

# CITY OF JACKSON MICHIGAN

**2019**

Annual  
Financial  
Report



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2019

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# **CITY OF JACKSON, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2019**

**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 19, 2019

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, 2019.

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, 2019 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, 2019 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 nonpartisan, 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 approximated \$20 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 "The 200" 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;
- 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;
- Redevelopment of 159 W. Michigan Avenue into a first floor salon and five loft-style apartments on the second floor. This project was completed in early spring 2019;
- The Francis Senior Lofts on Francis Street between Franklin Street and Wesley Street;
- The Albert Kahn Lofts at the site of the previous Jackson Citizen Patriot newspaper building; and,
- Continuation of construction at the Jackson School for the Arts and adjoining Culinary Institute, which is expected to be completed in fiscal year 2020.

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 \$752 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 had declined to approximately \$589 million for the 2016 tax year (fiscal year 2017). Taxable values have since rebounded in the last few years to over \$617 million in tax year 2019 (4.8% increase). State equalized values (50% of estimated true market values) had also declined in a similar pattern, however, these values have increased nearly 12% during the same time-frame. 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.

The slower increase in the value of taxable property as compared to assessed values in the City mentioned above is due to the constraint imposed 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 \$125,906 (2.8%) in total to \$4,624,026. This increase was comprised of an increase of \$126,042 constitutional and a slight decrease of \$136 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 resulted in a 9.3% increase to nearly \$ 9.9 million in fiscal year 2019. The City saw its unemployment rate decrease to 6.9% (as of June 2019) from the previous fiscal year rate of 7.2%. There was also a slight increase in the total labor force of 1.2% to 14,385 and actual employment levels increased 1.5%, to 13,389. The actual number of unemployed decreased from 1,025 to 996, or 2.9%.

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, 2018. This was the twenty-seventh 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

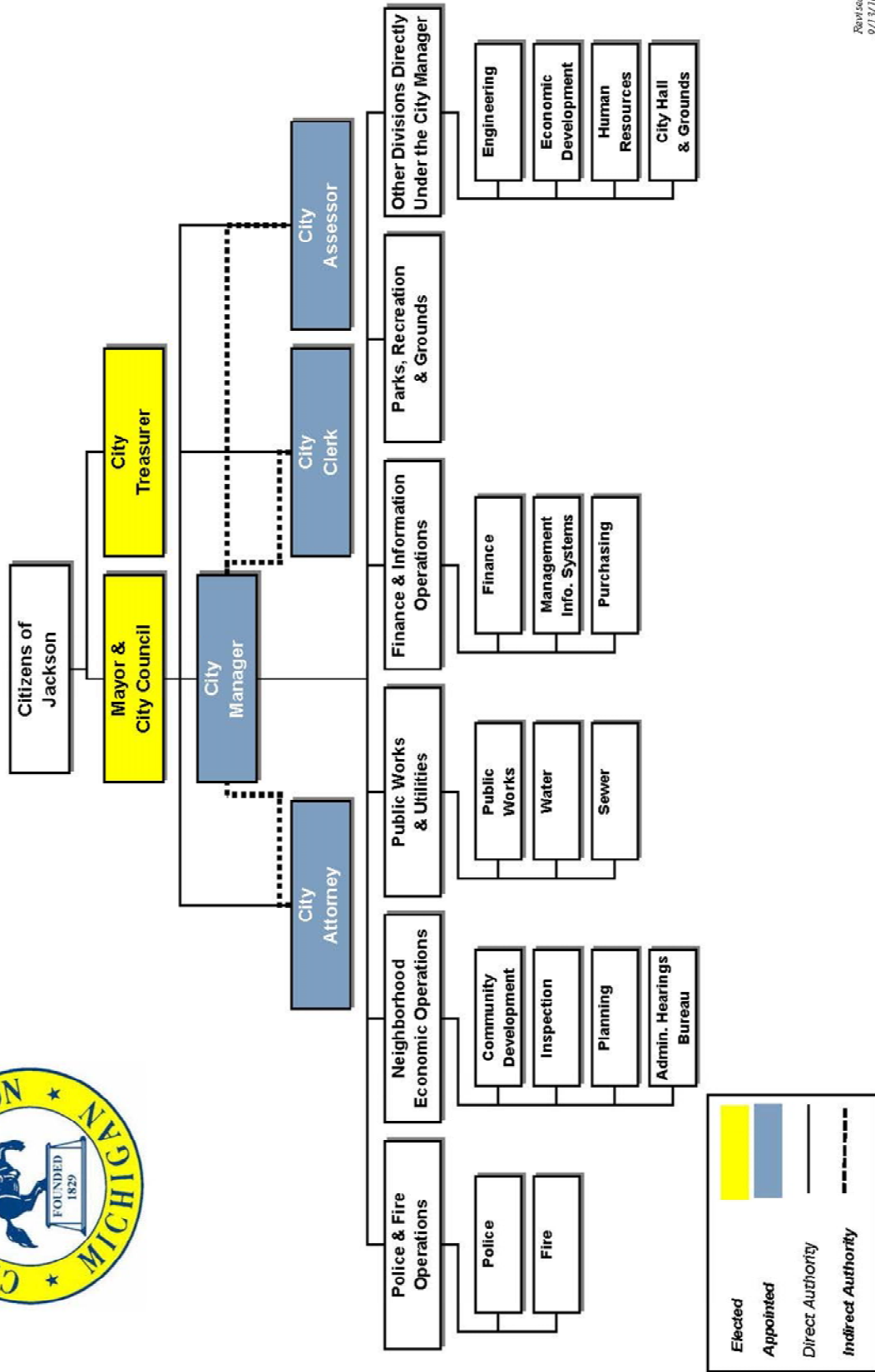
**June 30, 2018**

*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>Vacant</b>	<b>City Attorney</b>
<b>Jason Yoakam</b>	<b>City Assessor</b>

## FINANCIAL SECTION

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**INDEPENDENT AUDITORS' REPORT**

December 19, 2019

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, 2019, 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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund and major special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules 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 combining and individual fund financial statements and schedules, the introductory and statistical sections, and the other information 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 and statistical sections 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 19, 2019, 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.

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

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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, 2019. 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	\$88,574,466
• Change in total net position	18,204,251
• Fund balances, governmental funds	30,260,050
• Change in fund balances, governmental funds	(4,188,110)
• Unassigned fund balance, general fund	7,877,478
• Change in fund balance, general fund	(720,910)
• Installment debt outstanding	53,930,473
• Change in installment debt	(3,699,841)

### 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.

### 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 \$88,574,466 at the close of the most recent fiscal year.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

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	
	2019	2018	2019	2018	2019	2018
<b>Assets</b>						
Current and other assets	\$ 41,057,373	\$ 45,366,029	\$ 28,972,355	\$ 27,443,675	\$ 70,029,728	\$ 72,809,704
Capital assets, net	99,405,312	93,196,715	72,433,199	68,554,581	171,838,511	161,751,296
<b>Total assets</b>	<b>140,462,685</b>	<b>138,562,744</b>	<b>101,405,554</b>	<b>95,998,256</b>	<b>241,868,239</b>	<b>234,561,000</b>
<b>Deferred outflows of resources</b>	<b>10,881,984</b>	<b>7,760,064</b>	<b>416,690</b>	<b>329,405</b>	<b>11,298,674</b>	<b>8,089,469</b>
<b>Liabilities</b>						
Long-term debt outstanding	57,653,150	61,473,680	274,018	313,267	57,927,168	61,786,947
Other liabilities	2,321,763	5,371,339	1,096,980	1,884,919	3,418,743	7,256,258
Net pension and OPEB liability	75,675,847	72,981,836	18,727,730	19,384,285	94,403,577	92,366,121
<b>Total liabilities</b>	<b>135,650,760</b>	<b>139,826,855</b>	<b>20,098,728</b>	<b>21,582,471</b>	<b>155,749,488</b>	<b>161,409,326</b>
<b>Deferred inflows of resources</b>	<b>6,741,360</b>	<b>7,686,147</b>	<b>2,101,599</b>	<b>3,184,781</b>	<b>8,842,959</b>	<b>10,870,928</b>
<b>Net position:</b>						
Net investment in capital assets	54,931,404	51,108,178	72,433,199	68,554,581	127,364,603	119,662,759
Restricted	12,471,809	12,047,542	-	-	12,471,809	12,047,542
Unrestricted (deficit)	(58,450,664)	(64,345,914)	7,188,718	3,005,828	(51,261,946)	(61,340,086)
<b>Total net position</b>	<b>\$ 8,952,549</b>	<b>\$ (1,190,194)</b>	<b>\$ 79,621,917</b>	<b>\$ 71,560,409</b>	<b>\$ 88,574,466</b>	<b>\$ 70,370,215</b>

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 8,518,198	\$ 7,633,281	\$ 16,191,522	\$ 15,207,460	\$ 24,709,720	\$ 22,840,741
Operating grants and contributions	10,617,226	7,188,154	1,441,018	-	12,058,244	7,188,154
Capital grants and contributions	3,304,842	8,725,585	-	-	3,304,842	8,725,585
General revenues:						
Property taxes	11,897,574	11,426,851	-	-	11,897,574	11,426,851
Income taxes	9,882,250	9,042,070	-	-	9,882,250	9,042,070
Grants and contributions not restricted to specific programs	4,769,735	4,667,253	-	556,648	4,769,735	5,223,901
Other	856,080	353,866	361,329	137,466	1,217,409	491,332
<b>Total revenues</b>	<b>49,845,905</b>	<b>49,037,060</b>	<b>17,993,869</b>	<b>15,901,574</b>	<b>67,839,774</b>	<b>64,938,634</b>
<b>Expenses:</b>						
Legislative	103,078	108,282	-	-	103,078	108,282
General government	3,452,770	(191,739)	-	-	3,452,770	(191,739)
Public safety	18,321,150	14,191,120	-	-	18,321,150	14,191,120
Public works	3,832,094	7,401,586	-	-	3,832,094	7,401,586
Culture and recreation	3,209,702	3,137,477	-	-	3,209,702	3,137,477
Community enrichment and development	5,420,109	4,965,201	-	-	5,420,109	4,965,201
Interest on long-term debt	3,127,526	2,496,690	-	-	3,127,526	2,496,690
Sewer	-	-	3,702,480	2,759,909	3,702,480	2,759,909
Water	-	-	7,874,503	4,001,789	7,874,503	4,001,789
Parking system	-	-	536,176	559,056	536,176	559,056
Golf practice center	-	-	55,935	33,139	55,935	33,139
<b>Total expenses</b>	<b>37,466,429</b>	<b>32,108,617</b>	<b>12,169,094</b>	<b>7,353,893</b>	<b>49,635,523</b>	<b>39,462,510</b>
Change in net position before transfers	12,379,476	16,928,443	5,824,775	8,547,681	18,204,251	25,476,124
Transfers	(2,236,733)	(2,034,062)	2,236,733	2,034,062	-	-
<b>Change in net position</b>	<b>10,142,743</b>	<b>14,894,381</b>	<b>8,061,508</b>	<b>10,581,743</b>	<b>18,204,251</b>	<b>25,476,124</b>
Net position (deficit) - beginning of year	(1,190,194)	(16,084,575)	71,560,409	60,978,666	70,370,215	44,894,091
<b>Net position (deficit) - end of year</b>	<b>\$ 8,952,549</b>	<b>\$ (1,190,194)</b>	<b>\$ 79,621,917</b>	<b>\$ 71,560,409</b>	<b>\$ 88,574,466</b>	<b>\$ 70,370,215</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 fiscal year 2018. In addition to expanded disclosure requirements, the City is required to report its net pension liability and net OPEB 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 \$10,142,743 during fiscal year 2019 compared to an increase of \$14,894,381 during fiscal 2018. Some significant elements of this increase are as follows:

- A decrease in federal grants in the Major Street Fund of over \$ 5.2 million.
- Income taxes increased nearly \$840,000 and interest earnings nearly \$500,000, while most other major revenue and expense components remained comparable to prior years.

Business-type activities. Business-type activities increased the City's net position by \$8,061,508 during fiscal year 2019 compared to an increase of \$10,581,743 during fiscal year 2018. This change resulted from increases (decreases) in the following funds:

- |                |              |
|----------------|--------------|
| • Sewage       | \$ 4,104,605 |
| • Water        | 3,799,790    |
| • Parking deck | (232,830)    |
| • Nonmajor     | 461,930      |

Key elements of this change are as follows:

- Charges for services increased nearly \$1 million, however, operating expenses increased \$4.8 million with the majority of this increase occurring in the water enterprise fund.

### 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 \$30,260,050, a decrease of \$4,188,110 from the prior year. Approximately 16.7 percent of this total amount, or \$5,042,568 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 \$298,439, prepaid expenditures \$30,802, funds advanced on a long-term basis \$50,000, cemetery perpetual care \$1,965,443 and endowments related to Ella Sharp Park and facilities \$1,428,767; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$19,835,064; and 3) committed which indicate funds that have self-imposed limitations, which total \$1,608,967. 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 \$7,877,478, while total fund balance was \$8,256,214. 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 33.1 percent of total general fund expenditures while total fund balance represents 34.7 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$720,910 during the current fiscal year. Much of this decrease is attributable to transfers to the Cortland street projects fund. These transfers should be completed during the current fiscal year.

The major streets special revenue fund's fund balance increased \$1,994,057 from the prior fiscal year leaving a total surplus of \$2,696,954 at fiscal year-end. This increase was largely due to special assessments levied prior to the related street construction. These assessments will be expended in the next fiscal year as construction costs are incurred.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

The special assessment capital projects fund, which is used to account for special assessments levied to finance public improvements or services deemed to benefit only the properties against which the assessments are levied, increased the amount of its fund deficit by \$2,325,405. This fund, which has a deficit by its nature, recorded \$3,535,293 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$839,022.

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 decreased \$4,182,586 from the prior fiscal year due to the use of bond proceeds to fund related capital expenditures.

