,370	\$ (176,630)	\$ -
Expenditures				
Current - public safety - Contractual and other services	443,662	73,370	(370,292)	-
Revenues under expenditures	(193,662)	-	193,662	-
Other financing sources				
Transfers in	193,662	-	(193,662)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual**  
 Lead Hazard Control Grant Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental revenue	\$ 808,175	\$ 62,948	\$ (745,227)	\$ -
<b>Expenditures</b>				
Current - public safety -				
Personal services	59,675	42,527	(17,148)	-
Materials and supplies	12,000	434	(11,566)	-
Contractual and other services	61,500	19,987	(41,513)	-
<b>Total expenditures</b>	<b>133,175</b>	<b>62,948</b>	<b>(70,227)</b>	<b>-</b>
Revenues over expenditures	675,000	-	(675,000)	-
<b>Other financing uses</b>				
Transfers out	(675,000)	-	(675,000)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual**  
 2008 Brownfield Revolving Loan Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2018  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2017

	2018			2017 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 3,145	\$ 3,145	\$ -	\$ -
Expenditures				
Community enrichment and development -				
Community enrichment	3,145	3,145	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

## 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.

*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.

*2016 Capital Improvement Bonds Debt Service Fund* - This fund is used to record principal and interest payments on the \$1,300,000 Bonds dated April 20, 2016.

*2017 Brownfield Refunding Debt Service Fund* - This fund is used to record principal and interest payments on the \$9,080,000 Refunding Bonds dated April 26, 2017.

*2017 Michigan Transportation Debt Service Fund* - This fund is used to record principal and interest payments on the \$8,970,000 Bonds dated June 27, 2017.

# CITY OF JACKSON, MICHIGAN

## Combining Balance Sheet Nonmajor Debt Service Funds June 30, 2018

	2012 Brownfield Refunding	2011 DDA Refunding	Building Authority
<b>Assets</b>			
Pooled cash and investments	\$ 4,529	\$ 431	\$ 3,321
<b>Liabilities</b>			
Accounts payable	\$ -	\$ -	\$ 375
<b>Fund balances</b>			
Restricted for debt service	4,529	431	2,946
<b>Total liabilities and fund balances</b>	\$ 4,529	\$ 431	\$ 3,321



2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	2017 Michigan Transportation Bonds	Totals
\$ 637	\$ 43,677	\$ -	\$ 1,900	\$ -	\$ 54,495
\$ -	\$ 1,000	\$ -	\$ -	\$ -	\$ 1,375
637	42,677	-	1,900	-	53,120
\$ 637	\$ 43,677	\$ -	\$ 1,900	\$ -	\$ 54,495

# 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, 2018

	2012 Brownfield Refunding	2011 DDA Refunding	Building Authority
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	713,619	-	-
Charges for services	-	-	54,688
Investment income	-	-	-
<b>Total revenues</b>	<u>713,619</u>	<u>-</u>	<u>54,688</u>
<b>Expenditures</b>			
Debt service:			
Principal retirement	475,000	-	50,000
Interest, fiscal charges and bond issuance costs	238,619	247,575	5,063
<b>Total expenditures</b>	<u>713,619</u>	<u>247,575</u>	<u>55,063</u>
Revenues under expenditures	-	(247,575)	(375)
<b>Other financing sources</b>			
Transfers in	-	247,575	-
<b>Net change in fund balances</b>	-	-	(375)
Fund balances, beginning of year	<u>4,529</u>	<u>431</u>	<u>3,321</u>
<b>Fund balances, end of year</b>	<u>\$ 4,529</u>	<u>\$ 431</u>	<u>\$ 2,946</u>



2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	2017 Michigan Transportation Bonds	Totals
\$ -	\$ 778,085	\$ -	\$ -	\$ -	\$ 778,085
-	-	-	418,017	-	1,131,636
-	-	-	-	-	54,688
-	1,344	-	-	-	1,344
-	779,429	-	418,017	-	1,965,753
823,118	575,000	119,000	155,000	560,000	2,757,118
1,257,632	230,799	18,492	263,017	200,564	2,461,761
2,080,750	805,799	137,492	418,017	760,564	5,218,879
(2,080,750)	(26,370)	(137,492)	-	(760,564)	(3,253,126)
2,080,750	-	137,492	-	760,564	3,226,381
-	(26,370)	-	-	-	(26,745)
637	69,047	-	1,900	-	79,865
\$ 637	\$ 42,677	\$ -	\$ 1,900	\$ -	\$ 53,120

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## 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.

*2017 Michigan Transportation Bonds Construction Fund* - This fund accounts for monies set aside to fund various highway and street projects funded by the 2017 Michigan transportation 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, 2018

	Capital Projects	2017 Michigan Transportation Bonds Construction	Downtown Development Authority Project	Totals
<b>Assets</b>				
Pooled cash and investments	\$ 150,121	\$ 4,088,649	\$ 2,542,154	\$ 6,780,924
<b>Liabilities</b>				
Accounts payable	\$ 9,688	\$ -	\$ -	\$ 9,688
Unearned revenue	51,371	-	-	51,371
<b>Total liabilities</b>	<b>61,059</b>	<b>-</b>	<b>-</b>	<b>61,059</b>
<b>Fund balances</b>				
Restricted for downtown development	-	4,088,649	2,542,154	6,630,803
Committed for capital projects	89,062	-	-	89,062
<b>Total fund balances</b>	<b>89,062</b>	<b>4,088,649</b>	<b>2,542,154</b>	<b>6,719,865</b>
<b>Total liabilities and fund balances</b>	<b>\$ 150,121</b>	<b>\$ 4,088,649</b>	<b>\$ 2,542,154</b>	<b>\$ 6,780,924</b>

# 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, 2018

	Capital Projects	2017 Michigan Transportation Bonds Construction	Downtown Development Authority Project	Totals
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 1,137,449	\$ 1,137,449
Intergovernmental	50,000	-	-	50,000
Investment income	690	-	17,115	17,805
Miscellaneous	180,683	-	1,500,000	1,680,683
<b>Total revenues</b>	<b>231,373</b>	<b>-</b>	<b>2,654,564</b>	<b>2,885,937</b>
<b>Expenditures</b>				
Community enrichment and development	173,616	-	(395)	173,221
<b>Revenues over expenditures</b>	<b>57,757</b>	<b>-</b>	<b>2,654,959</b>	<b>2,712,716</b>
<b>Other financing sources (uses)</b>				
Transfers in	31,305	-	-	31,305
Transfers out	-	(3,758,912)	(2,328,325)	(6,087,237)
<b>Total other financing sources (uses)</b>	<b>31,305</b>	<b>(3,758,912)</b>	<b>(2,328,325)</b>	<b>(6,055,932)</b>
<b>Net change in fund balances</b>	<b>89,062</b>	<b>(3,758,912)</b>	<b>326,634</b>	<b>(3,343,216)</b>
Fund balances, beginning of year	-	7,847,561	2,215,520	10,063,081
<b>Fund balances, end of year</b>	<b>\$ 89,062</b>	<b>\$ 4,088,649</b>	<b>\$ 2,542,154</b>	<b>\$ 6,719,865</b>

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## 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.

*Lloyd E. Mount Endowment Fund* - This fund is used to account for monies received from the estate of Lloyd E. Mount.

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Permanent Funds  
 June 30, 2018

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
<b>Assets</b>				
Pooled cash and investments - restricted	\$ 1,096,663	\$ 1,917,717	\$ 292,257	\$ 3,306,637
Other receivables	-	21,136	-	21,136
Long-term advance to other funds	20,000	-	-	20,000
<b>Total assets</b>	<b>\$ 1,116,663</b>	<b>\$ 1,938,853</b>	<b>\$ 292,257</b>	<b>\$ 3,347,773</b>
<b>Fund balances</b>				
Nonspendable for:				
Perpetual care	\$ -	\$ 1,938,853	\$ -	\$ 1,938,853
Endowment	1,096,663	-	292,257	1,388,920
Committed:				
Culture and recreation	20,000	-	-	20,000
<b>Total fund balances</b>	<b>\$ 1,116,663</b>	<b>\$ 1,938,853</b>	<b>\$ 292,257</b>	<b>\$ 3,347,773</b>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Permanent Funds  
For the Fiscal Year Ended June 30, 2018

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
<b>Revenues</b>				
Charges for services	\$ -	\$ 26,742	\$ -	\$ 26,742
Donations	-	-	405	405
Investment income	2,979	34,082	476	37,537
<b>Total revenues</b>	<b>2,979</b>	<b>60,824</b>	<b>881</b>	<b>64,684</b>
<b>Expenditures</b>				
Current - community enrichment and development	-	2,852	-	2,852
<b>Revenues over expenditures</b>	<b>2,979</b>	<b>57,972</b>	<b>881</b>	<b>61,832</b>
<b>Other financing uses</b>				
Transfers out	(25,171)	(34,407)	(5,561)	(65,139)
<b>Net change in fund balances</b>	<b>(22,192)</b>	<b>23,565</b>	<b>(4,680)</b>	<b>(3,307)</b>
Fund balances, beginning of year	1,138,855	1,915,288	296,937	3,351,080
<b>Fund balances, end of year</b>	<b>\$ 1,116,663</b>	<b>\$ 1,938,853</b>	<b>\$ 292,257</b>	<b>\$ 3,347,773</b>

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## 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.