*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 \$5,646,745 and \$652,397, respectively. The sewage fund had an increase in net position for the year of \$4,104,605, and the water fund had an increase of \$3,799,790. 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 \$232,830, which is almost entirely due to depreciation.

### General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues totaled \$382,580. These amendments were largely related to increased revenue projections for income tax and intergovernmental revenues.

Actual revenues exceeded final amended budgeted amounts by \$439,428. This is largely due to property and income taxes, fines and forfeits and investment income.

Differences between the original and final amended budgeted expenditures totaled \$18,385. These amendments were relatively minor.

Actual expenditures were less than final amended budgeted amounts by \$914,382. This is largely due to lower than expected public safety expenditures.

### Major Streets Special Revenue Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues totaled \$92,228. These amendments were largely related to increases in federal grants and gas and weight tax distributions from the state.

Actual revenues exceeded final amended budgeted amounts by \$1,260,734. This is largely due to federal grants related to street construction.

Differences between the original and final amended budgeted expenditures totaled \$1,031,179. These amendments were largely related to street construction project expenditures that had been carried over from the previous fiscal year.

Actual expenditures were less than final amended budgeted amounts by \$1,100,660. This is largely due to street construction project expenditures expected to be completed in fiscal year 2019, but overlapped into fiscal year 2020.

### 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, 2019, amounted to \$171,838,511 (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 \$10,087,215 or 6.2 percent.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

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

- Construction in progress increased \$4,412,717. Over one half of that amount is related to the Cortland Street Project with the balance largely attributable to water treatment plant improvements.
- Infrastructure increased \$3,813,742, which largely represents street, water main and sewer line construction.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 2,395,280	\$ 2,395,280	\$ 8,956,886	\$ 8,956,886	\$ 11,352,166	\$ 11,352,166
Construction in progress	2,512,778	-	3,064,799	1,434,860	5,577,577	1,434,860
Systems	-	-	44,080,111	43,280,575	44,080,111	43,280,575
Land improvements	11,036,318	11,351,582	3,807,320	3,411,978	14,843,638	14,763,560
Infrastructure	66,005,822	62,414,093	-	-	66,005,822	62,414,093
Buildings and improvements	9,844,029	9,514,064	7,986,881	8,202,553	17,830,910	17,716,617
Park and recreation facilities	5,554,451	5,302,646	-	-	5,554,451	5,302,646
Machinery and equipment	2,056,634	2,219,050	4,537,202	3,267,729	6,593,836	5,486,779
<b>Total</b>	<b>\$ 99,405,312</b>	<b>\$ 93,196,715</b>	<b>\$72,433,199</b>	<b>\$68,554,581</b>	<b>\$171,838,511</b>	<b>\$161,751,296</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 \$53,930,473. Of this amount, \$53,664,312 comprises debt backed by the full faith and credit of the government.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
General obligation bonds	\$ 53,664,312	\$ 57,308,920	\$ -	\$ -	\$ 53,664,312	\$ 57,308,920
Installment purchase agreement	266,161	321,394	-	-	266,161	321,394
<b>Total</b>	<b>\$ 53,930,473</b>	<b>\$ 57,630,314</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 53,930,473</b>	<b>\$ 57,630,314</b>

The City made principal payments on existing agreements in the amount of \$3,699,841 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 \$99,735,268, which is significantly in excess of the City's outstanding general obligation debt of \$53,930,473.

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 2019/20 fiscal year:

- The unemployment rate for the City is currently 5.5% (October 2019), which is a 0.1% increase from a rate of 5.4% a year ago (October 2018). While this compares unfavorably to the state's average unemployment rate of 3.5% and the national average rate of 3.3%, the City has maintained fairly consistent employment levels - from 13,801 to 13,690 - which should have a stable effect on this year's income tax revenues.

## CITY OF JACKSON, MICHIGAN

### Management's Discussion and Analysis

- Ad valorem (real and personal) taxable values of property have increased 3.3% from the prior fiscal year. State equalized values, however, as indicated earlier, actually increased for the fifth consecutive fiscal year since 2014. As a result, it is expected that taxable values will continue to show slow but steady growth in the coming years.
- Inflationary trends in the region compare favorably to national indices.

During the 2019 fiscal year, unassigned fund balance in the general fund decreased from \$8,881,658 to \$7,877,478. The current budget anticipates that this fund balance amount will decrease by \$610,600. In addition, management is also expected to utilize approximately \$391,000 in transfers to the Cortland street renovation projects special revenue fund representing funding that was budgeted but not needed in fiscal year 2019.

#### 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, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Assets</b>					
Pooled cash and investments	\$ 27,640,984	\$ 23,745,742	\$ 51,386,726	\$ 1,334,061	\$ 156,880
Restricted cash:					
Cash on hand with agents	46,000	-	46,000	-	-
Pooled cash and investments	3,350,182	-	3,350,182	-	-
Receivables, net	9,344,580	4,995,582	14,340,162	7,870	66,057
Internal balances	72,572	(72,572)	-	-	-
Inventories and prepaid items	603,055	303,603	906,658	-	-
Capital assets not being depreciated	4,908,058	12,021,685	16,929,743	-	-
Capital assets being depreciated, net	94,497,254	60,411,514	154,908,768	-	-
<b>Total assets</b>	<b>140,462,685</b>	<b>101,405,554</b>	<b>241,868,239</b>	<b>1,341,931</b>	<b>222,937</b>
<b>Deferred outflows of resources</b>					
Deferred charge on bond refunding	632,966	-	632,966	-	-
Deferred pension amounts	10,050,325	234,986	10,285,311	-	-
Deferred OPEB amounts	198,693	181,704	380,397	-	-
<b>Total deferred outflows of resources</b>	<b>10,881,984</b>	<b>416,690</b>	<b>11,298,674</b>	<b>-</b>	<b>-</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	1,887,738	1,092,315	2,980,053	693	9,762
Accrued interest payable	294,926	-	294,926	-	-
Unearned revenue	139,099	4,665	143,764	-	30,259
Long-term debt:					
Due within one year	4,061,013	39,410	4,100,423	-	-
Due in more than one year	53,592,137	234,608	53,826,745	-	-
Net pension liability (due in more than one year)	55,947,082	685,642	56,632,724	-	-
Net OPEB liability (due in more than one year)	19,728,765	18,042,088	37,770,853	-	-
<b>Total liabilities</b>	<b>135,650,760</b>	<b>20,098,728</b>	<b>155,749,488</b>	<b>693</b>	<b>40,021</b>
<b>Deferred inflows of resources</b>					
Deferred pension amounts	4,620,378	161,947	4,782,325	-	-
Deferred OPEB amounts	2,120,982	1,939,652	4,060,634	-	-
<b>Total deferred inflows of resources</b>	<b>6,741,360</b>	<b>2,101,599</b>	<b>8,842,959</b>	<b>-</b>	<b>-</b>
<b>Net position</b>					
Net investment in capital assets	54,931,404	72,433,199	127,364,603	-	-
Restricted for:					
Highways and streets	3,268,153	-	3,268,153	-	-
Public improvement and recreation	5,482,536	-	5,482,536	-	-
Public safety	28,976	-	28,976	-	-
Act 345 Pension	297,934	-	297,934	-	-
Perpetual care -					
Endowments (nonspendable)	3,394,210	-	3,394,210	-	-
Unrestricted (deficit)	(58,450,664)	7,188,718	(51,261,946)	1,341,238	182,916
<b>Total net position</b>	<b>\$ 8,952,549</b>	<b>\$ 79,621,917</b>	<b>\$ 88,574,466</b>	<b>\$ 1,341,238</b>	<b>\$ 182,916</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, 2019

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	\$ 103,078	\$ -	\$ -	\$ -	\$ (103,078)
General government	3,452,770	2,288,792	1,154,989	-	(8,989)
Public safety	18,321,150	2,628,633	934,811	-	(14,757,706)
Public works	3,832,094	349,601	4,597,134	3,233,676	4,348,317
Culture and recreation	3,209,702	837,633	126	-	(2,371,943)
Community enrichment and development	5,420,109	2,413,539	3,930,166	71,166	994,762
Interest on long-term debt	3,127,526	-	-	-	(3,127,526)
<b>Total governmental activities</b>	<b>37,466,429</b>	<b>8,518,198</b>	<b>10,617,226</b>	<b>3,304,842</b>	<b>(15,026,163)</b>
Business-type activities:					
Sewer	3,702,480	6,519,888	1,007,495	-	3,824,903
Water	7,874,503	9,434,600	410,900	-	1,970,997
Parking system	536,176	206,547	22,623	-	(307,006)
Golf practice center	55,935	30,487	-	-	(25,448)
<b>Total business-type activities</b>	<b>12,169,094</b>	<b>16,191,522</b>	<b>1,441,018</b>	<b>-</b>	<b>5,463,446</b>
<b>Total primary government</b>	<b>\$ 49,635,523</b>	<b>\$ 24,709,720</b>	<b>\$ 12,058,244</b>	<b>\$ 3,304,842</b>	<b>\$ (9,562,717)</b>
Component units					
Brownfield redevelopment authority	\$ 1,346,217	\$ -	\$ -	\$ -	\$ (1,346,217)
Downtown development authority	258,990	45,021	-	-	(213,969)
<b>Total component units</b>	<b>\$ 1,605,207</b>	<b>\$ 45,021</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,560,186)</b>

continued...

CITY OF JACKSON, MICHIGAN

**Statement of Activities**

For the Fiscal Year Ended June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenues (expenses)	\$ (15,026,163)	\$ 5,463,446	\$ (9,562,717)	\$ (1,346,217)	\$ (213,969)
General revenues and transfers					
Property taxes	11,897,574	-	11,897,574	1,280,901	91,082
Income taxes	9,882,250	-	9,882,250	-	-
Grants and contributions not restricted to specific purposes	4,769,735	-	4,769,735	-	1,065
Unrestricted interest earnings	856,080	361,329	1,217,409	19,371	1,248
Transfers - internal activities	(2,236,733)	2,236,733	-	-	-
Total general revenues and transfers	25,168,906	2,598,062	27,766,968	1,300,272	93,395
Change in net position	10,142,743	8,061,508	18,204,251	(45,945)	(120,574)
Net position (deficit), beginning of year	(1,190,194)	71,560,409	70,370,215	1,387,183	303,490
Net position, end of year	\$ 8,952,549	\$ 79,621,917	\$ 88,574,466	\$ 1,341,238	\$ 182,916

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, 2019

	General	Major Streets	Special Assessment Capital Projects
<b>Assets</b>			
Pooled cash and investments	\$ 4,530,834	\$ 2,105,110	\$ 279,567
Accounts receivables, net	687,796	51,770	-
Taxes receivable, net	2,049,850	-	-
Loans receivable	-	-	-
Interest receivable	37,638	4,045	5,864
Other receivables	-	-	4,286,103
Due from other governments	818,740	527,314	-
Due from other funds	1,584,805	-	-
Inventories	-	282,939	-
Prepaid items	30,802	-	-
Long-term advances to other funds	50,000	-	-
<b>Total assets</b>	<b>\$ 9,790,465</b>	<b>\$ 2,971,178</b>	<b>\$ 4,571,534</b>
<b>Liabilities</b>			
Negative equity in pooled cash and investments	\$ -	\$ -	\$ -
Accounts payable	570,617	263,973	-
Accrued payroll	421,045	10,251	-
Other liabilities	21,487	-	-
Due to other funds	322	-	1,584,805
Unearned revenue	-	-	-
Long-term advances from other funds	-	-	1,535,536
<b>Total liabilities</b>	<b>1,013,471</b>	<b>274,224</b>	<b>3,120,341</b>
<b>Deferred inflows of resources</b>			
Unavailable revenue - Administrative Hearings Bureau	520,780	-	-
Unavailable revenue - loans receivable	-	-	-
Unavailable revenue - special assessment receivable	-	-	4,286,103
<b>Total deferred inflows of resources</b>	<b>520,780</b>	<b>-</b>	<b>4,286,103</b>
<b>Fund balances</b>			
Nonspendable	80,802	282,939	-
Restricted	297,934	2,414,015	-
Committed	-	-	-
Unassigned (deficit)	7,877,478	-	(2,834,910)
<b>Total fund balances (deficit)</b>	<b>8,256,214</b>	<b>2,696,954</b>	<b>(2,834,910)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 9,790,465</b>	<b>\$ 2,971,178</b>	<b>\$ 4,571,534</b>

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

2018 Capital Improvements Bonds	Nonmajor Governmental Funds	Totals
\$ 8,424,861	\$ 13,629,940	\$ 28,970,312
-	212,866	952,432
-	-	2,049,850
-	19,688	19,688
200,931	60,209	308,687
-	44,028	4,330,131
-	279,082	1,625,136
-	9,793	1,594,598
-	15,500	298,439
-	-	30,802
-	-	50,000
<u>\$ 8,625,792</u>	<u>\$ 14,271,106</u>	<u>\$ 40,230,075</u>
\$ -	\$ 171,016	\$ 171,016
8,235	257,994	1,100,819
-	99,603	530,899
-	-	21,487
-	9,471	1,594,598
-	139,099	139,099
-	50,000	1,585,536
<u>8,235</u>	<u>727,183</u>	<u>5,143,454</u>
-	-	520,780
-	19,688	19,688
-	-	4,286,103
-	19,688	4,826,571
-	3,409,710	3,773,451
8,617,557	8,505,558	19,835,064
-	1,608,967	1,608,967
-	-	5,042,568
<u>8,617,557</u>	<u>13,524,235</u>	<u>30,260,050</u>
<u>\$ 8,625,792</u>	<u>\$ 14,271,106</u>	<u>\$ 40,230,075</u>

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# CITY OF JACKSON, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2019

Fund balances - total governmental funds \$ 30,260,050

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

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

Capital assets not being depreciated	4,908,058
Capital assets being depreciated, net	94,497,254
Less capital assets accounted for in the internal service funds	(370,752)

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 Administrative Hearings Bureau receivables	520,780
Unavailable loans receivable	19,688
Unavailable special assessments	4,286,103

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

Net pension liability	(55,947,082)
Deferred outflows related to the net pension liability	10,050,325
Deferred inflows related to the net pension liability	(4,620,378)
Net OPEB liability	(19,728,765)
Deferred outflows related to the net OPEB liability	198,693
Deferred inflows related to the net OPEB liability	(2,120,982)

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 the internal service funds	4,214,705
Portion of the internal service funds net position attributed to business-type activities	72,572

Certain liabilities and deferred outflows of resources, 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	45,231
Unamortized deferred charge on refunding	632,966
Bonds and installment contracts	(53,903,083)
Unamortized bond premium	(1,936,287)
Compensated absences	(1,831,621)
Accrued interest on long-term liabilities	(294,926)

Net position of governmental activities \$ 8,952,549

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, 2019

	General	Major Streets	Special Assessment Capital Projects
<b>Revenues</b>			
Property taxes	\$ 8,705,148	\$ -	\$ -
Income taxes	9,882,250	-	-
Licenses and permits	258,778	-	-
Intergovernmental	4,688,571	5,538,611	-
Charges for services	1,512,139	-	-
Fines and forfeits	398,997	-	-
Donations	20,000	-	-
Special assessments	-	-	839,022
Investment income	223,003	9,932	-
Miscellaneous	430,720	270,710	-
<b>Total revenues</b>	<b>26,119,606</b>	<b>5,819,253</b>	<b>839,022</b>
<b>Expenditures</b>			
Current:			
Legislative	103,078	-	-
General government	5,443,624	-	-
Public safety	14,711,218	-	-
Public works	1,177,920	6,378,537	-
Culture and recreation	1,793,059	-	-
Community enrichment and development	585,620	-	-
Debt service:			
Principal	-	-	-
Interest and fiscal charges	-	-	-
<b>Total expenditures</b>	<b>23,814,519</b>	<b>6,378,537</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>2,305,087</b>	<b>(559,284)</b>	<b>839,022</b>
<b>Other financing sources (uses)</b>			
Sale of capital assets	13,895	-	-
Insurance recovery	15,005	-	-
Transfers in	82,279	3,330,557	598,552
Transfers out	(3,137,176)	(777,216)	(3,762,979)
<b>Total other financing sources (uses)</b>	<b>(3,025,997)</b>	<b>2,553,341</b>	<b>(3,164,427)</b>
<b>Net change in fund balances</b>	<b>(720,910)</b>	<b>1,994,057</b>	<b>(2,325,405)</b>
<b>Fund balances (deficit), beginning of year</b>	<b>8,977,124</b>	<b>702,897</b>	<b>(509,505)</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 8,256,214</b>	<b>\$ 2,696,954</b>	<b>\$ (2,834,910)</b>

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

2018 Capital Improvements Bonds	Nonmajor Governmental Funds	Totals
\$ -	\$ 3,192,426	\$ 11,897,574
-	-	9,882,250
-	-	258,778
-	4,548,310	14,775,492
-	5,101,154	6,613,293
-	-	398,997
-	-	20,000
-	-	839,022
360,979	276,745	870,659
-	321,227	1,022,657
<u>360,979</u>	<u>13,439,862</u>	<u>46,578,722</u>
-	-	103,078
-	-	5,443,624
-	2,057,475	16,768,693
-	2,291,019	9,847,476
-	1,593,245	3,386,304
589,589	5,025,686	6,200,895
-	3,699,841	3,699,841
-	3,164,727	3,164,727
<u>589,589</u>	<u>17,831,993</u>	<u>48,614,638</u>
<u>(228,610)</u>	<u>(4,392,131)</u>	<u>(2,035,916)</u>
-	-	13,895
-	-	15,005
-	11,321,446	15,332,834
<u>(3,953,976)</u>	<u>(5,882,581)</u>	<u>(17,513,928)</u>
<u>(3,953,976)</u>	<u>5,438,865</u>	<u>(2,152,194)</u>
<u>(4,182,586)</u>	<u>1,046,734</u>	<u>(4,188,110)</u>
<u>12,800,143</u>	<u>12,477,501</u>	<u>34,448,160</u>
<u>\$ 8,617,557</u>	<u>\$ 13,524,235</u>	<u>\$ 30,260,050</u>

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# 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, 2019

Net change in fund balances - total governmental funds \$ (4,188,110)

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	11,516,670
Loss on disposal of capital assets	(5,279)
Proceeds from sale of capital assets	(13,895)
Depreciation expense	(5,335,613)

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 Administrative Hearings Bureau receivables	520,780
Change in special assessments receivable	2,689,908
Change in loans receivable	(23,625)

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	3,699,841
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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	(51,724)
Amortization of bond discount	(3,480)
Amortization of bond premium	151,526
Amortization of deferred charge on bond refunding	(59,121)
Change in net OPEB liability and related deferred amounts	1,911,238
Change in net pension liability and related deferred amounts	(479,421)
Change in the accrual of compensated absences	(27,357)

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	(256,229)
Net operating income attributable to business-type activities	71,987
Interest revenue from governmental internal service funds	80,286
Transfers out from governmental internal service funds	(55,639)

Change in net position of governmental activities \$ 10,142,743

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, 2019

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

	2019				2018 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Property taxes	\$ 8,670,821	\$ 8,513,917	\$ 8,705,148	\$ 191,231	\$ 8,401,637
Income taxes	9,400,000	9,700,000	9,882,250	182,250	9,042,070
Licenses and permits	261,945	263,685	258,778	(4,907)	264,555
Intergovernmental	4,593,679	4,709,844	4,688,571	(21,273)	4,608,142
Charges for services	1,541,188	1,472,361	1,512,139	39,778	1,558,627
Fines and forfeits	581,925	745,600	398,997	(346,603)	550,696
Donations	-	20,000	20,000	-	-
Investment income	45,500	105,000	223,003	118,003	218,608
Miscellaneous	202,540	149,771	430,720	280,949	150,098
<b>Total revenues</b>	<b>25,297,598</b>	<b>25,680,178</b>	<b>26,119,606</b>	<b>439,428</b>	<b>24,794,433</b>
<b>Expenditures</b>					
<b>Current:</b>					
Legislative - City Council	129,490	116,242	103,078	(13,164)	108,282
<b>General government:</b>					
City Manager	523,579	580,495	574,242	(6,253)	466,947
City Clerk - Elections	116,785	88,359	74,453	(13,906)	88,364
Finance	441,109	442,874	434,318	(8,556)	408,737
City Assessor	405,092	495,877	490,387	(5,490)	386,765
City Attorney	613,202	551,768	612,049	60,281	496,157
City Clerk	191,815	185,944	183,779	(2,165)	138,028
Personnel	354,920	257,511	297,486	39,975	341,615
Purchasing	111,279	111,279	109,624	(1,655)	107,664
City Treasurer	354,554	351,632	339,393	(12,239)	313,298
City income tax administration	172,020	247,178	234,455	(12,723)	153,683
Management information services	302,523	312,858	292,231	(20,627)	282,552
City hall and grounds	370,101	371,646	329,573	(42,073)	293,361
Cemeteries	277,666	293,040	289,012	(4,028)	277,830
Administrative hearings bureau	283,668	405,665	384,144	(21,521)	176,743
Unallocated	816,316	844,353	798,478	(45,875)	708,569
<b>Total general government</b>	<b>5,334,629</b>	<b>5,540,479</b>	<b>5,443,624</b>	<b>(96,855)</b>	<b>4,640,313</b>
<b>Public safety:</b>					
<b>Police:</b>					
General	9,822,793	9,599,433	9,168,242	(431,191)	8,880,069
Office of Highway Safety program	15,000	15,000	6,740	(8,260)	9,111
In-service training	9,600	7,980	6,754	(1,226)	8,614
Consortium training	21,000	32,250	30,284	(1,966)	18,766
<b>Fire -</b>					
Suppression	3,637,269	3,725,522	3,584,918	(140,604)	3,358,735
Police and fire - unallocated	2,037,451	1,924,923	1,914,280	(10,643)	2,225,708
<b>Total public safety</b>	<b>15,543,113</b>	<b>15,305,108</b>	<b>14,711,218</b>	<b>(593,890)</b>	<b>14,501,003</b>

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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, 2019

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

	2019				2018 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Tax property maintenance	\$ 161,230	\$ 279,312	\$ 253,784	\$ (25,528)	\$ 162,948
Civic affairs	61,525	61,525	51,288	(10,237)	35,505
Drains at large	69,823	69,823	33,359	(36,464)	23,442
Grounds maintenance	212,600	212,601	174,950	(37,651)	101,624
Sidewalk construction	34,400	35,500	29,070	(6,430)	7,875
Street lighting	507,323	578,612	577,638	(974)	457,135
Weed control	85,257	87,117	70,926	(16,191)	40,696
Reimbursements	(30,000)	(11,000)	(13,095)	2,095	(18,800)
Total public works	<u>1,102,158</u>	<u>1,313,490</u>	<u>1,177,920</u>	<u>(135,570)</u>	<u>810,425</u>
Culture and recreation:					
Parks and recreation administration	579,227	567,720	543,162	(24,558)	667,152
Parks and facilities maintenance	633,253	703,733	699,082	(4,651)	573,518
Forestry	354,184	464,128	454,184	(9,944)	367,502
Lt. Nixon memorial pool	89,433	89,397	87,987	(1,410)	80,950
Historical district	10,988	11,141	8,644	(2,497)	8,051
Total culture and recreation	<u>1,667,085</u>	<u>1,836,119</u>	<u>1,793,059</u>	<u>(43,060)</u>	<u>1,697,173</u>
Community enrichment and development:					
Planning	200,176	151,740	143,503	(8,237)	129,350
DDA and equity grants	-	-	-	-	40,000
Economic development	770,635	465,723	442,117	(23,606)	435,490
Total community enrichment and development	<u>970,811</u>	<u>617,463</u>	<u>585,620</u>	<u>(31,843)</u>	<u>604,840</u>
Total expenditures	<u>24,747,286</u>	<u>24,728,901</u>	<u>23,814,519</u>	<u>(914,382)</u>	<u>22,362,036</u>
Revenues over expenditures	<u>550,312</u>	<u>951,277</u>	<u>2,305,087</u>	<u>1,353,810</u>	<u>2,432,397</u>
Other financing sources (uses)					
Sale of capital assets	13,000	13,000	13,895	895	13,056
Insurance recovery	15,000	11,150	15,005	3,855	13,056
Transfers in	37,000	66,664	82,279	15,615	43,876
Transfers out	(1,041,839)	(3,469,681)	(3,137,176)	(332,505)	(811,364)
Total other financing sources (uses)	<u>(976,839)</u>	<u>(3,378,867)</u>	<u>(3,025,997)</u>	<u>352,870</u>	<u>(741,376)</u>
Net change in fund balance	(426,527)	(2,427,590)	(720,910)	1,706,680	1,691,021
Fund balance, beginning of year	<u>8,990,180</u>	<u>8,990,180</u>	<u>8,977,124</u>	<u>(13,056)</u>	<u>7,299,159</u>
Fund balance, end of year	<u>\$ 8,563,653</u>	<u>\$ 6,562,590</u>	<u>\$ 8,256,214</u>	<u>\$ 1,693,624</u>	<u>\$ 8,990,180</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, 2019

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

	2019			Actual Over (Under) Final Budget	2018 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues</b>					
Intergovernmental	\$ 4,258,427	\$ 4,348,400	\$ 5,538,611	\$ 1,190,211	\$ 10,802,138
Investment income (loss)	5,250	5,250	9,932	4,682	(3,103)
Miscellaneous	202,614	204,869	270,710	65,841	402,579
<b>Total revenues</b>	<b>4,466,291</b>	<b>4,558,519</b>	<b>5,819,253</b>	<b>1,260,734</b>	<b>11,201,614</b>
<b>Expenditures</b>					
Public works:					
Street construction	2,901,228	3,095,694	2,069,832	(1,025,862)	2,540,124
Street maintenance	684,262	684,262	511,871	(172,391)	586,838
Traffic services	669,749	660,255	611,507	(48,748)	468,053
Winter maintenance	258,000	228,210	264,034	35,824	307,577
Trunkline maintenance	206,927	206,927	99,424	(107,503)	125,335
State highway construction	2,040,750	2,898,528	3,532,292	633,764	10,992,609
Reimbursements	(312,898)	(294,679)	(710,423)	(415,744)	(187,569)
<b>Total expenditures</b>	<b>6,448,018</b>	<b>7,479,197</b>	<b>6,378,537</b>	<b>(1,100,660)</b>	<b>14,832,967</b>
Revenues over (under) expenditures	(1,981,727)	(2,920,678)	(559,284)	2,361,394	(3,631,353)
<b>Other financing sources (uses)</b>					
Transfers in	2,810,721	3,800,453	3,330,557	(469,896)	4,106,402
Transfers out	(863,431)	(777,216)	(777,216)	-	(788,626)
<b>Total other financing sources (uses)</b>	<b>1,947,290</b>	<b>3,023,237</b>	<b>2,553,341</b>	<b>(469,896)</b>	<b>3,317,776</b>
Net change in fund balance	(34,437)	102,559	1,994,057	1,891,498	(313,577)
Fund balance, beginning of year	702,897	702,897	702,897	-	1,016,474
<b>Fund balance, end of year</b>	<b>\$ 668,460</b>	<b>\$ 805,456</b>	<b>\$ 2,696,954</b>	<b>\$ 1,891,498</b>	<b>\$ 702,897</b>