# CITY OF JACKSON, MICHIGAN

## Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2018

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 52,014	\$ 185,204	\$ 157,779	\$ 394,997
Accounts receivable	-	245	-	245
Total current assets	<u>52,014</u>	<u>185,449</u>	<u>157,779</u>	<u>395,242</u>
Noncurrent assets:				
Capital assets not being depreciated	-	1,682,727	-	1,682,727
Capital assets being depreciated, net	-	2,260,085	-	2,260,085
Total noncurrent assets	<u>-</u>	<u>3,942,812</u>	<u>-</u>	<u>3,942,812</u>
Total assets	<u>52,014</u>	<u>4,128,261</u>	<u>157,779</u>	<u>4,338,054</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	-	2,206	2,206
Accrued payroll	1,923	160	1,262	3,345
Total current liabilities	<u>1,923</u>	<u>160</u>	<u>3,468</u>	<u>5,551</u>
Noncurrent liabilities -				
Long-term advance from other funds	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Total liabilities	<u>21,923</u>	<u>160</u>	<u>3,468</u>	<u>25,551</u>
<b>Net position</b>				
Investment in capital assets	-	3,942,812	-	3,942,812
Unrestricted	<u>30,091</u>	<u>185,289</u>	<u>154,311</u>	<u>369,691</u>
Total net position	<u>\$ 30,091</u>	<u>\$ 4,128,101</u>	<u>\$ 154,311</u>	<u>\$ 4,312,503</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, 2018

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Operating revenues				
Charges for sales and services	\$ 32,073	\$ 45,645	\$ 46,856	\$ 124,574
Other	-	-	22,152	22,152
Total operating revenues	32,073	45,645	69,008	146,726
Operating expenses				
Personal services	30,088	5,632	33,249	68,969
Materials and supplies	1,288	-	-	1,288
Contractual and other services	1,295	39,725	72,093	113,113
Depreciation	-	103,181	-	103,181
Total operating expenses	32,671	148,538	105,342	286,551
Operating loss	(598)	(102,893)	(36,334)	(139,825)
Nonoperating revenues (expenses)				
Investment income	298	269	1,094	1,661
Interest and fiscal charges	(750)	-	-	(750)
Total nonoperating revenues (expenses)	(452)	269	1,094	911
Loss before transfers	(1,050)	(102,624)	(35,240)	(138,914)
Transfers in	10,000	478,816	48,750	537,566
Change in net position	8,950	376,192	13,510	398,652
Net position, beginning of year	21,141	3,751,909	140,801	3,913,851
Net position, end of year	\$ 30,091	\$ 4,128,101	\$ 154,311	\$ 4,312,503

CITY OF JACKSON, MICHIGAN

**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended June 30, 2018

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
<b>Cash flows from operating activities</b>				
Receipts from customers and users	\$ 32,073	\$ 76,150	\$ 69,008	\$ 177,231
Payments to employees	(30,088)	(5,632)	(33,249)	(68,969)
Payments to vendors and claimants	(12,936)	(39,667)	(69,223)	(121,826)
<b>Net cash provided by (used in) operating activities</b>	<b>(10,951)</b>	<b>30,851</b>	<b>(33,464)</b>	<b>(13,564)</b>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	-	(467,815)	-	(467,815)
Interest paid on long-term debt	(750)	-	-	(750)
<b>Net cash used in capital and related financing activities</b>	<b>(750)</b>	<b>(467,815)</b>	<b>-</b>	<b>(468,565)</b>
<b>Cash flows from noncapital financing activities</b>				
Transfer in	10,000	478,816	48,750	537,566
<b>Cash flows from investing activities</b>				
Interest received on investments	298	269	1,094	1,661
<b>Net change in cash and cash equivalents</b>	<b>(1,403)</b>	<b>42,121</b>	<b>16,380</b>	<b>57,098</b>
Cash and cash equivalents, beginning of year	53,417	143,083	141,399	337,899
<b>Cash and cash equivalents, end of year</b>	<b>\$ 52,014</b>	<b>\$ 185,204</b>	<b>\$ 157,779</b>	<b>\$ 394,997</b>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>				
Operating loss	\$ (598)	\$ (102,893)	\$ (36,334)	\$ (139,825)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	-	103,181	-	103,181
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	30,505	-	30,505
Accounts payable	-	-	2,008	2,008
Accrued payroll	(353)	58	862	567
Advance from other funds	(10,000)	-	-	(10,000)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (10,951)</b>	<b>\$ 30,851</b>	<b>\$ (33,464)</b>	<b>\$ (13,564)</b>

## 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, 2018

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
<b>Assets</b>			
Current assets:			
Pooled cash and investments	\$ 891,617	\$ 1,745,786	\$ 404,367
Accounts receivable	1,401	-	387
Prepaid items	-	263,818	-
Restricted cash -			
Cash on hand with agents	46,000	-	-
Total current assets	<u>939,018</u>	<u>2,009,604</u>	<u>404,754</u>
Noncurrent assets:			
Long-term advances	759,638	-	-
Capital assets being depreciated, net	-	-	324,038
Total noncurrent assets	<u>759,638</u>	<u>-</u>	<u>324,038</u>
Total assets	<u>1,698,656</u>	<u>2,009,604</u>	<u>728,792</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	15,347	18,720	13,388
Accrued payroll	-	-	7,638
Current portion of estimated claims payable	111,021	-	-
Total current liabilities	<u>126,368</u>	<u>18,720</u>	<u>21,026</u>
Noncurrent liabilities:			
Long-term advance	-	-	22,447
Installment purchase agreement	-	-	27,390
Estimated claims payable, net of current portion	163,591	-	-
Total noncurrent liabilities	<u>163,591</u>	<u>-</u>	<u>49,837</u>
Total liabilities	<u>289,959</u>	<u>18,720</u>	<u>70,863</u>
<b>Net position</b>			
Net investment in capital assets	-	-	296,648
Unrestricted	1,408,697	1,990,884	361,281
Total net position	<u>\$ 1,408,697</u>	<u>\$ 1,990,884</u>	<u>\$ 657,929</u>



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 117,812	\$ 99,704	\$ 143,853	\$ 3,403,139
34,600	5,633	-	42,021
-	-	-	263,818
-	-	-	46,000
<u>152,412</u>	<u>105,337</u>	<u>143,853</u>	<u>3,754,978</u>
-	-	-	759,638
-	-	-	324,038
-	-	-	<u>1,083,676</u>
<u>152,412</u>	<u>105,337</u>	<u>143,853</u>	<u>4,838,654</u>
5,225	1,875	-	54,555
3,244	2,481	-	13,363
-	-	-	111,021
<u>8,469</u>	<u>4,356</u>	<u>-</u>	<u>178,939</u>
-	-	-	22,447
-	-	-	27,390
-	-	-	163,591
-	-	-	<u>213,428</u>
<u>8,469</u>	<u>4,356</u>	<u>-</u>	<u>392,367</u>
-	-	-	296,648
<u>143,943</u>	<u>100,981</u>	<u>143,853</u>	<u>4,149,639</u>
<u>\$ 143,943</u>	<u>\$ 100,981</u>	<u>\$ 143,853</u>	<u>\$ 4,446,287</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, 2018

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Operating revenues			
Charges for services	\$ 145,758	\$ 5,437,486	\$ 170,560
Miscellaneous	11,258	214,302	775,728
Total operating revenues	157,016	5,651,788	946,288
Operating expenses			
Personal services	-	-	345,119
Administration	-	-	-
Materials and supplies	-	-	297,668
Contractual and other services	4,101	5,172,263	105,215
Benefit payments:			
Claims	89,924	-	-
Fees and reinsurance	61,369	-	-
Depreciation	-	-	226,208
Total operating expenses	155,394	5,172,263	974,210
Operating income (loss)	1,622	479,525	(27,922)
Nonoperating revenues			
Investment income	56,651	11,806	2,181
Change in net position	58,273	491,331	(25,741)
Net position, beginning of year	1,350,424	1,499,553	683,670
Net position, end of year	\$ 1,408,697	\$ 1,990,884	\$ 657,929



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 340,872	\$ 330,963	\$ 67,687	\$ 6,493,326
5,549	-	-	1,006,837
<hr/>	<hr/>	<hr/>	<hr/>
346,421	330,963	67,687	7,500,163
<hr/>	<hr/>	<hr/>	<hr/>
229,968	192,652	-	767,739
40,447	51,501	251,510	343,458
-	-	-	297,668
-	-	-	5,281,579
-	-	-	89,924
-	-	-	61,369
-	-	-	226,208
<hr/>	<hr/>	<hr/>	<hr/>
270,415	244,153	251,510	7,067,945
<hr/>	<hr/>	<hr/>	<hr/>
76,006	86,810	(183,823)	432,218
<hr/>	<hr/>	<hr/>	<hr/>
4,579	398	2,152	77,767
<hr/>	<hr/>	<hr/>	<hr/>
80,585	87,208	(181,671)	509,985
<hr/>	<hr/>	<hr/>	<hr/>
63,358	13,773	325,524	3,936,302
<hr/>	<hr/>	<hr/>	<hr/>
\$ 143,943	\$ 100,981	\$ 143,853	\$ 4,446,287
<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CITY OF JACKSON, MICHIGAN

**Combining Statement of Cash Flows**  
 Internal Service Funds  
 For the Fiscal Year Ended June 30, 2018

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
<b>Cash flows from operating activities</b>			
Receipts for interfund services provided	\$ 157,016	\$ 5,651,788	\$ 935,707
Payments to employees	-	-	(342,527)
Payments to vendors and claimants	(146,298)	(5,148,206)	(421,993)
<b>Net cash provided by (used in) operating activities</b>	<b>10,718</b>	<b>503,582</b>	<b>171,187</b>
<b>Cash flows from capital and related financing activities</b>			
Purchase of capital assets	-	-	(5,204)
Principal paid on long-term debt	-	-	(51,685)
Advances to other funds	237,012	-	-
Advances from other funds	-	-	(11,003)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>237,012</b>	<b>-</b>	<b>(67,892)</b>
<b>Cash flows provided by investing activities</b>			
Interest received on investments	56,651	11,806	2,181
<b>Net change in cash and cash equivalents</b>	<b>304,381</b>	<b>515,388</b>	<b>105,476</b>
Cash and cash equivalents, beginning of year	633,236	1,230,398	298,891
<b>Cash and cash equivalents, end of year</b>	<b>\$ 937,617</b>	<b>\$ 1,745,786</b>	<b>\$ 404,367</b>
<b>Statement of net position classification of cash</b>			
Cash and cash equivalents	\$ 891,617	\$ 1,745,786	\$ 404,367
Restricted cash and cash equivalents	46,000	-	-
	<b>\$ 937,617</b>	<b>\$ 1,745,786</b>	<b>\$ 404,367</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>			
Operating income (loss)	\$ 1,622	\$ 479,525	\$ (27,922)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	226,208
Change in operating assets and liabilities that provided (used) cash:			
Accounts receivable	-	-	127
Prepaid items	-	31,569	-
Accounts payable	9,096	(7,512)	(19,110)
Accrued payroll	-	-	2,592
Due to other funds	-	-	(10,708)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 10,718</b>	<b>\$ 503,582</b>	<b>\$ 171,187</b>

Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 343,119	\$ 325,330	\$ 67,687	\$ 7,480,647
(231,378)	(193,563)	-	(767,468)
(44,482)	(55,115)	(251,510)	(6,067,604)
<u>67,259</u>	<u>76,652</u>	<u>(183,823)</u>	<u>645,575</u>
-	-	-	(5,204)
-	-	-	(51,685)
-	-	-	237,012
-	-	-	(11,003)
-	-	-	<u>169,120</u>
<u>4,579</u>	<u>398</u>	<u>2,152</u>	<u>77,767</u>
71,838	77,050	(181,671)	892,462
<u>45,974</u>	<u>22,654</u>	<u>325,524</u>	<u>2,556,677</u>
<u>\$ 117,812</u>	<u>\$ 99,704</u>	<u>\$ 143,853</u>	<u>\$ 3,449,139</u>
\$ 117,812	\$ 99,704	\$ 143,853	\$ 3,403,139
-	-	-	46,000
<u>\$ 117,812</u>	<u>\$ 99,704</u>	<u>\$ 143,853</u>	<u>\$ 3,449,139</u>
\$ 76,006	\$ 86,810	\$ (183,823)	\$ 432,218
-	-	-	226,208
(3,302)	(5,633)	-	(8,808)
-	-	-	31,569
(4,035)	(3,614)	-	(25,175)
(1,410)	(911)	-	271
-	-	-	(10,708)
<u>\$ 67,259</u>	<u>\$ 76,652</u>	<u>\$ (183,823)</u>	<u>\$ 645,575</u>

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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, 2018

	Payroll Clearing	Jeopardy Tax	County and School Tax Collection	Community Development Block Grant Escrow
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 3,249	\$ 779	\$ 158,084
<b>Liabilities</b>				
Due to other governments	\$ -	\$ 770	\$ 779	\$ 3,353
Other liabilities	-	2,479	-	154,731
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 3,249</b>	<b>\$ 779</b>	<b>\$ 158,084</b>



Act 495 Fire Trust Fund	Cafeteria Reimbursement	Total
<u>\$ 42,216</u>	<u>\$ 49,672</u>	<u>\$ 254,000</u>
\$ -	\$ -	\$ 4,902
<u>42,216</u>	<u>49,672</u>	<u>249,098</u>
<u>\$ 42,216</u>	<u>\$ 49,672</u>	<u>\$ 254,000</u>

CITY OF JACKSON, MICHIGAN

**Combining Statement of Changes in Assets and Liabilities**

Agency Funds  
For the Fiscal Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<i>Payroll Clearing Account</i>				
Assets				
Pooled cash and investments	\$ 753	\$ -	\$ 753	\$ -
Liabilities				
Other liabilities	\$ 753	\$ -	\$ 753	\$ -
<i>Jeopardy Tax Fund</i>				
Assets				
Pooled cash and investments	\$ 1,420	\$ 5,013	\$ 3,184	\$ 3,249
Liabilities				
Due to other governments	\$ 1,420	\$ 5,013	\$ 5,663	\$ 770
Other liabilities	-	5,671	3,192	2,479
	\$ 1,420	\$ 10,684	\$ 8,855	\$ 3,249
<i>County &amp; School Tax Collection Fund</i>				
Assets				
Pooled cash and investments	\$ 42,673	\$ 31,556,864	\$ 31,598,758	\$ 779
Liabilities				
Due to other governments	\$ 42,673	\$ 76,791	\$ 118,685	\$ 779
<i>Community Development Block Grant Escrow Fund</i>				
Assets				
Pooled cash and investments	\$ 5,032	\$ 311,801	\$ 158,749	\$ 158,084
Liabilities				
Due to other governments	\$ 5,032	\$ 242,236	\$ 243,915	\$ 3,353
Other liabilities	-	313,380	158,649	154,731
	\$ 5,032	\$ 555,616	\$ 402,564	\$ 158,084
<i>Act 495 Fire Trust Fund</i>				
Assets				
Pooled cash and investments	\$ 49,500	\$ 66,842	\$ 74,126	\$ 42,216
Liabilities				
Other liabilities	\$ 49,500	\$ 135,781	\$ 143,065	\$ 42,216
<i>Cafeteria Reimbursement Fund</i>				
Assets				
Pooled cash and investments	\$ 40,884	\$ 97,341	\$ 88,553	\$ 49,672
Liabilities				
Other liabilities	\$ 40,884	\$ 178,358	\$ 169,570	\$ 49,672

continued...

CITY OF JACKSON, MICHIGAN

**Combining Statement of Changes in Assets and Liabilities**  
 Agency Funds  
 For the Fiscal Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<i>Total All Agency Funds</i>				
<b>Assets</b>				
Pooled cash and investments	\$ 140,262	\$ 32,037,861	\$ 31,924,123	\$ 254,000
<b>Liabilities</b>				
Due to other governments	49,125	324,040	368,263	4,902
Other liabilities	91,137	633,190	475,229	249,098
<b>Total liabilities</b>	<b>\$ 140,262</b>	<b>\$ 957,230</b>	<b>\$ 843,492</b>	<b>\$ 254,000</b>

concluded.

# CITY OF JACKSON, MICHIGAN

## Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2018

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
<b>Assets</b>			
Pooled cash and investments	\$ 1,387,831	\$ -	\$ 1,387,831
<b>Liabilities</b>			
Accounts payable	\$ 6	-	6
Salaries payable	642	-	642
<b>Total liabilities</b>	648	-	648
<b>Fund balance</b>			
Unrestricted	1,387,183	(1,387,183)	-
<b>Total liabilities and fund balance</b>	\$ 1,387,831		
<b>Net position - unrestricted</b>		\$ 1,387,183	\$ 1,387,183

# CITY OF JACKSON, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities Brownfield Redevelopment Authority Component Unit For the Fiscal Year Ended June 30, 2018

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 1,250,535	\$ -	\$ 1,250,535
Interest revenue	7,686	-	7,686
Total revenues	1,258,221	-	1,258,221
Expenditures/Expenses			
Community enrichment	1,296,020	-	1,296,020
Revenues over (under) expenditures	(37,799)	37,799	-
Change in net position	-	(37,799)	(37,799)
Fund balance / net position, beginning of year	1,424,982	-	1,424,982
Fund balance / net position, end of year	\$ 1,387,183	\$ -	\$ 1,387,183

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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>
<b>Financial Trends (schedules 1 thru 5)</b>	168
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
<b>Revenue Capacity (schedules 6 thru 9)</b>	179
These schedules contain information to help the reader assess the government's most local sources: property taxes and water and wastewater usage fees.	
<b>Debt Capacity (schedules 10 thru 12)</b>	184
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.	
<b>Demographic and Economic Information (schedules 13 and 14)</b>	188
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	
<b>Operating Information (schedules 15 thru 28)</b>	190
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)

	2009	2010	2011	2012	2013
<b>Governmental activities</b>					
Net investment in capital assets	\$ 25,292,037	\$ 26,205,595	\$ 27,905,286	\$ 32,867,134	\$ 36,771,568
Restricted	6,084,912	5,954,460	4,234,677	4,240,770	6,439,037
Unrestricted (deficit)	1,004,574	(4,248,423)	(4,269,622)	(4,048,999)	(6,970,145)
<b>Total governmental activities net position</b>	<b>\$ 32,381,523</b>	<b>\$ 27,911,632</b>	<b>\$ 27,870,341</b>	<b>\$ 33,058,905</b>	<b>\$ 36,240,460</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 57,102,607	\$ 56,517,510	\$ 56,651,540	\$ 57,808,727	\$ 57,446,945
Restricted	167,600	160,100	167,600	67,300	62,500
Unrestricted	15,846,100	16,599,831	17,964,849	19,952,439	22,506,870
<b>Total business-type activities net position</b>	<b>\$ 73,116,307</b>	<b>\$ 73,277,441</b>	<b>\$ 74,783,989</b>	<b>\$ 77,828,466</b>	<b>\$ 80,016,315</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 82,394,644	\$ 82,723,105	\$ 84,556,826	\$ 90,675,861	\$ 94,218,513
Restricted	6,252,512	6,114,560	4,402,277	4,308,070	6,501,537
Unrestricted (deficit)	16,850,674	12,351,408	13,695,227	15,903,440	15,536,725
<b>Total primary government net position</b>	<b>\$ 105,497,830</b>	<b>\$ 101,189,073</b>	<b>\$ 102,654,330</b>	<b>\$ 110,887,371</b>	<b>\$ 116,256,775</b>

Source: City of Jackson Finance Department

Schedule 1  
Unaudited

2014	2015	2016	2017	2018
\$ 37,303,547	\$ 38,234,548	\$ 41,858,320	\$ 46,037,381	\$ 51,108,178
7,181,966	7,972,469	7,208,873	7,592,831	12,047,542
(11,088,913)	(62,538,673)	(67,681,747)	(64,742,170)	(64,345,914)
<u>\$ 33,396,600</u>	<u>\$ (16,331,656)</u>	<u>\$ (18,614,554)</u>	<u>\$ (11,111,958)</u>	<u>\$ (1,190,194)</u>
\$ 57,537,510	\$ 59,159,505	\$ 62,021,038	\$ 64,851,145	\$ 68,554,581
62,500	62,500	-	-	-
23,712,577	22,498,646	22,422,024	23,100,849	3,005,828
<u>\$ 81,312,587</u>	<u>\$ 81,720,651</u>	<u>\$ 84,443,062</u>	<u>\$ 87,951,994</u>	<u>\$ 71,560,409</u>
\$ 94,841,057	\$ 97,394,053	\$ 103,879,358	\$ 110,888,526	\$ 119,662,759
7,244,466	8,034,969	7,208,873	7,592,831	12,047,542
12,623,664	(40,040,027)	(45,259,723)	(41,641,321)	(61,340,086)
<u>\$ 114,709,187</u>	<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>	<u>\$ 76,840,036</u>	<u>\$ 70,370,215</u>