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

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds  
June 30, 2019

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
<b>Assets</b>						
Current assets:						
Pooled cash and investments	\$ 9,731,241	\$ 13,069,844	\$ 527,689	\$ 416,968	\$ 23,745,742	\$ 2,191,870
Accounts receivable, net	1,881,220	2,127,326	34,417	-	4,042,963	46,634
Interest receivable	56,521	65,587	3,113	1,965	127,186	12,022
Due from other governments	825,433	-	-	-	825,433	-
Inventories	-	303,603	-	-	303,603	-
Prepaid items	-	-	-	-	-	273,814
Restricted cash and cash equivalents - Cash on hand with agents	-	-	-	-	-	46,000
<b>Total current assets</b>	<b>12,494,415</b>	<b>15,566,360</b>	<b>565,219</b>	<b>418,933</b>	<b>29,044,927</b>	<b>2,570,340</b>
Noncurrent assets:						
Long-term advances	-	-	-	-	-	1,546,760
Capital assets not being depreciated	237,200	3,040,915	7,060,843	1,682,727	12,021,685	-
Capital assets being depreciated, net	19,492,145	29,288,425	8,940,059	2,690,885	60,411,514	370,752
<b>Total noncurrent assets</b>	<b>19,729,345</b>	<b>32,329,340</b>	<b>16,000,902</b>	<b>4,373,612</b>	<b>72,433,199</b>	<b>1,917,512</b>
<b>Total assets</b>	<b>32,223,760</b>	<b>47,895,700</b>	<b>16,566,121</b>	<b>4,792,545</b>	<b>101,478,126</b>	<b>4,487,852</b>
Deferred outflows of resources						
Deferred pension amounts	78,488	156,498	-	-	234,986	-
Deferred OPEB amounts	57,653	124,051	-	-	181,704	-
<b>Total deferred outflows of resources</b>	<b>136,141</b>	<b>280,549</b>	<b>-</b>	<b>-</b>	<b>416,690</b>	<b>-</b>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	260,281	494,275	2,362	10,228	767,146	51,928
Accrued payroll	41,825	62,285	-	4,749	108,859	13,287
Customer deposits	-	216,310	-	-	216,310	-
Unearned revenue	-	-	1,530	3,135	4,665	-
Current portion of:						
Accrued compensated absences	9,390	30,020	-	-	39,410	-
Installment purchase agreement	-	-	-	-	-	27,390
Estimated claims payable	-	-	-	-	-	111,021
<b>Total current liabilities</b>	<b>311,496</b>	<b>802,890</b>	<b>3,892</b>	<b>18,112</b>	<b>1,136,390</b>	<b>203,626</b>
Noncurrent liabilities:						
Long-term advance	-	-	-	-	-	11,224
Accrued compensated absences, net of current portion	49,171	185,437	-	-	234,608	-
Estimated claims payable, net of current portion	-	-	-	-	-	58,297
Net pension liability	229,013	456,629	-	-	685,642	-
Net OPEB liability	5,724,603	12,317,485	-	-	18,042,088	-
<b>Total noncurrent liabilities</b>	<b>6,002,787</b>	<b>12,959,551</b>	<b>-</b>	<b>-</b>	<b>18,962,338</b>	<b>69,521</b>
<b>Total liabilities</b>	<b>6,314,283</b>	<b>13,762,441</b>	<b>3,892</b>	<b>18,112</b>	<b>20,098,728</b>	<b>273,147</b>
Deferred inflows of resources						
Deferred pension amounts	54,093	107,854	-	-	161,947	-
Deferred OPEB amounts	615,435	1,324,217	-	-	1,939,652	-
<b>Total deferred inflows of resources</b>	<b>669,528</b>	<b>1,432,071</b>	<b>-</b>	<b>-</b>	<b>2,101,599</b>	<b>-</b>
<b>Net position</b>						
Net investment in capital assets	19,729,345	32,329,340	16,000,902	4,373,612	72,433,199	343,362
Unrestricted	5,646,745	652,397	561,327	400,821	7,261,290	3,871,343
<b>Total net position</b>	<b>\$ 25,376,090</b>	<b>\$ 32,981,737</b>	<b>\$ 16,562,229</b>	<b>\$ 4,774,433</b>	<b>\$ 79,694,489</b>	<b>\$ 4,214,705</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, 2019

Net position - enterprise funds	\$ 79,694,489
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>(72,572)</u>
Net position of business-type activities	<u>\$ 79,621,917</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, 2019

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Operating revenues						
Charges for sales and services	\$ 6,519,888	\$ 9,434,600	\$ 9,577	\$ 227,457	\$ 16,191,522	\$ 5,760,916
Other	182,062	410,900	2	22,621	615,585	808,857
<b>Total operating revenues</b>	<b>6,701,950</b>	<b>9,845,500</b>	<b>9,579</b>	<b>250,078</b>	<b>16,807,107</b>	<b>6,569,773</b>
Operating expenses						
Personal services	86,901	2,739,021	-	93,894	2,919,816	745,439
Administration	-	-	-	-	-	137,066
Materials and supplies	441,591	1,366,633	-	17,577	1,825,801	264,568
Contractual and other services	2,037,736	2,743,392	17,898	100,822	4,899,848	5,530,492
Benefit payments	-	-	-	-	-	36,433
Depreciation	1,106,384	986,384	232,943	125,431	2,451,142	112,004
<b>Total operating expenses</b>	<b>3,672,612</b>	<b>7,835,430</b>	<b>250,841</b>	<b>337,724</b>	<b>12,096,607</b>	<b>6,826,002</b>
Operating income (loss)	3,029,338	2,010,070	(241,262)	(87,646)	4,710,500	(256,229)
Nonoperating revenues (expenses)						
Intergovernmental	825,433	-	-	-	825,433	-
Investment income	157,075	189,236	8,432	6,586	361,329	80,286
Interest and fiscal charges	-	-	-	(500)	(500)	-
<b>Total nonoperating revenues</b>	<b>982,508</b>	<b>189,236</b>	<b>8,432</b>	<b>6,086</b>	<b>1,186,262</b>	<b>80,286</b>
Income (loss) before transfers	4,011,846	2,199,306	(232,830)	(81,560)	5,896,762	(175,943)
Transfers in	332,138	2,233,220	-	734,429	3,299,787	-
Transfers out	(239,379)	(632,736)	-	(190,939)	(1,063,054)	(55,639)
Change in net position	4,104,605	3,799,790	(232,830)	461,930	8,133,495	(231,582)
Net position, beginning of year	21,271,485	29,181,947	16,795,059	4,312,503	71,560,994	4,446,287
<b>Net position, end of year</b>	<b>\$ 25,376,090</b>	<b>\$ 32,981,737</b>	<b>\$ 16,562,229</b>	<b>\$ 4,774,433</b>	<b>\$ 79,694,489</b>	<b>\$ 4,214,705</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, 2019

Net change in net position - total enterprise funds \$ 8,133,495

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.

(71,987)

Change in net position of business-type activities \$ 8,061,508

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, 2019

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Cash flows from operating activities						
Receipts from customers and users	\$ 5,270,953	\$ 9,827,499	\$ 12,609	\$ 250,323	\$ 15,361,384	\$ -
Receipts for interfund services provided	-	-	-	-	-	6,565,160
Payments to employees	(2,185,515)	(2,499,349)	-	(93,894)	(4,778,758)	(745,515)
Payments to vendors and claimants	(2,991,758)	(4,427,684)	(17,937)	(125,838)	(7,563,217)	(6,086,476)
Net cash provided by (used in) operating activities	93,680	2,900,466	(5,328)	30,591	3,019,409	(266,831)
Cash flows from noncapital financing activities						
Intergovernmental revenue	825,433	-	-	-	825,433	-
Cash flows from capital and related financing activities						
Purchase of capital assets	(1,582,211)	(4,191,318)	-	(556,231)	(6,329,760)	(158,718)
Interest paid on long-term debt	-	-	-	(500)	(500)	-
Advances to other funds	-	-	-	-	-	(787,122)
Advances from other funds	-	-	-	-	-	(11,223)
Net cash used in capital and related financing activities	(1,582,211)	(4,191,318)	-	(556,731)	(6,330,260)	(957,063)
Cash flows from noncapital financing activities						
Transfers in	332,138	2,233,220	-	734,429	3,299,787	-
Transfers out	(239,379)	(632,736)	-	(190,939)	(1,063,054)	(55,639)
Net cash provided by (used in) noncapital financing activities	92,759	1,600,484	-	543,490	2,236,733	(55,639)
Cash flows from investing activities						
Interest received on investments	100,554	123,649	5,319	4,621	234,143	68,264
Net change in cash and cash equivalents	(469,785)	433,281	(9)	21,971	(14,542)	(1,211,269)
Cash and cash equivalents, beginning of year	10,201,026	12,636,563	527,698	394,997	23,760,284	3,449,139
Cash and cash equivalents, end of year	\$ 9,731,241	\$ 13,069,844	\$ 527,689	\$ 416,968	\$ 23,745,742	\$ 2,237,870
Classified on the statement of net position as:						
Pooled cash and investments	\$ 9,731,241	\$ 13,069,844	\$ 527,689	\$ 416,968	\$ 23,745,742	\$ 2,191,870
Restricted cash and cash equivalents	-	-	-	-	-	46,000
	\$ 9,731,241	\$ 13,069,844	\$ 527,689	\$ 416,968	\$ 23,745,742	\$ 2,237,870

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended June 30, 2019

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 3,029,338	\$ 2,010,070	\$ (241,262)	\$ (87,646)	\$ 4,710,500	\$ (256,229)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,106,384	986,384	232,943	125,431	2,451,142	112,004
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	(605,564)	(16,486)	1,500	245	(620,305)	(4,613)
Due from other governments	(825,433)	-	-	-	(825,433)	-
Inventories	-	(22,285)	-	-	(22,285)	-
Prepaid items	-	-	-	-	-	(9,996)
Deferred outflows of resources - pension	32,455	61,964	-	-	94,419	-
Deferred outflows of resources - OPEB	(57,653)	(124,051)	-	-	(181,704)	-
Accounts payable	(512,431)	(295,374)	(39)	8,022	(799,822)	(2,627)
Accrued payroll	7,575	(246)	-	1,404	8,733	(76)
Customer deposits	-	(1,515)	-	-	(1,515)	-
Unearned revenue	-	-	1,530	3,135	4,665	(105,294)
Accrued compensated absences	(1,475)	(37,774)	-	-	(39,249)	-
Advance from other funds	-	-	-	(20,000)	(20,000)	-
Net pension liability	(49,088)	(90,991)	-	-	(140,079)	-
Net OPEB liability	(1,470,975)	954,499	-	-	(516,476)	-
Deferred inflows of resources -pension	15,528	31,914	-	-	47,442	-
Deferred inflows of resources - OPEB	(574,981)	(555,643)	-	-	(1,130,624)	-
Net cash provided by (used in) operating activities	\$ 93,680	\$ 2,900,466	\$ (5,328)	\$ 30,591	\$ 3,019,409	\$ (266,831)

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, 2019

	Pension and Other Employee Benefits Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and investments	\$ 39,237	\$ 173,320
Investments, at fair value:		
U.S. treasuries	2,168,780	-
U.S. agencies	213,025	-
Corporate bonds:		
Domestic bonds	5,410,072	-
Domestic mutual funds	20,837,880	-
Equities:		
Domestic stocks	7,816,387	-
Domestic mutual funds	36,082,723	-
International mutual funds	14,816,405	-
Money market funds	5,060,790	-
Receivables:		
Interest and dividends	49,606	-
<b>Total assets</b>	<u>92,494,905</u>	<u>\$ 173,320</u>
<b>Liabilities</b>		
Due to other governments	-	\$ 68,631
Refunds payable and other liabilities	421,412	104,689
<b>Total liabilities</b>	<u>421,412</u>	<u>\$ 173,320</u>
<b>Net position</b>		
Restricted for pension and other employee benefits	<u>\$ 92,073,493</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, 2019

### Additions

#### Contributions:

Employer	\$ 9,527,494
Plan members	1,166,858
Total contributions	<u>10,694,352</u>

#### Investment income:

Net appreciation in fair value of investments	3,749,860
Interest	258,118
Dividends	1,022,408
Total investment income	<u>5,030,386</u>

Less investment expense	<u>348,215</u>
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Net investment income	<u>4,682,171</u>
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Total additions	<u>15,376,523</u>
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### Deductions

Benefits	12,168,896
Refunds of contributions	143,644
Administrative expense	131,669
	<u>12,444,209</u>

Total deductions	<u>12,444,209</u>
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Change in net position	2,932,314
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### Net position -

Beginning of year	<u>89,141,179</u>
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End of year	<u>\$ 92,073,493</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 fiscal 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 and other postemployment benefit liabilities.

### *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.

### *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 OPEB 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, 2019, 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:			
City attorney	\$ 551,768	\$ 612,049	\$ 60,281
Personnel	257,511	297,486	39,975
Special revenue funds:			
Recreation Activity Special Revenue Fund	243,867	250,553	6,686
SAFER Grant Special Revenue Fund	589,916	593,757	3,841

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 4. FUND DEFICIT

At June 30, 2019, the special assessment capital projects fund had a fund deficit of \$2,834,910. This deficit will be eliminated as deferred special assessments become due.

### 5. DEPOSITS AND INVESTMENTS

*Summary of Deposit and Investment Balances.* Following is a reconciliation of deposit and investment balances as of June 30, 2019:

	Primary Government	Component Units	Total
<b>Statement of Net Position</b>			
Pooled cash and investments	\$ 51,386,726	\$ 1,490,941	\$ 52,877,667
Restricted cash:			
Cash on hand with agents	46,000	-	46,000
Pooled cash and investments	3,350,182	-	3,350,182
<b>Statement of Fiduciary Net Position</b>			
Pooled cash and investments	212,557	-	212,557
Investments - pension and other employee benefits	92,406,062	-	92,406,062
<b>Total</b>	<b>\$ 147,401,527</b>	<b>\$ 1,490,941</b>	<b>\$ 148,892,468</b>
<b>Deposits and investments:</b>			
Bank deposits (checking, savings, and certificates of deposit)			\$ 43,807,505
Investments in securities and mutual funds:			
Cash and investment pool			12,617,206
Pension and other employee benefits trust funds			92,406,062
Cash on hand with agents			46,000
Cash on hand			15,695
<b>Total</b>			<b>\$ 148,892,468</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, 2019, \$12,487,801 of the City's total bank balance of \$45,876,594 (total book balance was \$43,807,505) 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Custodial Credit Risk - Investments.* Following is a summary of the City's investments as of June 30, 2019:

Michigan CLASS Investment Fund	\$ 1,556,844
Domestic equities	18,144
Money markets	<u>11,042,218</u>
Total	<u>\$ 12,617,206</u>

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, 2019, 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, 2019, 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, 2019, 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, 2019, the recurring fair value measurements for the City's investments in the domestic equities and money market funds were classified as Level 1.