# CITY OF JACKSON, MICHIGAN

## Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2009	2010	2011	2012	2013
<b>Revenue</b>					
Governmental activities:					
Program revenues:					
Charges for services	\$ 4,545,223	\$ 4,729,249	\$ 4,996,781	\$ 4,598,435	\$ 6,587,602
Operating grants and contributions	5,964,746	7,238,196	6,800,210	5,979,625	7,603,364
Capital grants and contributions	1,444,563	2,130,328	2,363,474	5,321,414	4,434,092
General revenues:					
Property taxes	10,488,646	10,305,545	9,826,762	9,708,980	9,495,893
Income taxes	7,645,706	6,519,574	6,977,923	7,297,281	8,017,329
Grants and contributions not restricted to specific programs	5,730,532	4,785,181	4,750,419	4,061,333	4,218,247
Other	210,499	36,974	99,733	100,188	88,095
Total governmental activities revenues	<u>36,029,915</u>	<u>35,745,047</u>	<u>35,815,302</u>	<u>37,067,256</u>	<u>40,444,622</u>
Business-type activities:					
Program revenues:					
Charges for services	11,741,153	10,969,737	12,738,380	15,905,133	14,550,167
Operating grants and contributions	-	17,165	-	-	-
General revenues:					
Grants and contributions not restricted to specific programs	225,628	285,961	292,290	245,514	274,432
Other	446,863	221,234	101,871	93,619	185,949
Total business-type activities revenues	<u>12,413,644</u>	<u>11,494,097</u>	<u>13,132,541</u>	<u>16,244,266</u>	<u>15,010,548</u>
Total primary government revenues	<u>48,443,559</u>	<u>47,239,144</u>	<u>48,947,843</u>	<u>53,311,522</u>	<u>55,455,170</u>
<b>Expenses</b>					
Governmental activities:					
Legislative	84,987	81,455	78,998	78,779	81,079
General government	5,590,322	5,193,157	4,672,731	4,224,454	4,774,616
Public safety	18,514,730	18,480,322	16,182,495	14,157,903	18,980,031
Public works	6,982,096	6,815,307	6,604,418	5,509,209	6,157,790
Culture and recreation	2,823,240	3,074,451	2,891,768	2,764,356	2,392,391
Community enrichment & development	4,276,212	4,808,286	3,764,313	3,140,708	3,281,198
Interest on long-term debt	1,823,284	1,761,960	1,634,370	1,280,723	1,595,962
Total governmental activities expenses	<u>40,094,871</u>	<u>40,214,938</u>	<u>35,829,093</u>	<u>31,156,132</u>	<u>37,263,067</u>
Business-type activities:					
Sewer	5,186,279	5,221,872	5,165,228	5,808,940	4,622,944
Water	6,315,543	5,360,557	5,718,144	5,923,975	6,079,526
Stormwater utilities	-	-	88,861	845,506	1,441,642
Parking system	708,936	688,921	623,946	632,315	625,116
Golf practice center	70,528	61,613	57,314	62,084	53,471
Total business-type activities expenses	<u>12,281,286</u>	<u>11,332,963</u>	<u>11,653,493</u>	<u>13,272,820</u>	<u>12,822,699</u>
Total primary government expenses	<u>52,376,157</u>	<u>51,547,901</u>	<u>47,482,586</u>	<u>44,428,952</u>	<u>50,085,766</u>
Change in net position	(3,932,598)	(4,308,757)	1,465,257	8,882,570	5,369,404
Net position, beginning of year, as restated	108,577,961	105,497,830	101,189,073	102,654,330	110,887,371
Other restatements at June 30	852,467	-	-	(649,529)	-
Net position, end of year	<u>\$ 105,497,830</u>	<u>\$ 101,189,073</u>	<u>\$ 102,654,330</u>	<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>

Source: City of Jackson Finance Department.

Schedule 2  
Unaudited

	2014	2015	2016	2017	2018
\$	4,848,628	\$ 5,552,879	\$ 6,865,865	\$ 7,230,063	\$ 7,633,281
	4,954,371	8,168,083	8,528,481	8,057,043	7,188,154
	1,715,400	2,616,526	4,382,916	4,912,701	8,725,585
	9,347,632	9,848,721	10,098,963	11,107,219	11,426,851
	8,080,526	8,806,662	8,269,968	9,021,888	9,042,070
	4,350,343	4,473,462	4,529,640	4,587,193	4,667,253
	205,048	220,316	273,697	236,961	353,866
	<u>33,501,948</u>	<u>39,686,649</u>	<u>42,949,530</u>	<u>45,153,068</u>	<u>49,037,060</u>
	12,747,090	12,157,199	12,950,095	14,689,369	15,207,460
	-	-	-	-	-
	502,598	494,502	484,125	482,229	556,648
	91,290	79,121	65,603	74,213	137,466
	<u>13,340,978</u>	<u>12,730,822</u>	<u>13,499,823</u>	<u>15,245,811</u>	<u>15,901,574</u>
	<u>46,842,926</u>	<u>52,417,471</u>	<u>56,449,353</u>	<u>60,398,879</u>	<u>64,938,634</u>
	80,442	77,646	86,196	88,390	108,282
	5,316,441	4,430,955	4,919,166	4,757,600	(191,739)
	18,040,231	20,342,158	23,831,644	16,974,653	14,191,120
	5,909,656	6,078,035	6,008,799	6,217,969	7,401,586
	2,592,620	2,925,356	3,001,248	3,386,015	3,137,477
	3,049,440	2,955,101	3,853,316	3,622,160	4,965,201
	1,275,528	1,212,116	2,224,745	2,501,062	2,496,690
	<u>36,264,358</u>	<u>38,021,367</u>	<u>43,925,114</u>	<u>37,547,849</u>	<u>32,108,617</u>
	4,528,885	4,269,366	4,697,987	4,545,319	2,759,909
	6,388,397	6,671,055	6,837,381	6,761,160	4,001,789
	524,814	679,023	-	-	-
	633,440	590,951	507,451	498,772	559,056
	50,620	53,489	41,907	34,251	33,139
	<u>12,126,156</u>	<u>12,263,884</u>	<u>12,084,726</u>	<u>11,839,502</u>	<u>7,353,893</u>
	<u>48,390,514</u>	<u>50,285,251</u>	<u>56,009,840</u>	<u>49,387,351</u>	<u>39,462,510</u>
	(1,547,588)	2,132,220	439,513	11,011,528	25,476,124
	116,256,775	63,256,775	65,388,995	65,828,508	44,894,091
	-	-	-	-	-
\$	<u>114,709,187</u>	<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>	<u>\$ 76,840,036</u>	<u>\$ 70,370,215</u>

CITY OF JACKSON, MICHIGAN

**Fund Balances - Governmental Funds**

Last Ten Years

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
<b>General fund</b>					
Nonspendable			\$ 469,317	\$ 54,655	\$ 62,482
Unassigned			2,160,928	3,372,517	4,188,560
Reserved	\$ 249,169	\$ 76,177	-	-	-
Unreserved	1,707,278	581,788	-	-	-
<b>Total general fund</b>	<b>\$ 1,956,447</b>	<b>\$ 657,965</b>	<b>\$ 2,630,245</b>	<b>\$ 3,427,172</b>	<b>\$ 4,251,042</b>
<b>All other governmental funds</b>					
Nonspendable			\$ 3,092,357	\$ 3,169,686	\$ 3,156,635
Restricted			2,005,904	2,871,925	3,282,402
Committed			127,472	321,791	685,861
Unassigned (deficit)			(895,314)	(958,023)	(1,149,377)
Reserved	\$ 3,259,351	\$ 3,518,347	-	-	-
Unreserved, reported in:					
Special revenue funds	2,492,904	2,485,481	-	-	-
Debt service funds	42,961	13,714	-	-	-
Capital projects funds	(146,010)	(420,308)	-	-	-
<b>Total all other governmental funds</b>	<b>5,649,206</b>	<b>5,597,234</b>	<b>4,330,419</b>	<b>5,405,379</b>	<b>5,975,521</b>
<b>Total governmental funds</b>	<b>\$ 7,605,653</b>	<b>\$ 6,255,199</b>	<b>\$ 6,960,664</b>	<b>\$ 8,832,551</b>	<b>\$ 10,226,563</b>

(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.