The investments in the Michigan CLASS government investment pool are not categorized as they are measured at net asset value per share or its equivalent.

*Investments in Entities that Calculate Net Asset Value per Share.* The City holds share in Michigan CLASS whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

At year end, the net asset value of the City's investment in Michigan CLASS was \$1,556,844. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities, and other public agencies.

### 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.

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, 2019:

#### Investments at fair value, as determined by

##### quoted market price:

U.S. treasuries	\$ 2,168,780
U.S. agencies	213,025
Corporate bonds:	
Domestic bonds	5,410,072
Domestic mutual funds	20,837,880
Equities:	
Domestic stocks	7,816,387
Domestic mutual funds	36,082,723
International mutual funds	14,816,405
Money market funds	5,060,790

#### Total investments

\$ 92,406,062

*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, 2019, 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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

	Rating		Amount
	Moody's	S&P	
N/A	AAA		\$ 695,819
N/A	AA+		1,356,378
N/A	AA-		34,987
N/A	A		72,241
N/A	A-		536,942
N/A	BBB+		468,206
N/A	BBB		1,035,698
N/A	BBB-		517,549
Aaa	N/A		651,477
Baa3	N/A		40,775
	Totals		<u>\$ 5,410,072</u>

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

Short-term investments in money market funds 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, 2019, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

*Interest Rate Risk.* As of June 30, 2019, maturities of debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 2,168,780	\$ -	\$ 1,136,810	\$ 1,031,970	\$ -
U.S. agencies	213,025	-	213,025	-	-
Domestic corporate bonds:					
Mortgage backed securities	2,740,019	-	975,625	196,542	1,567,852
Non-callable	2,569,712	-	1,518,320	1,027,427	23,965
Other fixed income	100,341	-	65,320	35,021	-
	<u>\$ 7,791,877</u>	<u>\$ -</u>	<u>\$ 3,909,100</u>	<u>\$ 2,290,960</u>	<u>\$ 1,591,817</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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 City's investment manager, and are determined at the fund level based on a review of the investment's class, structure, and what kind of securities are held in the funds. The investment manager will request the information from the fund manager, if necessary.

The pension and other employee benefits trust funds had the following recurring fair value measurements as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 2,168,780	\$ -	\$ 2,168,780
U.S. agencies	-	213,025	-	213,025
Corporate bonds:				
Domestic bonds	-	5,410,072	-	5,410,072
Domestic mutual funds	-	20,837,880	-	20,837,880
Equities:				
Domestic stocks	7,816,387	-	-	7,816,387
Domestic mutual funds	36,082,723	-	-	36,082,723
International mutual funds	14,816,405	-	-	14,816,405
Money market funds	5,060,790	-	-	5,060,790
<b>Total investments</b>	<b>\$ 63,776,305</b>	<b>\$ 28,629,757</b>	<b>\$ -</b>	<b>\$ 92,406,062</b>

Level 2 inputs use one of the following valuation techniques depending on the investment: a) traditional net asset valuation (dividing the asset value by the number of units owned), b) matrix pricing technique (relying on the securities' relationship to other benchmark quoted securities instead of exclusively on quoted prices for specific securities), or c) quoted market prices for similar assets in active markets or quoted prices for identical or similar assets in markets that are not active.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 6. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 4,267,334	\$ 4,061,474	\$ -
Allowance for uncollectible amounts	(3,268,268)	(18,511)	-
Taxes receivable	2,456,112	-	-
Allowance for uncollectible amounts	(406,262)	-	-
Loans receivable	19,688	-	-
Notes receivable	-	-	65,942
Interest receivable	320,709	127,186	7,985
Other receivables	4,330,131	-	-
Due from other governments	1,625,136	825,433	-
	<u>\$ 9,344,580</u>	<u>\$ 4,995,582</u>	<u>\$ 73,927</u>
Amount not expected to be collected within one year	<u>\$ 4,265,608</u>	<u>\$ -</u>	<u>\$ 62,849</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2019, 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
Construction in progress	-	2,512,778	-	2,512,778
	<u>2,395,280</u>	<u>2,512,778</u>	<u>-</u>	<u>4,908,058</u>
Capital assets being depreciated:				
Infrastructure	171,845,387	7,804,643	-	179,650,030
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,583,844	622,754	-	17,206,598
Park and recreation facilities	11,086,430	417,846	-	11,504,276
Machinery and equipment	15,462,077	317,367	585,386	15,194,058
	<u>230,740,919</u>	<u>9,162,610</u>	<u>585,386</u>	<u>239,318,143</u>
Less accumulated depreciation for:				
Infrastructure	109,431,294	4,212,914	-	113,644,208
Land improvements	4,411,599	315,264	-	4,726,863
Buildings and improvements	7,069,780	292,789	-	7,362,569
Park and recreation facilities	5,783,784	166,041	-	5,949,825
Machinery and equipment	13,243,027	460,609	566,212	13,137,424
	<u>139,939,484</u>	<u>5,447,617</u>	<u>566,212</u>	<u>144,820,889</u>
Total capital assets being depreciated, net	<u>90,801,435</u>	<u>3,714,993</u>	<u>19,174</u>	<u>94,497,254</u>
Governmental activities capital assets, net	<u>\$ 93,196,715</u>	<u>\$ 6,227,771</u>	<u>\$ 19,174</u>	<u>\$ 99,405,312</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	1,434,860	3,039,138	-	(1,409,199)	3,064,799
	<u>10,391,746</u>	<u>3,039,138</u>	<u>-</u>	<u>(1,409,199)</u>	<u>12,021,685</u>
Capital assets being depreciated:					
Systems	91,546,414	2,403,261	687,632	-	93,262,043
Land improvements	4,787,802	556,231	-	-	5,344,033
Buildings and improvements	12,899,451	-	-	-	12,899,451
Machinery and equipment	13,592,470	331,130	-	1,409,199	15,332,799
	<u>122,826,137</u>	<u>3,290,622</u>	<u>687,632</u>	<u>1,409,199</u>	<u>126,838,326</u>
Less accumulated depreciation for:					
Systems	48,265,839	1,603,725	687,632	-	49,181,932
Land improvements	1,375,824	160,889	-	-	1,536,713
Buildings and improvements	4,696,898	215,672	-	-	4,912,570
Machinery and equipment	10,324,741	470,856	-	-	10,795,597
	<u>64,663,302</u>	<u>2,451,142</u>	<u>687,632</u>	<u>-</u>	<u>66,426,812</u>
Total capital assets being depreciated, net	<u>58,162,835</u>	<u>839,480</u>	<u>-</u>	<u>1,409,199</u>	<u>60,411,514</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 68,554,581</u>	<u>\$ 3,878,618</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,433,199</u>

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

<b>Governmental activities:</b>	
General government	\$ 241,161
Public safety	328,694
Public works, including depreciation of general infrastructure assets	4,278,199
Culture and recreation	205,393
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	<u>112,004</u>
Total depreciation expense - governmental activities	<u>\$ 5,447,617</u>
<b>Business-type activities:</b>	
Sewage	\$ 1,106,384
Water	986,384
Parking system	232,943
Golf practice center	<u>125,431</u>
Total depreciation expense - business-type activities	<u>\$ 2,451,142</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	\$ 1,152,747	\$ 767,146	\$ 9,768
Accrued payroll	544,186	108,859	687
Other liabilities	190,805	-	-
Customer deposits	-	216,310	-
	<u>\$ 1,887,738</u>	<u>\$ 1,092,315</u>	<u>\$ 10,455</u>

9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2019, amounts due from and due to other funds were as follows:

Receivable funds	Payable Funds			Total
	General Fund	Special Assessment Capital Projects	Nonmajor Governmental Funds	
General fund	\$ -	\$ 1,584,805	\$ -	\$ 1,584,805
Nonmajor governmental funds	322	-	9,471	9,793
	<u>\$ 322</u>	<u>\$ 1,584,805</u>	<u>\$ 9,471</u>	<u>\$ 1,594,598</u>

At June 30, 2019, long-term advances between funds were as follows:

Receivable funds	Payable Funds			Total
	Special Assessment Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	
General fund	\$ -	\$ 50,000	\$ -	\$ 50,000
Internal service funds	1,535,536	-	11,224	1,546,760
	<u>\$ 1,535,536</u>	<u>\$ 50,000</u>	<u>\$ 11,224</u>	<u>\$ 1,596,760</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 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, 2019, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General Fund	Major Streets Fund	Special Assessment Capital Projects	Nonmajor Governmental Funds
General fund	\$ 35,012	\$ -	\$ -	\$ 3,086,164
Major streets fund	-	-	-	777,216
Special assessment capital projects fund	-	1,480,942	-	2,218,061
2018 capital projects	-	2,834	-	829,554
Nonmajor governmental funds	47,267	1,846,781	598,552	3,369,981
Sewage	-	-	-	239,379
Water	-	-	-	632,736
Nonmajor enterprise funds	-	-	-	112,716
Internal service funds	-	-	-	55,639
	<u>\$ 82,279</u>	<u>\$ 3,330,557</u>	<u>\$ 598,552</u>	<u>\$ 11,321,446</u>

Transfers Out	Transfers In			Total
	Sewage	Water	Nonmajor Enterprise Funds	
General fund	\$ -	\$ -	\$ 16,000	\$ 3,137,176
Major streets fund	-	-	-	777,216
Special assessment capital projects fund	-	-	63,976	3,762,979
2018 capital projects	332,138	2,233,220	556,230	3,953,976
Nonmajor governmental funds	-	-	20,000	5,882,581
Sewage	-	-	-	239,379
Water	-	-	-	632,736
Nonmajor enterprise funds	-	-	78,223	190,939
Internal service funds	-	-	-	55,639
	<u>\$ 332,138</u>	<u>\$ 2,233,220</u>	<u>\$ 734,429</u>	<u>\$ 18,632,621</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 \$73,258,577.

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>			
2001 downtown development	2026	3.70%-5.75%	\$ 5,602,312
2011 downtown development refunding	2030	4.375%-4.750%	5,395,000
2012 brownfield redevelopment refunding	2031	2.00%-4.00%	5,375,000
2013 general obligation refunding	2027	2.00%-4.00%	5,665,000
2016 capital improvement	2026	0.75%-2.25%	942,000
2017 transportation bond	2031	2.41%	7,850,000
2017 brownfield refunding	2030	2.64%	8,745,000
2018 capital improvement	2033	2.50% - 5.00%	14,090,000
			<u>\$ 53,664,312</u>

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

Year	Governmental Activities	
	Principal	Interest
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	4,076,730	3,426,560
2025-2029	24,037,368	9,327,892
2030-2033	10,340,000	910,575
	<u>\$ 53,664,312</u>	<u>\$ 26,907,570</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Notes from direct borrowings / placements - Installment purchase agreements.* 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
Governmental activities:				
2016 Lease Purchase Agreement - Fire Truck	2023	5.00%	\$ 459,493	\$ 238,771
2017 Lease Purchase Agreement - Bucket Truck	2020	4.00%	107,552	<u>27,390</u>
				<u>\$ 266,161</u>

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

Year	Governmental Activities	
	Principal	Interest
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>\$ 266,161</u>	<u>\$ 20,060</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 57,308,920	\$ -	\$ 3,644,608	\$ 53,664,312	\$ 3,645,453
Notes from direct borrowings/ placements -					
Installment purchase agreements	321,394	-	55,233	266,161	84,352
Compensated absences	1,804,264	804,795	777,438	1,831,621	183,162
Less deferred amounts for:					
Issuance discount	(48,711)	-	(3,480)	(45,231)	(3,480)
Issuance premium	2,087,813	-	151,526	1,936,287	151,526
	<u>\$ 61,473,680</u>	<u>\$ 804,795</u>	<u>\$ 4,625,325</u>	<u>\$ 57,653,150</u>	<u>\$ 4,061,013</u>
<b>Business-type activities</b>					
Compensated absences	<u>\$ 313,267</u>	<u>\$ 150,505</u>	<u>\$ 189,754</u>	<u>\$ 274,018</u>	<u>\$ 39,410</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, 2019, the net appreciation on investments of donor-restricted endowments was \$38,334 and there was an overall increase in fund balance of \$15,601. 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 \$1,132,264.

*Cemetery Perpetual Maintenance Permanent Trust Fund.* For the year ended June 30, 2019, the net appreciation on investments of donor-restricted endowments was \$47,267 and there was an overall increase in fund balance of \$26,590. 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 \$1,965,443.

*Lloyd E. Mount Endowment Permanent Trust Fund.* For the year ended June 30, 2019, the net appreciation on investments of donor-restricted endowments was \$9,238 and there was an overall increase in fund balance of \$4,246. 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 \$296,503.

# 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 \$169,318 reported in the workers' compensation internal service fund at June 30, 2019, 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, 2019, \$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, 2019 and 2018, are as follows:

	2019	2018
Claims liability at beginning of fiscal year	\$ 274,612	\$ 274,612
Claims and changes in estimates	(54,193)	89,924
Claims payments	<u>(51,101)</u>	<u>(89,924)</u>
Claims liability at June 30	<u>\$ 169,318</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, 2018 levy was assessed and valued at approximately \$600 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, 7.4500 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 2019 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 \$18,100 in reduced tax revenues for 2019.

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 \$32,900 in reduced City tax revenues for 2019.

### 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.

# CITY OF JACKSON, MICHIGAN

## Notes to 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.

*Plan membership.* At June 30, 2019, 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	193	20	172
Terminated plan members entitled to, but not yet receiving benefits	22	-	4
Active plan members	143	-	70
	<u>358</u>	<u>20</u>	<u>246</u>

The plans' policies in regard to the allocation of invested assets are established and may be amended by the respective Board of Trustees. The policies pursue 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>

## CITY OF JACKSON, MICHIGAN

### Notes to Financial Statements

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, 2019 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, 2019, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 6.13%, 6.83% and 6.00% 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.

#### 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Actuarial assumptions.* The total pension liability was determined by an actuarial valuation as of June 30, 2018, (rolled forward to June 30, 2019) 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	6.85%, net of expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality rate	RP-2014 Mortality Table using projection scale MP 2018 from 2006 on a fully generational basis. First used for the June 30, 2018 valuation.
Changes of benefit terms:	<ul style="list-style-type: none"> <li>• Eligibility conditions change for retirements effective after October 31, 2026 (rather than October 31, 2024) for members hired on or before December 31, 2015.</li> <li>• Pension caps were slightly adjusted (the ultimate cap is 73% for Non-Hybrid and 47% for Hybrid).</li> <li>• New eligibility conditions and Final Average Compensation periods for hires after January 1, 2018.</li> </ul>
Changes of assumptions:	<ul style="list-style-type: none"> <li>• Decreased the assumed rate of return from 7.5% to 6.85%</li> <li>• Decreased the price inflation assumption from 2.5% to 2.25%</li> <li>• Increased the rates of retirement</li> <li>• Increased the rates of withdrawal</li> <li>• Decreased the rates of disability</li> <li>• Updated mortality assumptions from RP-2000 to RP-2014</li> </ul>

*Discount rate.* A single discount rate of 6.85% 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.

# 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, 2018	\$ 58,459,003	\$ 40,299,276	\$ 18,159,727
Changes for the year:			
Service cost	1,016,463	-	1,016,463
Interest	3,319,364	-	3,319,364
Changes in benefits	133,677	-	133,677
Differences between expected and actual experience	(320,658)	-	(320,658)
Changes in assumptions	(3,223,348)	-	(3,223,348)
Employer contributions	-	835,542	(835,542)
Employee contributions	-	659,685	(659,685)
Net investment income	-	2,066,425	(2,066,425)
Benefit payments, including refunds of employee contributions	(3,867,034)	(3,867,034)	-
Administrative expense	-	(45,654)	45,654
Net changes	(2,941,536)	(351,036)	(2,590,500)
Balances at June 30, 2019	\$ 55,517,467	\$ 39,948,240	\$ 15,569,227

*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 (5.85%)	Current Single Discount Rate (6.85%)	1% Increase (7.85%)
Plan net pension liability	\$ 21,647,906	\$ 15,569,227	\$ 10,111,107

*Pension expense and deferred outflows and inflows of resources related to pensions.* For the year ended June 30, 2019, the City recognized pension expense of \$1,312,651. At June 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 621,149	\$ (621,149)
Changes in assumptions	5,335,954	2,861,618	2,474,336
Net difference between projected and actual earnings on pension plan investments	-	194,612	(194,612)
Total	\$ 5,335,954	\$ 3,677,379	\$ 1,658,575

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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

Year Ended June 30,	Amortization
2020	\$ 376,051
2021	670,336
2022	614,572
2023	<u>(2,384)</u>
	<u>\$ 1,658,575</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, 2018 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, 2018, (rolled forward to June 30, 2019) 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-2014 Mortality Table fully generational using projection scale MP-2018. First used for the June 30, 2018 valuation.
Changes of assumptions	Updated mortality assumptions from RP-2000 to RP-2014

*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.

# 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, 2018	\$ 7,108,973	\$ 3,514,670	\$ 3,594,303
Changes for the year:			
Interest	403,369	-	403,369
Differences between expected and actual experience	95,117	-	95,117
Changes in assumptions	173,597	-	173,597
Employer contributions	-	506,251	(506,251)
Net investment income	-	195,665	(195,665)
Benefit payments, including refunds of employee contributions	(772,316)	(772,316)	-
Administrative expense	-	(10,424)	10,424
Net changes	(100,233)	(80,824)	(19,409)
Balances at June 30, 2019	\$ 7,008,740	\$ 3,433,846	\$ 3,574,894

*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	\$ 4,105,221	\$ 3,574,894	\$ 3,109,332

*Pension expense and deferred inflows of resources related to pensions.* For the year ended June 30, 2019, the City recognized pension expense of \$458,083. At June 30, 2019, the City reported deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 189,910	\$ (189,910)

# 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,	Amortization
2020	\$ (33,421)
2021	(103,771)
2022	(54,103)
2023	<u>1,385</u>
	<u>\$ (189,910)</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, 2018 actuarial valuation using the entry age method. The actuarial assumptions included a 6.0% 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, 2018, (rolled forward to June 30, 2019) using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0%
Salary increases	3.0% to 12.0%
Investment rate of return	6.00%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation.
Mortality rate	RP-2014 Mortality Table fully generational using projection scale MP-2018. First used for the June 30, 2018 valuation.
Changes of assumptions:	<ul style="list-style-type: none"> <li>• Decreased the assumed rate of return from 6.75% to 6.0%</li> <li>• Updated mortality assumptions from RP-2000 to RP-2014</li> </ul>

# 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, 2018	\$ 74,910,286	\$ 43,074,316	\$ 31,835,970
Changes for the year:			
Service cost	856,511	-	856,511
Interest	4,911,204	-	4,911,204
Differences between expected and actual experience	359,507	-	359,507
Changes in assumptions	6,732,162	-	6,732,162
Employer contributions	-	4,422,430	(4,422,430)
Employee contributions	-	507,173	(507,173)
Net investment income	-	2,328,889	(2,328,889)
Benefit payments, including refunds of employee contributions	(5,159,919)	(5,159,919)	-
Administrative expense	-	(51,741)	51,741
Net changes	<u>7,699,465</u>	<u>2,046,832</u>	<u>5,652,633</u>
Balances at June 30, 2019	<u>\$ 82,609,751</u>	<u>\$ 45,121,148</u>	<u>\$ 37,488,603</u>

*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	\$ 47,256,282	\$ 37,488,603	\$ 29,289,097

# 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, 2019, the City recognized pension expense of \$4,474,691. At June 30, 2019, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 312,484	\$ -	\$ 312,484
Changes in assumptions	4,636,873	-	4,636,873
Net difference between projected and actual earnings on pension plan investments	-	915,036	(915,036)
<b>Total</b>	<b>\$ 4,949,357</b>	<b>\$ 915,036</b>	<b>\$ 4,034,321</b>

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,	Amortization
2020	\$ 2,282,821
2021	1,396,237
2022	241,443
2023	113,820
	<u>\$ 4,034,321</u>

## 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, 2019, OPEB Plan membership consisted of the following:

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

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*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.

### *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, 2019 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 2.68 percent.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*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.

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2017 (rolled forward to June 30, 2019), 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	Demographic assumptions were updated to match the recent Experience Studies for the City of Jackson Employees Retirement System and the City of Jackson Act 345 Policemen and Firemen Retirement System (mortality, retirement, age-based withdrawal, service-based withdrawal, disability, and salary scale).

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 covering the five-year period ending June 30, 2017.

# 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, 2018	\$ 41,029,038	\$ 2,252,917	\$ 38,776,121
Changes for the year:			
Service cost	346,426	-	346,426
Interest	1,997,281	-	1,997,281
Changes of assumptions	481,638		481,638
Employer contributions	-	3,763,271	(3,763,271)
Net investment income	-	91,192	(91,192)
Benefit payments, including refunds of employee contributions	(2,513,271)	(2,513,271)	-
Administrative expense	-	(23,850)	23,850
Net changes	312,074	1,317,342	(1,005,268)
Balances at June 30, 2019	\$ 41,341,112	\$ 3,570,259	\$ 37,770,853

*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%)
Plan net OPEB liability	\$ 41,408,425	\$ 37,770,853	\$ 33,712,765

*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 3.5%)	1% Increase (9.25% graded down to 4.5%)
Plan net OPEB liability	\$ 33,091,405	\$ 37,770,853	\$ 41,069,678

# 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, 2019, the City recognized OPEB expense of \$23,229. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 1,195,397	\$ (1,195,397)
Changes in assumptions	352,810	2,865,237	(2,512,427)
Net difference between projected and actual earnings on OPEB plan investments	<u>27,587</u>	<u>-</u>	<u>27,587</u>
	<u>\$ 380,397</u>	<u>\$ 4,060,634</u>	<u>\$ (3,680,237)</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,	Amortization
2020	\$ (2,201,027)
2021	(1,590,507)
2022	100,877
2023	<u>10,420</u>
Total	<u>\$ (3,680,237)</u>

*Payable to the OPEB Plan.* At June 30, 2019, 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. LEASES

The City entered into a lease agreement with the Jackson School of the Art Association, a Michigan non-profit corporation, to lease the City-owned property at 145 W. Cortland Street. Future lease revenues on this building are as follows:

Year Ended June 30,	Amount
2020	\$ 51,000
2021	60,000
2022	60,000
2023	60,000
2024	60,000
2025-2029	358,000
2030-2034	429,600
2035-2039	490,000
2040-2042	16,400
	<u>\$ 1,585,000</u>

### 20. 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	\$ 4,908,058	\$ 12,021,685
Capital assets being depreciated, net	94,497,254	60,411,514
	<u>99,405,312</u>	<u>72,433,199</u>
Long-term liabilities:		
Due within one year	4,061,013	39,410
Due in more than one year	53,592,137	234,608
Less unexpended bond proceeds	(10,714,655)	-
	<u>46,938,495</u>	<u>274,018</u>
Less compensated absences	(1,831,621)	(274,018)
Less deferred charge on bond refunding	(632,966)	-
	<u>44,473,908</u>	<u>-</u>
Net investment in capital assets	<u>\$ 54,931,404</u>	<u>\$ 72,433,199</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

21. FUND BALANCES

Following is a summary of the components of fund balances of the governmental funds as of June 30, 2019:

	General	Major Streets	Special Assessments Capital Projects	2018 Capital Improvements Bond	Nonmajor Funds	Total
<b>Nonspendable</b>						
Inventories	\$ -	\$ 282,939	\$ -	\$ -	\$ 15,500	\$ 298,439
Prepaid items	30,802	-	-	-	-	30,802
Perpetual care	-	-	-	-	1,965,443	1,965,443
Endowment	-	-	-	-	1,428,767	1,428,767
Advances	50,000	-	-	-	-	50,000
	<u>80,802</u>	<u>282,939</u>	<u>-</u>	<u>-</u>	<u>3,409,710</u>	<u>3,773,451</u>
<b>Restricted</b>						
Highways and streets	-	2,414,015	-	8,617,557	2,951,236	13,982,808
Public improvements	-	-	-	-	477,231	477,231
Public safety	-	-	-	-	28,976	28,976
Act 345 Pension	297,934	-	-	-	-	297,934
Downtown development	-	-	-	-	5,005,305	5,005,305
Debt service	-	-	-	-	42,810	42,810
	<u>297,934</u>	<u>2,414,015</u>	<u>-</u>	<u>8,617,557</u>	<u>8,505,558</u>	<u>19,835,064</u>
<b>Committed</b>						
Culture and recreation	-	-	-	-	276,929	276,929
Public safety	-	-	-	-	1,196,492	1,196,492
Capital projects	-	-	-	-	135,546	135,546
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,608,967</u>	<u>1,608,967</u>
<b>Unassigned (deficit)</b>	<u>7,877,478</u>	<u>-</u>	<u>(2,834,910)</u>	<u>-</u>	<u>-</u>	<u>5,042,568</u>
<b>Total fund balance</b>	<u>\$ 8,256,214</u>	<u>\$ 2,696,954</u>	<u>\$ (2,834,910)</u>	<u>\$ 8,617,557</u>	<u>\$ 13,524,235</u>	<u>\$30,260,050</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

22. 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, 2019

	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	\$ 13,537	\$ -	\$ -	\$ 25,700	\$ 39,237
Investments, at fair value:					
U.S. treasuries	-	-	2,168,780	-	2,168,780
U.S. agencies	-	-	213,025	-	213,025
Corporate bonds:					
Domestic bonds	-	-	5,410,072	-	5,410,072
Domestic mutual funds	11,974,076	1,339,253	7,524,551	-	20,837,880
Equities:					
Domestic stocks	5,260,295	152,856	2,403,236	-	7,816,387
Domestic mutual funds	16,441,797	1,127,628	18,513,298	-	36,082,723
International mutual funds	5,688,626	674,703	8,453,076	-	14,816,405
Money market funds	567,685	139,287	809,259	3,544,559	5,060,790
Total cash and investments	39,946,016	3,433,727	45,495,297	3,570,259	92,445,299
Receivables:					
Interest and dividends	2,224	119	47,263	-	49,606
Total assets	39,948,240	3,433,846	45,542,560	3,570,259	92,494,905
<b>Liabilities</b>					
Refunds payable and other	-	-	421,412	-	421,412
Net position restricted for pension and other employee benefits	<u>\$ 39,948,240</u>	<u>\$ 3,433,846</u>	<u>\$ 45,121,148</u>	<u>\$ 3,570,259</u>	<u>\$ 92,073,493</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2019