Schedule 3  
Unaudited

2014	2015	2016	2017	2018
\$ 60,073	\$ 66,122	\$ 67,427	\$ 99,168	\$ 95,466
4,757,198	5,475,601	6,041,453	7,199,991	8,881,658
-	-	-	-	-
-	-	-	-	-
<u>\$ 4,817,271</u>	<u>\$ 5,541,723</u>	<u>\$ 6,108,880</u>	<u>\$ 7,299,159</u>	<u>\$ 8,977,124</u>
\$ 3,185,209	\$ 3,312,687	\$ 3,472,264	\$ 3,629,388	\$ 3,612,791
3,996,757	4,951,422	4,137,161	11,876,369	21,283,514
812,627	2,026,938	956,075	808,067	1,084,236
(1,054,511)	(1,100,354)	(1,134,975)	(791,262)	(509,505)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>6,940,082</u>	<u>9,190,693</u>	<u>7,430,525</u>	<u>15,522,562</u>	<u>25,471,036</u>
<u>\$ 11,757,353</u>	<u>\$ 14,732,416</u>	<u>\$ 13,539,405</u>	<u>\$ 22,821,721</u>	<u>\$ 34,448,160</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
<b>Revenues</b>					
Taxes	\$ 18,249,873	\$ 16,936,953	\$ 16,753,417	\$ 16,885,935	\$ 17,321,868
Licenses and permits	247,399	250,602	270,214	262,775	271,848
Intergovernmental	11,885,926	12,316,023	12,727,160	15,414,169	16,139,922
Charges for services	3,870,877	3,913,947	3,898,388	3,806,252	5,133,688
Fines and forfeits	224,967	261,677	224,881	199,216	223,947
Donations	-	-	-	-	-
Special assessments	384,602	278,701	254,958	223,209	403,688
Investment income	406,345	218,023	127,759	134,927	121,539
Miscellaneous	998,231	1,222,574	1,518,901	608,713	660,058
<b>Total revenues</b>	<b>36,268,220</b>	<b>35,398,500</b>	<b>35,775,678</b>	<b>37,535,196</b>	<b>40,276,558</b>
<b>Expenditures</b>					
Legislative	84,987	81,455	78,998	78,779	81,079
General government	4,778,604	4,440,441	4,156,263	4,111,378	4,334,482
Public safety	17,398,422	16,770,309	15,553,034	13,936,985	17,766,806
Public works	5,974,822	6,435,712	6,088,484	8,704,847	8,036,993
Culture and recreation	2,758,877	2,503,995	2,839,995	2,686,777	2,684,768
Community enrichment and development	2,543,682	2,856,698	2,614,118	1,998,043	2,260,186
Capital outlay	625,907	162,571	210,309	547,300	641,945
Debt service:					
Principal	1,604,000	1,699,000	1,832,000	915,000	1,600,000
Interest & fiscal charges	1,789,183	1,735,313	1,669,512	1,255,740	1,458,980
Other	-	-	-	471,371	-
<b>Total expenditures</b>	<b>37,558,484</b>	<b>36,685,494</b>	<b>35,042,713</b>	<b>34,706,220</b>	<b>38,865,239</b>
Excess of revenues over (under) expenditures	(1,290,264)	(1,286,994)	732,965	2,828,976	1,411,319
<b>Other financing sources (uses)</b>					
Sale of capital assets	22,538	18,842	-	-	16,996
Issuance of debt	-	-	-	13,025,000	8,275,000
Discount on bonds	-	-	-	(69,591)	-
Premium on bonds	-	-	-	141,288	415,396
Payment to refunding bond escrow agent	-	-	-	(13,975,326)	(8,644,152)
Transfers in	3,552,312	3,232,670	3,207,550	2,384,867	5,005,390
Transfers out	(3,642,036)	(3,314,972)	(3,235,050)	(2,463,327)	(5,085,937)
<b>Total other financing sources (uses)</b>	<b>(67,186)</b>	<b>(63,460)</b>	<b>(27,500)</b>	<b>(957,089)</b>	<b>(17,307)</b>
<b>Net change in fund balances</b>	<b>\$ (1,357,450)</b>	<b>\$ (1,350,454)</b>	<b>\$ 705,465</b>	<b>\$ 1,871,887</b>	<b>\$ 1,394,012</b>
Debt service as a percentage of noncapital expenditures	9.7%	10.2%	11.1%	9.5%	9.3%

Source: City of Jackson Finance Department.

Schedule 4  
Unaudited

2014	2015	2016	2017	2018
\$ 17,428,158	\$ 18,655,383	\$ 18,368,931	\$ 20,129,107	\$ 20,468,921
265,297	269,871	269,932	269,406	264,555
10,841,106	15,052,090	17,545,877	15,330,415	19,675,248
3,588,723	3,794,081	3,581,590	4,460,375	4,876,739
184,411	251,069	291,348	470,675	550,696
-	-	-	296,103	405
288,255	372,646	347,218	377,824	491,945
186,120	208,663	294,770	199,316	313,662
771,598	1,077,636	2,273,206	2,879,191	2,587,444
<u>33,553,668</u>	<u>39,681,439</u>	<u>42,972,872</u>	<u>44,412,412</u>	<u>49,229,615</u>
80,442	77,646	86,196	88,390	108,282
4,111,567	4,265,628	4,381,350	4,631,716	4,640,313
15,829,087	17,659,079	19,869,088	17,310,595	16,182,352
5,044,025	5,483,350	9,533,378	10,698,179	17,146,093
2,545,604	2,634,120	2,943,178	3,093,474	3,226,680
2,002,541	3,474,674	3,938,264	3,910,791	5,607,003
781,655	434,097	-	-	-
710,000	765,000	1,694,125	1,980,346	2,810,675
1,272,030	1,187,255	2,184,775	2,387,036	2,472,640
-	-	-	-	-
<u>32,376,951</u>	<u>35,980,849</u>	<u>44,630,354</u>	<u>44,100,527</u>	<u>52,194,038</u>
<u>1,176,717</u>	<u>3,700,590</u>	<u>(1,657,482)</u>	<u>311,885</u>	<u>(2,964,423)</u>
12,140	8,939	12,292	18,054	13,056
-	-	1,759,493	18,050,000	14,890,000
-	-	-	-	-
1,721,868	-	-	-	1,721,868
(8,995,000)	-	-	(8,995,000)	-
3,059,835	3,550,761	5,308,321	7,341,083	9,001,694
<u>(2,717,902)</u>	<u>(4,285,227)</u>	<u>(6,615,635)</u>	<u>(7,443,706)</u>	<u>(11,035,756)</u>
<u>(6,919,059)</u>	<u>(725,527)</u>	<u>464,471</u>	<u>8,970,431</u>	<u>14,590,862</u>
<u>\$ (5,742,342)</u>	<u>\$ 2,975,063</u>	<u>\$ (1,193,011)</u>	<u>\$ 9,282,316</u>	<u>\$ 11,626,439</u>
<u>6.8%</u>	<u>6.4%</u>	<u>10.7%</u>	<u>12.2%</u>	<u>14.3%</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

	2009	2010	2011	2012	2013
<b>Revenues</b>					
Taxes	\$ 15,415,825	\$ 14,201,465	\$ 13,994,106	\$ 14,140,266	\$ 14,797,663
Licenses and permits	247,399	250,602	270,214	262,775	271,848
Intergovernmental	5,474,154	4,579,549	4,835,891	3,964,157	4,403,887
Charges for services	1,299,376	1,282,471	1,202,033	1,222,262	1,216,088
Fines and forfeits	224,967	261,677	224,881	199,216	223,947
Investment income	101,926	23,086	28,179	17,945	30,887
Miscellaneous	370,730	544,266	730,797	292,346	198,786
<b>Total revenues</b>	<b>23,134,377</b>	<b>21,143,116</b>	<b>21,286,101</b>	<b>20,098,967</b>	<b>21,143,106</b>
<b>Expenditures</b>					
Legislative	84,987	81,455	78,998	78,779	81,079
General government	4,778,604	4,440,441	4,156,263	4,111,378	4,334,482
Public safety	16,165,588	15,143,445	14,037,609	12,399,958	12,900,639
Public works	1,513,350	1,165,539	659,843	645,059	593,487
Culture and recreation	1,549,225	1,379,570	1,725,123	1,530,163	1,582,946
Community enrichment and development	259,488	182,875	189,356	163,125	113,533
<b>Total expenditures</b>	<b>24,351,242</b>	<b>22,393,325</b>	<b>20,847,192</b>	<b>18,928,462</b>	<b>19,606,166</b>
Excess of revenues over (under) expenditures	(1,216,865)	(1,250,209)	438,909	1,170,505	1,536,940
<b>Other financing sources (uses)</b>					
Sale of capital assets	9,979	18,367	-	-	16,996
Transfers in	152,291	72,260	95,662	72,422	46,406
Transfers (out)	(299,158)	(138,900)	(167,500)	(446,000)	(776,472)
<b>Total other financing sources (uses)</b>	<b>(136,888)</b>	<b>(48,273)</b>	<b>(71,838)</b>	<b>(373,578)</b>	<b>(713,070)</b>
<b>Net change in fund balances</b>	<b>\$ (1,353,753)</b>	<b>\$ (1,298,482)</b>	<b>\$ 367,071</b>	<b>\$ 796,927</b>	<b>\$ 823,870</b>

Source: City of Jackson Finance Department.

Schedule 5  
Unaudited

2014	2015	2016	2017	2018
\$ 15,034,328	\$ 16,185,035	\$ 15,925,081	\$ 17,230,302	\$ 17,443,707
265,297	269,871	269,932	269,406	264,555
4,244,084	4,382,628	4,417,029	4,470,342	4,608,142
1,218,086	1,077,458	1,231,701	1,502,943	1,558,627
184,411	251,069	291,348	470,675	550,696
26,901	28,652	26,733	58,743	218,608
167,695	180,446	110,815	204,103	150,098
<u>21,140,802</u>	<u>22,375,159</u>	<u>22,272,639</u>	<u>24,206,514</u>	<u>24,794,433</u>
80,442	77,646	86,196	88,390	108,282
4,111,567	4,265,628	4,381,350	4,631,716	4,640,313
12,731,670	13,376,704	13,647,101	14,241,448	14,501,003
693,097	574,188	799,946	809,563	810,425
1,454,265	1,460,110	1,436,002	1,541,764	1,697,173
254,537	316,852	662,416	716,768	604,840
<u>19,325,578</u>	<u>20,071,128</u>	<u>21,013,011</u>	<u>22,029,649</u>	<u>22,362,036</u>
<u>1,815,224</u>	<u>2,304,031</u>	<u>1,259,628</u>	<u>2,176,865</u>	<u>2,432,397</u>
12,140	8,939	12,292	18,054	13,056
30,353	28,133	24,755	24,015	43,876
(1,291,488)	(1,616,651)	(729,518)	(1,028,655)	(811,364)
<u>(1,248,995)</u>	<u>(1,579,579)</u>	<u>(692,471)</u>	<u>(986,586)</u>	<u>(754,432)</u>
<u>\$ 566,229</u>	<u>\$ 724,452</u>	<u>\$ 567,157</u>	<u>\$ 1,190,279</u>	<u>\$ 1,677,965</u>

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**Assessed and Estimated Actual Value of Taxable Property  
Last Ten Years**

Tax Year (1)	Taxable Value by Property Type					Estimated Actual Value	Total Direct Tax Rate
	Real Property			Personal Property	Total		
	Residential	Commercial	Industrial				
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	603,795,540	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
2017	259,250,142	158,927,225	52,589,946	124,091,595	594,858,908	1,308,696,288	17.1889
2018	265,105,528	162,464,040	53,468,466	119,434,671	600,472,705	1,334,016,300	17.3389

(1) The tax year 2018 taxable values are for the tax year beginning July 1, 2018, i.e... for the fiscal year ending June 30, 2019.