	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	\$ 835,542	\$ 506,251	\$ 4,422,430	\$ 3,763,271	\$ 9,527,494
Plan members	659,685	-	507,173	-	1,166,858
Total contributions	<u>1,495,227</u>	<u>506,251</u>	<u>4,929,603</u>	<u>3,763,271</u>	<u>10,694,352</u>
Investment income:					
Net appreciation in fair value of investments	2,020,802	124,423	1,483,328	121,307	3,749,860
Interest	17,132	1,672	239,314	-	258,118
Dividends	223,493	81,503	717,412	-	1,022,408
Total investment income	<u>2,261,427</u>	<u>207,598</u>	<u>2,440,054</u>	<u>121,307</u>	<u>5,030,386</u>
Less investment expense	<u>195,002</u>	<u>11,933</u>	<u>111,165</u>	<u>30,115</u>	<u>348,215</u>
Net investment income	<u>2,066,425</u>	<u>195,665</u>	<u>2,328,889</u>	<u>91,192</u>	<u>4,682,171</u>
Total additions	<u>3,561,652</u>	<u>701,916</u>	<u>7,258,492</u>	<u>3,854,463</u>	<u>15,376,523</u>
<b>Deductions</b>					
Benefits	3,736,940	772,316	5,146,369	2,513,271	12,168,896
Refunds of contributions	130,094	-	13,550	-	143,644
Administrative expense	45,654	10,424	51,741	23,850	131,669
Total deductions	<u>3,912,688</u>	<u>782,740</u>	<u>5,211,660</u>	<u>2,537,121</u>	<u>12,444,209</u>
Net change in net position	(351,036)	(80,824)	2,046,832	1,317,342	2,932,314
<b>Net position -</b>					
Beginning 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>
End of year	<u>\$ 39,948,240</u>	<u>\$ 3,433,846</u>	<u>\$ 45,121,148</u>	<u>\$ 3,570,259</u>	<u>\$ 92,073,493</u>

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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,					
	2019	2018	2017	2016	2015	2014
<b>Change in total pension liability</b>						
Service cost	\$ 1,016,463	\$ 692,095	\$ 672,198	\$ 867,493	\$ 849,399	\$ 900,232
Interest	3,319,364	3,550,091	3,513,819	3,604,456	3,591,598	3,512,829
Changes of benefit terms	133,677	-	432,512	(1,585,716)	-	-
Differences between expected and actual experience	(320,658)	(7,660)	(467,503)	(1,544,806)	(559,714)	-
Changes of assumptions	(3,223,348)	9,152,938	-	(2,963,368)	940,674	(610,014)
Benefit payments, including refunds of member contributions	(3,867,034)	(3,833,908)	(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
<b>Net change in total pension liability</b>	<b>(2,941,536)</b>	<b>9,553,556</b>	<b>630,214</b>	<b>(4,984,813)</b>	<b>1,233,049</b>	<b>497,050</b>
<b>Total pension liability, beginning</b>	<b>58,459,003</b>	<b>48,905,447</b>	<b>48,275,233</b>	<b>53,260,046</b>	<b>52,026,997</b>	<b>51,529,947</b>
<b>Total pension liability, ending (a)</b>	<b>55,517,467</b>	<b>58,459,003</b>	<b>48,905,447</b>	<b>48,275,233</b>	<b>53,260,046</b>	<b>52,026,997</b>
<b>Change in plan fiduciary net position</b>						
Contributions - employer	835,542	821,020	933,208	889,235	947,436	986,872
Contributions - employee	659,685	712,503	730,419	717,167	741,956	786,020
Net investment income	2,066,425	3,456,637	4,110,845	728,453	1,900,424	5,556,344
Benefit payments, including refunds of member contributions	(3,867,034)	(3,833,908)	(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
Administrative expense	(45,654)	(41,788)	(226,794)	(93,838)	(95,161)	(214,364)
<b>Net change in plan fiduciary net position</b>	<b>(351,036)</b>	<b>1,114,464</b>	<b>2,026,866</b>	<b>(1,121,855)</b>	<b>(94,253)</b>	<b>3,808,875</b>
<b>Plan fiduciary net position, beginning</b>	<b>40,299,276</b>	<b>39,184,812</b>	<b>37,157,946</b>	<b>38,279,801</b>	<b>38,374,054</b>	<b>34,565,179</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>39,948,240</b>	<b>40,299,276</b>	<b>39,184,812</b>	<b>37,157,946</b>	<b>38,279,801</b>	<b>38,374,054</b>
<b>City's net pension liability, ending (a)-(b)</b>	<b>\$15,569,227</b>	<b>\$18,159,727</b>	<b>\$ 9,720,635</b>	<b>\$11,117,287</b>	<b>\$ 14,980,245</b>	<b>\$13,652,943</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>71.96%</b>	<b>68.94%</b>	<b>80.12%</b>	<b>76.97%</b>	<b>71.87%</b>	<b>73.76%</b>
<b>Covered payroll</b>	<b>\$ 8,345,344</b>	<b>\$ 7,758,909</b>	<b>\$ 7,510,596</b>	<b>\$ 7,427,165</b>	<b>\$ 7,837,558</b>	<b>\$ 8,209,105</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>186.56%</b>	<b>234.05%</b>	<b>129.43%</b>	<b>149.68%</b>	<b>191.13%</b>	<b>166.31%</b>

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

2019 Changes of benefit terms:

- Eligibility conditions change for retirements effective after October 31, 2026 (rather than October 31, 2024) for members hired on or before December 31, 2015.
- Pension caps were slightly adjusted (the ultimate cap is 73% for Non-Hybrid and 47% for Hybrid).
- New eligibility conditions and Final Average Compensation periods for hires after January 1, 2018.

2019 Changes of assumptions:

- Decreased the assumed rate of return from 7.5% to 6.85%
- Decreased the price inflation assumption from 2.5% to 2.25%
- Increased the rates of retirement
- Increased the rates of withdrawal
- Decreased the rates of disability
- Updated mortality assumptions from RP-2000 to RP-2014

2018 Changes of assumptions:

- Retirement rates were adjusted to approximate anticipated member behavior as a result of the prior year's plan changes.

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,					
	2019	2018	2017	2016	2015	2014
Change in total pension liability						
Interest	\$ 403,369	\$ 429,493	\$ 447,644	\$ 493,298	\$ 522,860	\$ 541,023
Differences between expected and actual experience	95,117	(87,297)	47,444	(163,757)	-	-
Changes of assumptions	173,597	-	-	227,357	142,043	-
Benefit payments, including refunds of member contributions	(772,316)	(782,877)	(812,379)	(814,750)	(845,636)	(921,176)
Net change in total pension liability	(100,233)	(440,681)	(317,291)	(257,852)	(180,733)	(380,153)
Total pension liability, beginning	7,108,973	7,549,654	7,866,945	8,124,797	8,305,530	8,685,683
Total pension liability, ending (a)	7,008,740	7,108,973	7,549,654	7,866,945	8,124,797	8,305,530
Change in plan fiduciary net position						
Contributions - employer	506,251	567,276	565,463	604,690	607,009	606,096
Net investment income (loss)	195,665	467,070	482,691	(193,908)	120,095	659,708
Benefit payments, including refunds of member contributions	(772,316)	(782,877)	(812,379)	(814,750)	(845,636)	(921,176)
Administrative expense	(10,424)	(10,076)	(30,765)	-	-	(35,868)
Net change in plan fiduciary net position	(80,824)	241,393	205,010	(403,968)	(118,532)	308,760
Plan fiduciary net position, beginning	3,514,670	3,273,277	3,068,267	3,472,235	3,590,767	3,282,007
Plan fiduciary net position, ending (b)	3,433,846	3,514,670	3,273,277	3,068,267	3,472,235	3,590,767
City's net pension liability, ending (a)-(b)	\$ 3,574,894	\$ 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	48.99%	49.44%	43.36%	39.00%	42.74%	43.23%
Covered payroll	N/A	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	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.

2019 Changes of assumptions:

- Updated mortality assumptions from RP-2000 to RP-2014

2018 Changes of assumptions:

- The Board adopted a 10-year level dollar closed amortization period in conjunction with the June 30, 2017 Actuarial Valuation.

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,					
	2019	2018	2017	2016	2015	2014
<b>Change in total pension liability</b>						
Service cost	\$ 856,511	\$ 911,249	\$ 893,487	\$ 1,008,965	\$ 965,176	\$ 987,637
Interest	4,911,204	4,873,412	4,949,452	4,859,213	4,990,906	4,928,088
Differences between expected and actual experience	359,507	146,242	(78,307)	1,353,815	(962,506)	-
Changes of assumptions	6,732,162	-	(1,212,234)	1,326,844	791,987	(244,312)
Benefit payments, including refunds of member contributions	(5,159,919)	(5,527,374)	(5,848,163)	(5,345,160)	(5,799,429)	(4,735,567)
<b>Net change in total pension liability</b>	<b>7,699,465</b>	<b>403,529</b>	<b>(1,295,765)</b>	<b>3,203,677</b>	<b>(13,866)</b>	<b>935,846</b>
<b>Total pension liability, beginning</b>	<b>74,910,286</b>	<b>74,506,757</b>	<b>75,802,522</b>	<b>72,598,845</b>	<b>72,612,711</b>	<b>71,676,865</b>
<b>Total pension liability, ending (a)</b>	<b>82,609,751</b>	<b>74,910,286</b>	<b>74,506,757</b>	<b>75,802,522</b>	<b>72,598,845</b>	<b>72,612,711</b>
<b>Change in plan fiduciary net position</b>						
Contributions - employer	4,422,430	4,219,714	4,098,288	3,709,507	3,534,236	3,012,344
Contributions - employee	507,173	498,083	489,369	478,630	517,062	542,751
Net investment income (loss)	2,328,889	4,355,776	5,393,796	(2,123,241)	1,268,531	6,607,787
Benefit payments, including refunds of member contributions	(5,159,919)	(5,527,374)	(5,848,163)	(5,345,160)	(5,799,429)	(4,735,567)
Administrative expense	(51,741)	(71,180)	(302,135)	-	-	-
<b>Net change in plan fiduciary net position</b>	<b>2,046,832</b>	<b>3,475,019</b>	<b>3,831,155</b>	<b>(3,280,264)</b>	<b>(479,600)</b>	<b>5,427,315</b>
<b>Plan fiduciary net position, beginning</b>	<b>43,074,316</b>	<b>39,599,297</b>	<b>35,768,142</b>	<b>39,048,406</b>	<b>39,528,006</b>	<b>34,100,691</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>45,121,148</b>	<b>43,074,316</b>	<b>39,599,297</b>	<b>35,768,142</b>	<b>39,048,406</b>	<b>39,528,006</b>
<b>City's net pension liability, ending (a)-(b)</b>	<b>\$37,488,603</b>	<b>\$31,835,970</b>	<b>\$34,907,460</b>	<b>\$40,034,380</b>	<b>\$33,550,439</b>	<b>\$33,084,705</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>54.62%</b>	<b>57.50%</b>	<b>53.15%</b>	<b>47.19%</b>	<b>53.79%</b>	<b>54.44%</b>
<b>Covered payroll</b>	<b>\$ 5,029,427</b>	<b>\$ 4,829,089</b>	<b>\$ 4,622,259</b>	<b>\$ 4,782,487</b>	<b>\$ 5,148,271</b>	<b>\$ 5,124,768</b>
<b>City's net pension liability as a percentage of covered payroll</b>	<b>745.39%</b>	<b>659.25%</b>	<b>755.20%</b>	<b>837.10%</b>	<b>651.68%</b>	<b>645.58%</b>

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

2019 Changes of assumptions:

- Decreased the assumed rate of return from 6.75% to 6.0%
- Updated mortality assumptions from RP-2000 to RP-2014

# 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>						
2019	\$ 55,517,467	\$ 39,948,240	\$ 15,569,227	71.96%	\$ 8,345,344	186.56%
2018	58,459,003	40,299,276	18,159,727	68.94%	7,758,909	234.05%
2017	48,905,447	39,184,812	9,720,635	80.12%	7,510,596	129.43%
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>						
2019	\$ 7,008,740	\$ 3,433,846	\$ 3,574,894	48.99%	N/A	N/A
2018	7,108,973	3,514,670	3,594,303	49.44%	N/A	N/A
2017	7,549,654	3,273,277	4,276,377	43.36%	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>						
2019	\$ 82,609,751	\$ 45,121,148	\$ 37,488,603	54.62%	\$ 5,029,427	745.39%
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>					
6/30/2019	\$ 835,542	\$ 835,542	\$ -	\$ 8,345,344	10.01%
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>					
6/30/2019	\$ 506,251	\$ 506,251	\$ -	N/A	N/A
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	631,705	604,690	27,015	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>					
6/30/2019	\$ 4,422,430	\$ 4,422,430	\$ -	\$ 5,029,427	87.93%
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, 2018 (and rolled forward to June 30, 2019, 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	28 years closed for 6/30/2016 Unfunded Actuarial Accrued Liability (UAAL). Layered Amortization (30 year closed) for future UAAL (positive or negative) developed beyond 6/30/2016.
PFP	9 years beginning with the FYE 2020
Act 345	11 years closed for 6/30/2015 active UAAL; 7 years closed for 6/30/2015 retiree UAAL; 15 year closed for future UAAL (positive or negative) developed beyond 6/30/2015

##### DROP amortization period:

ERS	4 years closed
PFP	N/A
Act 345	N/A

##### 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 12.00%

##### Investment rate of return:

ERS	6.85% net of expenses
PFP	6.00% net of expenses
Act 345	6.00%

##### Long-term municipal bond rate:

ERS	N/A
PFP	N/A
Act 345	3.13%

# CITY OF JACKSON, MICHIGAN

## Required Supplementary Information

Retirement age:

ERS

Experience-based table of rates that are specific to the type of eligibility condition.

PFP

N/A - closed plan

Act 345

Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation.

Mortality rates

RP-2014 Mortality Table using projection scale MP 2018 from 2006 on a fully generational basis. First used for the June 30, 2018 valuation.