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)

	2009	2010	2011	2012	2013
<b>City direct rates</b>					
Operating	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9197	1.9197	1.9197	1.9197	1.7197
City hall debt	0.7700	0.8700	0.9500	1.0400	1.0100
Act 345 pension	5.4000	4.8500	5.2500	5.4600	5.6400
<b>Total direct rate</b>	<b>14.8089</b>	<b>14.3589</b>	<b>14.8389</b>	<b>15.1389</b>	<b>15.0889</b>
<b>Overlapping rates</b>					
<b>Jackson County:</b>					
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	0.2500	0.2500
District library	1.2593	1.2593	1.2593	1.2593	1.2593
	<b>7.2502</b>	<b>7.2502</b>	<b>7.2502</b>	<b>7.2529</b>	<b>7.2529</b>
<b>Intermediate School District:</b>					
Operating	0.3422	0.3422	0.3422	0.3422	0.3422
Special & vocational education	7.7678	7.7678	7.7678	8.4178	8.4178
	<b>8.1100</b>	<b>8.1100</b>	<b>8.1100</b>	<b>8.7600</b>	<b>8.7600</b>
<b>Jackson Community College:</b>	<b>1.1446</b>	<b>1.1446</b>	<b>1.1446</b>	<b>1.1446</b>	<b>1.1446</b>
<b>Jackson Transit Authority - operating</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>	<b>1.0000</b>
<b>Downtown Dev. Authority - operating</b>	<b>1.9996</b>	<b>1.9996</b>	<b>1.9996</b>	<b>1.9996</b>	<b>1.9996</b>
<b>Jackson Public Schools:</b>					
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	2.8500	2.8500	3.1500	3.1000
Recreation	0.2000	0.2000	0.2000	0.2000	0.2000
	<b>26.4500</b>	<b>27.0500</b>	<b>27.0500</b>	<b>27.3500</b>	<b>27.3000</b>
<b>East Jackson Public Schools:</b>					
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	5.9400	6.0000	6.0000	7.0000	7.0000
	<b>29.9400</b>	<b>30.0000</b>	<b>30.0000</b>	<b>31.0000</b>	<b>31.0000</b>
<b>Michigan Center Public Schools:</b>					
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	-	-	-	-	-
	<b>24.0000</b>	<b>24.0000</b>	<b>24.0000</b>	<b>24.0000</b>	<b>24.0000</b>
<b>Northwest Public Schools:</b>					
Operating	16.9487	16.9487	16.9487	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	0.9173	1.0281	1.0281	1.0221	4.7973
Extra voted	1.0513	1.0513	1.0513	-	-
	<b>24.9173</b>	<b>25.0281</b>	<b>25.0281</b>	<b>25.0221</b>	<b>28.7973</b>

Note: Levy shown is as of July 1. The July 1, 2017 levy is for the fiscal year ending June 30, 2018.

Non-Principal residences are subject to all rates shown within their jurisdiction. Principal residences are subject to all rates shown within their jurisdiction with the exception of the 18 mill school operating levy.

Source: City of Jackson Finance Department.

Schedule 7  
Unaudited

2014	2015	2016	2017	2018
6.7192	6.7192	6.7192	6.7192	6.7192
1.9197	1.9197	1.9197	1.9197	1.9197
1.0600	1.0640	1.1700	1.2500	1.2500
6.2800	6.3300	7.2300	7.3000	7.4500
<u>15.9789</u>	<u>16.0329</u>	<u>17.0389</u>	<u>17.1889</u>	<u>17.3389</u>
5.1187	5.1187	5.1187	5.1187	5.1187
0.4851	0.4851	0.4851	0.4851	0.4851
0.1398	0.1398	0.2500	0.2500	0.2500
0.2500	0.2500	0.2500	0.2500	0.2500
1.2593	1.2593	1.2593	1.7593	1.7593
<u>7.2529</u>	<u>7.2529</u>	<u>7.3631</u>	<u>7.8631</u>	<u>7.8631</u>
0.3422	0.3422	0.3422	0.3422	0.3422
8.4178	8.4178	8.4178	8.4178	8.4178
<u>8.7600</u>	<u>8.7600</u>	<u>8.7600</u>	<u>8.7600</u>	<u>8.7600</u>
1.1446	1.1446	1.1446	1.1446	1.1446
1.0000	1.0000	1.0000	1.0000	1.0000
<u>1.9996</u>	<u>1.9996</u>	<u>1.9996</u>	<u>1.9996</u>	<u>1.9996</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
3.2500	3.2500	3.2500	3.2500	6.2000
0.2000	0.5000	0.5000	0.5000	0.5000
<u>27.4500</u>	<u>27.7500</u>	<u>27.7500</u>	<u>27.7500</u>	<u>30.7000</u>
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
<u>31.0000</u>	<u>31.0000</u>	<u>31.0000</u>	<u>31.0000</u>	<u>31.0000</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
-	-	2.9900	2.9900	2.9900
<u>24.0000</u>	<u>24.0000</u>	<u>26.9900</u>	<u>26.9900</u>	<u>26.9900</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
4.8145	4.7690	4.7879	4.6949	4.6627
-	-	-	-	-
<u>28.8145</u>	<u>28.7690</u>	<u>28.7879</u>	<u>28.6949</u>	<u>28.6627</u>

**Principal Property Taxpayers**  
Current Year and Nine Years Ago  
(amounts expressed in thousands)

Taxpayer	2018			2009		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Consumers Energy	\$ 145,118,648	1	24.17%	\$ 53,105,199	2	7.06%
Ramco (Jackson Crossing/Jackson West)	9,391,457	2	1.56%	8,870,381	4	1.18%
Allegiance/Henry Ford/Foote/ Health Center	5,750,747	3	0.96%	4,825,033	7	0.64%
Wolverine Technologies/Certainfeed	3,902,387	4	0.65%	10,515,450	3	1.40%
Alro Steel Corporation	3,644,169	5	0.61%	6,170,063	5	0.82%
Wood Jackson (1100 W. Argyle St.)	2,516,442	6	0.42%	-	N/A	N/A
Seritage SRC Finance LLC (Sears)	2,474,087	7	0.41%	-	N/A	N/A
Jackson Properties (915-1089 N. Wisner St.)	2,212,284	8	0.37%	-	N/A	N/A
Alpine Lake Apartments, LLC	1,990,400	9	0.33%	-	N/A	N/A
Argyle Acres Mall Ltd. Partnership	1,987,507	10	0.33%	-	N/A	N/A
Kinder Morgan/Alphagen	-	N/A	N/A	95,164,550	1	12.64%
Home Depot	-	N/A	N/A	5,762,750	6	0.77%
Aeroquip (Eaton Corp.)	-	N/A	N/A	3,865,685	8	0.51%
Jackson Iron & Metal/Omnisource	-	N/A	N/A	3,703,874	9	0.49%
Merchant's Crossing (Kroger)	-	N/A	N/A	3,675,200	10	0.49%
	<u>\$ 178,988,128</u>		<u>29.81%</u>	<u>\$ 195,658,185</u>		<u>26.00%</u>

Note: Total Ad Valorem Taxable Valuation as of June 30, 2018 = \$ 600,472,705 (valuation for fiscal year 2019). Total Ad Valorem Taxable Valuation as of June 30, 2009 = \$ 752,635,455 (valuation for fiscal year 2010).

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
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%
2017	2016	9,948,595	9,313,775	93.62%	609,008	9,922,783	99.74%
2018	2017	10,045,840	9,389,864	93.47%	640,182	10,030,046	99.84%

Source: City of Jackson Assessors Department.

**Ratios of Outstanding Debt by Type**  
Last Ten Years

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	% of Personal Income	Total Outstanding Debt Per Capita
	General Obligation Bonds	Installment Debt	Revenue Bonds			
2009	\$ 45,014,094	\$ 1,006,000	\$ 1,876,000	\$ 47,896,094	4.49%	\$ 1,322
2010	43,576,074	777,000	1,701,000	46,054,074	4.54%	1,377
2011	41,918,054	635,000	1,014,000	43,567,054	4.08%	1,303
2012	40,913,561	570,000	673,000	42,156,561	3.86%	1,260
2013	40,274,525	-	300,000	40,574,525	3.53%	1,213
2014	39,535,749	-	200,000	39,735,749	3.44%	1,188
2015	38,741,973	-	100,000	38,841,973	3.24%	1,161
2016	38,379,072	399,493	-	38,778,565	3.11%	1,159
2017	45,526,527	426,636	-	45,953,163	3.61%	1,374
2018	59,348,022	321,394	-	59,669,416	n/a	1,784

Source: City of Jackson Finance Department and 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 2018.

**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
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	3.23%	6.42%	1,158
2016	38,379,072	-	38,379,072	3.08%	6.52%	1,148
2017	45,526,527	-	45,526,527	3.58%	7.65%	1,361
2018	59,348,022	53,120	59,294,902	n/a	9.87%	1,774

Source: City of Jackson Finance Department and 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 2018.

**Computation of Net Direct and Overlapping Debt**  
June 30, 2018

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
<b>Direct debt</b>			
1999 Building Authority Bonds	\$ 50,000	\$ -	\$ 50,000
2001 Downtown Development Bonds	6,419,920	6,419,920	-
2011 Downtown Development Refunding Bonds	5,395,000	5,395,000	-
2012 Brownfield Redevelopment Refunding Bonds	5,890,000	5,890,000	-
2017 Brownfield Redevelopment Refunding Bonds	8,925,000	8,925,000	-
2013 City Hall Refunding (Voted UTGO)	6,265,000	6,265,000	-
2016 Capital Improvement Bonds	1,064,000	-	1,064,000
2018 Capital Improvement Bonds	14,890,000	12,674,368	2,215,632
2017 Michigan Transportation Fund Bonds	8,410,000	8,410,000	-
Installment purchase agreement	321,394	-	321,394
<b>Net direct debt</b>	<b>\$ 57,630,314</b>	<b>\$ 53,979,288</b>	<b>3,651,026</b>
	<u>Gross</u>	<u>City Share</u>	
<b>Overlapping debt</b>			
<b>School Districts:</b>			
Jackson School District	\$ 36,080,000	48.94%	17,657,552
East Jackson School District	19,661,008	0.09%	17,695
Michigan Center School District	9,965,000	1.45%	144,493
Northwest School District	37,515,000	0.21%	78,782
			<u>17,898,521</u>
Jackson County at large	142,395,000	13.39%	19,066,691
Jackson College	33,285,000	13.39%	4,456,862
Jackson County Intermediate School District	665,000	13.20%	87,780
<b>Net overlapping debt</b>			<u>41,509,853</u>
<b>Net direct and overlapping debt</b>			<u>\$ 45,160,879</u>
<b>Per capita debt: (33,445 population)</b>			
Gross direct debt			\$ 1,723.14
Net direct debt			109.17
Net overlapping debt			1,241.14
Total net direct and overlapping debt			1,350.30
<b>Percent of taxable valuation: (\$ 602,326,059 total taxable valuation at 6/30/18)</b>			
Net direct debt			0.61%
Net overlapping debt			<u>6.89%</u>
Total net debt			<u>7.50%</u>

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

**Legal Debt Margin**  
Last Ten Years

Legal debt margin calculation for 2018		
State equalized value as of December 31, 2017 (for taxes levied by the City on July 1, 2018)	\$	667,008,150
Act 198 Adjustment - one-half of the IFT taxable value amount abated		540,175
State Revenue Sharing Adjustment (1)		261,687,484
Personal Property Tax Reimbursement Adjustment for 2018 (2)		28,191,172
Total 2018 state equalized value, as adjusted	<u>\$</u>	<u>957,426,981</u>
Debt limit (10% of state equalized value)	\$	95,742,698
Total debt - (See Schedule 11)		57,630,314
Less Exempt obligations		
2017 Michigan Transportation Fund Bonds		(8,410,000)
		<u>49,220,314</u>
Legal debt margin	<u>\$</u>	<u>46,522,384</u>
Non-exempt debt outstanding as a percentage of 2018 state equalized valuation, as adjusted		<u>5.14%</u>

(1) The 2018 constitutional and statutory revenue sharing of \$ 4,498,120 divided by the millage rate of 17.1889

(2) Represents Assessed Value Equivalent of Personal Property Taxes reimbursed under the Local Community Stabilization Authority Act, Public Act 86 of 2014, as per State Treasury Numbered Letter 2018-4.

Source: City of Jackson Finance Department.

**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
2009	36,218	18,446	14,589	3,857	20.9%	\$ 4,718,335	\$ 29,469
2010	33,445	15,203	12,246	2,957	19.5%	4,855,064	30,301
2011	33,445	14,686	12,194	2,492	17.0%	5,098,226	31,902
2012	33,445	14,425	12,272	2,153	14.9%	5,237,323	32,658
2013	33,445	14,425	12,560	1,865	12.9%	5,505,580	34,331
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%	5,709,260	35,830
2016	33,445	13,805	12,730	1,075	7.8%	5,932,730	37,268
2017	33,445	14,243	13,226	1,017	7.1%	6,039,266	38,069
2018	33,445	14,303	13,252	1,051	7.3%	n/a	n/a

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2018 represents June, 2018.

- (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 2018.

**Principal Employers**

Current Year and Nine Years Ago

Employer	2018			2009			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Henry Ford Allegiance Health System	4,100	1	21.06%	3,146	(a)	1	17.83%
Consumers Energy	2,400	2	9.13%	2,000	(b)	2	11.34%
Great Lakes Home Health/Hospice	1,118	3	7.85%	400		6	2.27%
Local Government	870	4	6.11%	870		3	4.93%
Jackson Public Schools	782	5	5.49%	782		4	4.43%
Eaton Corporation	700	6	4.91%	598	(c)	5	3.39%
Anesthesia Business Consultants	284	7	1.99%	284		8	1.61%
Lifeways/Community Connections	275	8	1.93%	-		-	-
Alro Steel Corporation	271	9	1.90%	325		7	1.84%
Center for Family Health	219	10	1.54%	-		-	-
Certaineed / Wolverine Vinyl Siding	-	N/A	-	250		9	1.42%
Jackson Citizen Patriot	-	N/A	-	178		10	1.01%
	<u>11,019</u>		<u>61.91%</u>	<u>8,833</u>			<u>50.07%</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 2008 only work in the City...percentage adjusted to reflect.

Source: The Enterprise Group, Jackson County.

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
City manager	2	2	2	2	2	3	3	3	3	4
Finance	5	4	4	4	4	4	4	4	4	3
City assessor	5	3	3	3	3	3	3	5	4	5
City attorney	5	3	2	3	3	4	5	5	5	4
City clerk/elections	4	3	3	3	1	1	1	2	2	2
Personnel	4	3	1	1	1	1	2	2	1	1
Purchasing/city hall	2	2	2	2	1	1	1	1	1	1
City treasurer/income tax	6	4	4	4	4	3	3	3	4	4
Mgt. information services	3	3	2	2	3	3	2	2	2	2
Public safety:										
Police - civilian	18	14	13	13	13	10	10	11	11	16
Police - enforcement	64	60	47	44	46	47	42	43	46	46
Fire - civilian	2	2	1	1	1	-	-	-	-	-
Fire - protection	36	33	23	17	26	26	26	17	26	23
Emergency measures	1	1	1	1	1	-	-	-	-	-
Public works:										
Public works	28	26	26	25	24	15	16	11	12	16
Engineering	11	11	10	11	10	8	8	8	6	6
Culture & recreation:										
Parks, recreation & grounds	24	22	18	18	16	15	13	15	13	14
Neighborhood Economic Operations:										
Public safety/community enrichment & development	11	11	8	9	10	11	9	14	13	14
Building inspection	4	4	4	4	6	5	6	3	3	3
Enterprise funds:										
Sewer	17	19	18	17	15	11	12	12	13	12
Water	30	26	26	25	24	26	26	28	28	29
<b>Total</b>	<b>282</b>	<b>256</b>	<b>218</b>	<b>209</b>	<b>214</b>	<b>197</b>	<b>192</b>	<b>189</b>	<b>197</b>	<b>205</b>

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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Public safety</b>										
Police:										
Physical arrests	3,660	3,523	2,928	2,253	2,649	2,645	2,514	2,887	2,779	2,714
Traffic violations	7,815	8,649	6,108	6,683	6,784	5,578	3,976	5,111	5,333	3,502
Engineering - Traffic Division:										
Parking violations	3,476	2,605	2,085	2,303	2,490	2,123	1,966	1,982	2,056	2,245
Fire:										
Calls answered	4,454	4,469	4,835	4,214	4,345	4,540	4,662	4,259	4,863	4,808
Inspections conducted	450	178	53	10	122	97	172	43	79	40
<b>Sewer system</b>										
Service connections	12,844	12,800	12,860	12,860	12,860	11,620	11,449	11,407	11,330	11,923
Daily average treatment (mg)	12.8	12.1	11.9	11.9	10.2	11.2	9.3	9.6	10.1	9.0
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
<b>Water system</b>										
Service connections	15,709	15,726	15,769	15,778	15,654	14,314	14,307	14,549	14,112	14,879
Daily average consumption (mg)	5.22	5.49	5.98	6.30	6.57	6.64	6.47	7.66	7.58	7.57
Maximum daily capacity (mg)	24	24	24	24	24	24	24	24	24	24

mg = million gallons

Source: Various City Departments.

**Capital Assets Statistics by Function/Program**  
 Last Ten Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	36	37	33	31	30	30	29	29	29	31
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	10	10	10	10	11	11	11	11	11	9
Culture and recreation										
Parks:										
Number	27	27	27	27	27	26	26	26	26	26
Acreage	638	638	638	638	638	639	639	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
Disc Golf	-	-	-	-	-	-	-	-	-	1
Inline skate rink	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	2	1	1	1	1	1	1
Basketball courts	14	14	14	14	14	14	14	14	14	14
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	2,697	2,724	2,724	2,719	2,719	2,719	2,719	2,719	2,863
Sewer system										
Miles of sanitary sewers	165	165	165	165	165	165	165	165	165	165
Miles of storm sewers	110	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	2,111	2,111	2,105	2,197	2,197	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, 2018

Type of Coverage	Name of Company	Policy Period	Premium	Description
<b><u>Building and Contents</u></b> <i>Michigan Municipal Liability and Property Pool</i>		7/1/17-6/30/18	\$ 163,995	All risk coverage on buildings and contents. \$168,560.051. limit with \$2,500 deductible per occurrence.
<b><u>Automobile</u></b> <i>Michigan Municipal Liability and Property Pool</i>		7/1/17-6/30/18	90,013	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
<b><u>Liability</u></b> <i>Michigan Municipal Liability and Property Pool</i>		7/1/17-6/30/18	204,464	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$2,500 deductible.
<b><u>Crime/Bonds</u></b> <i>Michigan Municipal Liability and Property Pool</i>		7/1/17-6/30/18	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.
<b><u>Workers Compensation</u></b> <i>Midwest Employers Casualty Broadspire Services</i>		9/1/17-8/31/18 9/1/17-8/31/18	48,413 12,806	Excess insurance above \$450,000 retention. TPA for claims service.
<b><u>Community Blue-PPO Health &amp; Prescription Drug Coverage</u></b> <i>Blue Cross / Blue Shield</i>		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.
<b><u>Life</u></b> <i>Hartford Life Insurance Company</i>		Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary. All full-time employees are covered.
<b><u>Long-term Disability</u></b> <i>Hartford Life Insurance Company</i>		Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.

Source: City of Jackson Finance Department.

**State Equalized Valuation/Taxable Valuation**  
Fiscal Years Ended June 30, 2015 Through 2019

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)
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
2016	2017	2018	654,348,144	594,858,908	596,738,628
2017	2018	2019	667,008,150	600,472,705	602,326,059

Per capita 2018 ad valorem taxable valuation is \$17,934 and per capita 2018 total taxable valuation is \$18,009 based on the City's 2010 U. S. census population of 33,445.

- (1) Includes tax abatements under Act 198, neighborhood enterprise zones, renaissance zones, and obsolete property rehabilitation act properties.

	Breakdown of Taxable Value by Use and Class				
	Year of State Equalization and Tax Levy				
	2014	2015	2016	2017	2018
<u>Use:</u>					
Commercial	29.79%	29.88%	30.88%	26.72%	30.97%
Industrial	27.84%	27.65%	25.81%	29.70%	24.88%
Residential	42.37%	42.47%	43.31%	43.58%	44.15%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Class:</u>					
Real	76.64%	76.89%	78.80%	79.14%	80.11%
Personal	23.36%	23.11%	21.20%	20.86%	19.89%
	<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	
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
2017	6,055,859	3,444,716	2,611,143	-	-	-	-
2018	6,129,721	1,769,989	4,359,732	-	-	-	-

(1) Total revenues including interest.

(2) Total operating expenses, excluding 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 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	
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	-	-	-	-
2017	9,010,408	5,865,944	3,144,464	-	-	-	-
2018	9,607,688	3,147,702	6,459,986	-	-	-	-

(1) Total revenues including interest.

(2) Total operating expenses, excluding 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.

**Water Supply System**  
Last Five Fiscal Years

	2014	2015	2016	2017	2018
<b>Water pumped vs. water sold: (in million gallons)</b>					
Pumped	2,425	2,363	2,795	2,768	2,754
Sold	2,115	2,036	2,266	2,394	2,281
Sold as a % of pumped	87.22%	86.16%	81.07%	86.49%	82.82%
<b>Number of customers:</b>					
Residential	12,231	12,166	12,060	11,986	12,000
Commercial	1,982	1,958	1,878	1,845	1,887
Industrial	174	172	169	171	168
<b>Total</b>	<b>14,387</b>	<b>14,296</b>	<b>14,107</b>	<b>14,002</b>	<b>14,055</b>
<b>Percent of water consumption by category:</b>					
Residential	31.67%	30.00%	26.00%	25.20%	24.97%
Commercial	54.95%	49.00%	43.00%	41.10%	41.55%
Industrial	13.38%	21.00%	31.00%	33.70%	33.48%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>History of water rates</b> (average consumption - 22 HCF / average 5/8 inch meter)					
Metered per quarter	\$ 72.48	\$ 72.48	\$ 72.48	\$ 79.73	\$ 87.89
% Change (in average consumption)	0.00%	0.00%	0.00%	10.00%	10.23%
<b>Water supply system annual revenues:</b>					
Metered revenue	\$ 7,584,137	\$ 7,348,461	\$ 7,917,879	\$ 8,677,881	\$ 9,316,942
% increase (decrease)	-5.37%	-3.11%	7.75%	9.60%	7.36%
<b>Water supply system revenues by user class:</b>					
Residential	\$ 3,361,445	\$ 3,116,062	\$ 3,033,734	\$ 3,371,231	\$ 3,665,473
Commercial	3,547,818	3,332,473	3,297,299	3,657,125	3,891,952
Industrial	674,874	899,926	1,586,846	1,649,525	1,759,517
Sewer - billing & collection charges	248,499	264,581	251,416	223,028	238,536
<b>Total</b>	<b>\$ 7,832,636</b>	<b>\$ 7,613,042</b>	<b>\$ 8,169,295</b>	<b>\$ 8,900,909</b>	<b>\$ 9,555,478</b>
<b>Water supply revenues by user class as a % of total revenues:</b>					
Residential	42.92%	40.93%	37.14%	37.88%	38.36%
Commercial	45.30%	43.77%	40.36%	41.09%	40.73%
Industrial	8.62%	11.82%	19.42%	18.53%	18.41%
Sewer - billing & collection charges	3.17%	3.48%	3.08%	2.51%	2.50%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: City Water Department.

**Water Supply System**

Ten Largest Water Customers - By Usage  
For the Fiscal Year Ended June 30, 2018

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
Consumers Energy - Jackson Generating	529.400	23.21%	\$ 974,296	10.20%
* Michigan Department of Corrections	221.318	9.70%	432,992	4.53%
Henry Ford - Allegiance Health/Health Cent	50.329	2.21%	242,125	2.53%
Certainteed/Wolverine Technologies	39.929	1.75%	161,132	1.69%
Elm Plating Company	27.079	1.19%	130,936	1.37%
Commonwealth Commerce Center	25.885	1.13%	82,182	0.86%
Eaton Aerospace	22.437	0.98%	73,764	0.77%
Jackson Tumble Finish	20.871	0.91%	69,756	0.73%
* Sun Communities Inc.	18.640	0.82%	46,377	0.49%
* Consumers Energy Company	18.597	0.82%	89,891	0.94%

(1) Unit = million gallons (MG)

(2) Based on June 30, 2018 total water sold (Schedule 22) of 2,281 MG's.

(3) Based on June 30, 2018 water supply system revenues by user class (Schedule 22) of \$ 9,555,478

\* Located outside of City limits.

Source: City Water Department.

**Industrial Facilities Tax Roll**  
For the Fiscal Year Ended June 30, 2018

Tax Year (1) of Transfer To Ad Valorem Tax Roll	(2) I.F.T. S.E.V. Amount
2018	\$ 591,700
2019	-
2020	-
2021	-
2022	1,700
2023	-
2024	-
2025	155,400
2026	251,650
2027	13,650
2028	-
2029	-
2030	66,250
	<u>\$ 1,080,350</u>

(1) Tax year shown is as of July 1. The July 1, 2017 tax year is for the fiscal year ending June 30, 2018.

(2) 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
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
2017	1,081,438	1,500,000	2,208,370	-	373,068	1.17
2018	1,137,449	1,500,000	2,328,325	-	309,124	1.13

- (1) Tax increment revenues include Act 86 state grant amounts in fiscal year 2016 and the Local Community Stabilization Share Tax (personal property tax loss reimbursement) for fiscal years 2017 and later.
- (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
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
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
2017	1,082,966	1,120,308	-	(37,342)	0.97
2018	1,107,256	1,131,636	-	(24,380)	0.98

- (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
2017	2,692,564	1,707,283	4,399,847
2018	2,763,680	1,734,440	4,498,120

(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%)
2017	9,021,888	9.09%
2018	9,042,070	0.22%

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
2017	3,110,277	762,955	4.08
2018	3,721,054	762,955	4.88

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

## City Pension Funds - Funding Progress (1)

	Valuation Date	Actuarial Value Assets (2)	Actuarial Accrued Liability (2)	Unfunded Actuarial Accrued Liability (2)	Funding Ratio
<b>Employees Retirement System</b>					
	2008	\$ 35,618	\$ 40,907	\$ 5,289	87.1%
	2009	34,971	42,855	7,884	81.6%
	2010	34,124	43,283	9,159	78.8%
	2011	32,986	43,916	10,930	75.1%
	2012	32,117	48,321	16,204	66.5%
	2013	33,538	48,773	15,235	68.8%
	2014	35,921	49,373	13,452	72.8%
	2015	37,072	48,882	11,810	75.8%
	2016	38,406	48,224	9,818	79.6%
	2017	39,624	48,898	9,274	81.0%
<b>Policemen's and Firemen's Pension</b>					
	2008	\$ 5,533	\$ 11,056	\$ 5,523	50.0%
	2009	4,294	9,867	5,573	43.5%
	2010	4,029	9,464	5,435	42.6%
	2011	3,575	8,904	5,329	40.2%
	2012	3,245	8,481	5,236	38.3%
	2013	3,200	8,189	4,989	39.1%
	2014	3,286	8,165	4,879	40.2%
	2015	3,292	8,213	4,921	40.1%
	2016	3,305	7,912	4,607	41.8%
	2017	3,295	7,467	4,172	44.1%
<b>Policemen's and Firemen's Pension - Act 345</b>					
	2008	\$ 36,003	\$ 59,228	\$ 23,225	62.8%
	2009	35,907	61,905	25,998	58.0%
	2010	35,632	62,211	26,579	57.3%
	2011	33,801	62,431	28,630	54.1%
	2012	32,257	65,437	33,180	49.3%
	2013	33,996	70,375	36,379	48.3%
	2014	36,657	70,668	34,011	51.9%
	2015	37,537	75,273	37,736	49.9%
	2016	38,848	75,729	36,881	51.3%
	2017	40,356	74,700	34,344	54.0%

(1) See Note 17 for further information related to the City Pension Plans

(2) Rounded in Thousands

Source: City Actuarial Reports

**Labor Contracts**

The City has four employee bargaining units with the following contract durations:

	Number of Employees	Contract Expiration Date
Employee Group:		
International Association of Firefighters	25	June 30, 2021
Police Officers Labor Council - Supervisory	9	June 30, 2020
Police Officers Labor Council - Non-Supervisory	33	June 30, 2021
Michigan Association of Public Employees	77	June 30, 2020
Non-Union	53	
	<u>197</u>	

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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, 2018

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, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 27, 2018, 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.



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CITY OF JACKSON, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Fiscal Year Ended June 30, 2018

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	Direct	B15MC260021	\$ 523,141
Community Development Block Grant	14.218	Direct	B16MC260021	560,358
				<u>1,083,499</u>
Home Investment Partnership Programs	14.239	Direct	M15MC260214	16,648
Home Investment Partnership Programs	14.239	Direct	M16MC260214	51,976
				<u>68,624</u>
Lead-Based Paint Hazard Control Grant Program	14.900	Direct	MILHB0647-17	<u>62,948</u>
Total U.S. Department of Housing and Urban Development				<u>1,215,071</u>
U.S. Department of Justice				
Bulletproof Vest Partnership	16.607	Direct	n/a	<u>4,446</u>
U.S. Department of Transportation				
Safe Communities Traffic Programs	20.602	JTSP0	n/a	<u>9,111</u>
U.S. Department of Homeland Security				
Assistance to Fire Fighters - SAFER	97.044	Direct	n/a	<u>650,675</u>
Total expenditures of federal awards				<u>\$ 1,879,303</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, 2018. 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 elected not 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
JTSP0	Jackson Traffic Safety Program Office

### 4. SUBRECIPIENTS

The City did not pass-through any federal awards to subrecipients.



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, 2018

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, 2018, 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, 2018.

#### 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 "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

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

December 27, 2018

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

Report on Compliance for the 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, 2018. 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 each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

### *Opinion on the 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, 2018.

### **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

The image shows a handwritten signature in black ink that reads "Lehmann Johnson LLC". The signature is written in a cursive, flowing style.

# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2018

### 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>
14.218	Community Development Block Grant	Unmodified

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, 2018

### SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2018

### 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, 2018

None reported.