# 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>	
6/30/2019	6.13%
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>	
6/30/2019	6.83%
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>	
6/30/2019	6.00%
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,		
	2019	2018	2017
Change in total OPEB liability			
Service cost	\$ 346,426	\$ 555,506	\$ 665,665
Interest	1,997,281	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	481,638	(6,161,265)	-
Benefit payments, including refunds of member contributions	(2,513,271)	(2,821,992)	(2,629,714)
Net change in total OPEB liability	312,074	(16,246,976)	810,143
Total OPEB liability, beginning	41,029,038	57,276,014	56,465,871
Total OPEB liability, ending (a)	41,341,112	41,029,038	57,276,014
Change in plan fiduciary net position			
Contributions - employer	3,763,271	4,071,992	2,629,714
Net investment income	91,192	100,268	112,584
Benefit payments, including refunds of member contributions	(2,513,271)	(2,821,992)	(2,629,714)
Administrative expense	(23,850)	(15,500)	(2,121)
Net change in plan fiduciary net position	1,317,342	1,334,768	110,463
Plan fiduciary net position, beginning	2,252,917	918,149	807,686
Plan fiduciary net position, ending (b)	3,570,259	2,252,917	918,149
City's net OPEB liability, ending (a)-(b)	\$ 37,770,853	\$ 38,776,121	\$ 56,357,865
Plan fiduciary net position as a percentage of the total OPEB liability	8.64%	5.49%	1.60%
Covered payroll	\$ 7,315,330	\$ 7,819,428	\$ 10,131,529
City's net OPEB liability as a percentage of covered payroll	516.32%	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.

2019 Changes of assumptions: Demographic assumptions were updated to match the recent Experience Studies for the City of Jackson Employees Retirement System and the City of Jackson Act 345 Policemen and Firemen Retirement System (mortality, retirement, age-based withdrawal, service-based withdrawal, disability, and salary scale).

2018 Changes of 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 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
2019	\$ 3,044,149	\$ 3,763,271	\$ (719,122)	\$ 7,315,330	51.4%
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 (and rolled forward to June 30, 2019, the measurement date)
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 other postemployment benefit plan expenses, including inflation
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
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.
Aging factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Investment and other postemployment benefit plan administrative expenses are net of the investment returns

# 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
2019	2.68%
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.

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

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2019

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Assets</b>					
Pooled cash and investments	\$ 5,118,663	\$ 42,622	\$ 5,118,473	\$ 3,350,182	\$ 13,629,940
Accounts receivable, net	212,866	-	-	-	212,866
Loans receivable	19,688	-	-	-	19,688
Interest receivable	22,148	188	37,873	-	60,209
Other receivables	-	-	-	44,028	44,028
Due from other governments	279,082	-	-	-	279,082
Due from other funds	9,793	-	-	-	9,793
Inventories	15,500	-	-	-	15,500
<b>Total assets</b>	<b>\$ 5,677,740</b>	<b>\$ 42,810</b>	<b>\$ 5,156,346</b>	<b>\$ 3,394,210</b>	<b>\$ 14,271,106</b>
<b>Liabilities</b>					
Negative equity in pooled cash and investments	\$ 171,016	\$ -	\$ -	\$ -	\$ 171,016
Accounts payable	257,704	-	290	-	257,994
Accrued payroll	99,603	-	-	-	99,603
Due to other funds	9,471	-	-	-	9,471
Unearned revenue	123,894	-	15,205	-	139,099
Long-term advance from other funds	50,000	-	-	-	50,000
<b>Total liabilities</b>	<b>711,688</b>	<b>-</b>	<b>15,495</b>	<b>-</b>	<b>727,183</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - loans receivable	19,688	-	-	-	19,688
<b>Fund balances</b>					
Nonspendable	15,500	-	-	3,394,210	3,409,710
Restricted	3,457,443	42,810	5,005,305	-	8,505,558
Committed	1,473,421	-	135,546	-	1,608,967
<b>Total fund balances</b>	<b>4,946,364</b>	<b>42,810</b>	<b>5,140,851</b>	<b>3,394,210</b>	<b>13,524,235</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 5,677,740</b>	<b>\$ 42,810</b>	<b>\$ 5,156,346</b>	<b>\$ 3,394,210</b>	<b>\$ 14,271,106</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, 2019**

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Revenues</b>					
Property taxes	\$ 1,130,622	\$ 795,734	\$ 1,266,070	\$ -	\$ 3,192,426
Intergovernmental	3,393,321	1,154,989	-	-	4,548,310
Charges for services	3,526,198	48,366	1,500,000	26,590	5,101,154
Investment income	70,636	2,702	108,568	94,839	276,745
Miscellaneous	250,061	-	71,166	-	321,227
<b>Total revenues</b>	<b>8,370,838</b>	<b>2,001,791</b>	<b>2,945,804</b>	<b>121,429</b>	<b>13,439,862</b>
<b>Expenditures</b>					
<b>Current:</b>					
Public safety	2,057,475	-	-	-	2,057,475
Public works	2,291,019	-	-	-	2,291,019
Culture and recreation	1,593,245	-	-	-	1,593,245
Community enrichment and development	4,824,799	-	200,887	-	5,025,686
<b>Debt service:</b>					
Principal retirement	55,233	3,644,608	-	-	3,699,841
Interest and fiscal charges	9,203	3,155,524	-	-	3,164,727
<b>Total expenditures</b>	<b>10,830,974</b>	<b>6,800,132</b>	<b>200,887</b>	<b>-</b>	<b>17,831,993</b>
<b>Revenues over (under) expenditures</b>	<b>(2,460,136)</b>	<b>(4,798,341)</b>	<b>2,744,917</b>	<b>121,429</b>	<b>(4,392,131)</b>
<b>Other financing sources (uses)</b>					
Transfers in	6,357,775	4,788,031	175,640	-	11,321,446
Transfers out	(1,308,018)	-	(4,499,571)	(74,992)	(5,882,581)
<b>Total other financing sources (uses)</b>	<b>5,049,757</b>	<b>4,788,031</b>	<b>(4,323,931)</b>	<b>(74,992)</b>	<b>5,438,865</b>
<b>Net change in fund balances</b>	<b>2,589,621</b>	<b>(10,310)</b>	<b>(1,579,014)</b>	<b>46,437</b>	<b>1,046,734</b>
<b>Fund balances, beginning 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>
<b>Fund balances, end of year</b>	<b>\$ 4,946,364</b>	<b>\$ 42,810</b>	<b>\$ 5,140,851</b>	<b>\$ 3,394,210</b>	<b>\$ 13,524,235</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.

*Byrne/JAG Programs Fund* - This fund is used to account for activity related to the Justice Assistance Grant (JAG) Programs which replace the Byrne formula and the LLEGB programs with a single funding mechanism intended to simplify the administration process for grantees.

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Special Revenue Funds  
 June 30, 2019

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
<b>Assets</b>					
Pooled cash and investments	\$ 2,723,340	\$ 59,198	\$ 354,696	\$ 494,638	\$ 696,247
Accounts receivables, net	99,674	-	-	370	-
Loans receivable	-	-	-	-	-
Interest receivable	10,511	-	5,544	2,917	500
Due from other governments	161,131	-	-	-	-
Due from other funds	-	-	-	-	-
Inventories	-	15,500	-	-	-
<b>Total assets</b>	<b>\$ 2,994,656</b>	<b>\$ 74,698</b>	<b>\$ 360,240</b>	<b>\$ 497,925</b>	<b>\$ 696,747</b>
<b>Liabilities</b>					
Negative equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	34,869	25,730	-	3,646	35,345
Accrued payroll	8,551	20,671	-	9,875	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Long-term advance from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>43,420</b>	<b>46,401</b>	<b>-</b>	<b>13,521</b>	<b>35,345</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	2,951,236	-	-	-	-
Public improvements	-	-	360,240	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	12,797	-	-	-
Public safety	-	-	-	484,404	661,402
<b>Total fund balances</b>	<b>2,951,236</b>	<b>28,297</b>	<b>360,240</b>	<b>484,404</b>	<b>661,402</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 2,994,656</b>	<b>\$ 74,698</b>	<b>\$ 360,240</b>	<b>\$ 497,925</b>	<b>\$ 696,747</b>

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement
\$ 28,851	\$ 269,379	\$ 177,214	\$ 58,813	\$ -
-	-	-	-	103,965
-	-	19,688	-	-
170	1,590	-	-	-
-	-	-	-	-
-	-	322	-	9,471
-	-	-	-	-
<u>\$ 29,021</u>	<u>\$ 270,969</u>	<u>\$ 197,224</u>	<u>\$ 58,813</u>	<u>\$ 113,436</u>
\$ -	\$ -	\$ -	\$ -	\$ 46,983
45	3,102	51,691	76	3,811
-	3,735	1,217	-	16,956
-	-	9,471	-	-
-	-	65,157	58,737	-
-	-	50,000	-	-
<u>45</u>	<u>6,837</u>	<u>177,536</u>	<u>58,813</u>	<u>67,750</u>
-	-	19,688	-	-
-	-	-	-	-
-	-	-	-	-
28,976	-	-	-	-
-	264,132	-	-	-
-	-	-	-	45,686
<u>28,976</u>	<u>264,132</u>	<u>-</u>	<u>-</u>	<u>45,686</u>
<u>\$ 29,021</u>	<u>\$ 270,969</u>	<u>\$ 197,224</u>	<u>\$ 58,813</u>	<u>\$ 113,436</u>

continued...

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Special Revenue Funds  
 June 30, 2019

	Recreation Millage	Blight Elimination	SAFER Grant	Cortland Street Redevelopment Projects Fund	2017 Blight Elimination Grant
<b>Assets</b>					
Pooled cash and investments	\$ 153,404	\$ -	\$ -	\$ 102,883	\$ -
Accounts receivables, net	-	-	-	-	-
Loans receivable	-	-	-	-	-
Interest receivable	916	-	-	-	-
Due from other governments	-	-	52,993	-	-
Due from other funds	-	-	-	-	-
Inventories	-	-	-	-	-
<b>Total assets</b>	<b>\$ 154,320</b>	<b>\$ -</b>	<b>\$ 52,993</b>	<b>\$ 102,883</b>	<b>\$ -</b>
<b>Liabilities</b>					
Negative equity in pooled cash and investments	\$ -	\$ -	\$ 52,993	\$ -	\$ -
Accounts payable	1,415	-	-	97,883	-
Accrued payroll	35,914	-	-	-	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Long-term advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>37,329</b>	<b>-</b>	<b>52,993</b>	<b>97,883</b>	<b>-</b>
<b>Deferred inflows of resources</b>					
Unavailable revenue - loans receivable	-	-	-	-	-
<b>Fund balances</b>					
Nonspendable for - Inventories	-	-	-	-	-
Restricted for:					
Highways and streets	-	-	-	-	-
Public improvements	116,991	-	-	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	5,000	-
<b>Total fund balances</b>	<b>116,991</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 154,320</b>	<b>\$ -</b>	<b>\$ 52,993</b>	<b>\$ 102,883</b>	<b>\$ -</b>



Lead Hazard Control Grant	Byrne/JAG Programs	Totals
\$ -	\$ -	\$ 5,118,663
-	8,857	212,866
-	-	19,688
-	-	22,148
64,958	-	279,082
-	-	9,793
-	-	15,500
<u>\$ 64,958</u>	<u>\$ 8,857</u>	<u>\$ 5,677,740</u>

\$ 62,183	\$ 8,857	\$ 171,016
91	-	257,704
2,684	-	99,603
-	-	9,471
-	-	123,894
-	-	50,000
<u>64,958</u>	<u>8,857</u>	<u>711,688</u>

-	-	19,688
---	---	--------

-	-	15,500
-	-	2,951,236
-	-	477,231
-	-	28,976
-	-	276,929
-	-	1,196,492

-	-	4,946,364
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<u>\$ 64,958</u>	<u>\$ 8,857</u>	<u>\$ 5,677,740</u>
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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, 2019**

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 1,130,622	\$ -	\$ -
Intergovernmental	1,390,634	-	-	-	-
Charges for services	-	532,375	-	580,283	158,757
Investment income	31,697	26	15,573	7,641	1,881
Miscellaneous	-	-	-	-	115
<b>Total revenues</b>	<b>1,422,331</b>	<b>532,401</b>	<b>1,146,195</b>	<b>587,924</b>	<b>160,753</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	426,478	442,325
Public works	2,291,019	-	-	-	-
Culture and recreation	-	784,177	-	-	-
Community enrichment and development	-	-	135,476	-	-
Debt service:					
Principal retirement	-	-	55,233	-	-
Interest	-	-	9,203	-	-
<b>Total expenditures</b>	<b>2,291,019</b>	<b>784,177</b>	<b>199,912</b>	<b>426,478</b>	<b>442,325</b>
<b>Revenues over (under) expenditures</b>	<b>(868,688)</b>	<b>(251,776)</b>	<b>946,283</b>	<b>161,446</b>	<b>(281,572)</b>
<b>Other financing sources (uses)</b>					
Transfers in	3,015,219	237,725	-	-	875,000
Transfers out	(103,803)	-	(940,685)	-	(263,530)
<b>Total other financing sources (uses)</b>	<b>2,911,416</b>	<b>237,725</b>	<b>(940,685)</b>	<b>-</b>	<b>611,470</b>
<b>Net change in fund balances</b>	<b>2,042,728</b>	<b>(14,051)</b>	<b>5,598</b>	<b>161,446</b>	<b>329,898</b>
<b>Fund balances, beginning of year</b>	<b>908,508</b>	<b>42,348</b>	<b>354,642</b>	<b>322,958</b>	<b>331,504</b>
<b>Fund balances, end of year</b>	<b>\$ 2,951,236</b>	<b>\$ 28,297</b>	<b>\$ 360,240</b>	<b>\$ 484,404</b>	<b>\$ 661,402</b>

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	989,025	106,467	-
-	259,273	-	-	1,108,059
427	4,102	-	-	8,025
30,368	-	106,367	44,306	68,905
<u>30,795</u>	<u>263,375</u>	<u>1,095,392</u>	<u>150,773</u>	<u>1,184,989</u>
17,946	-	-	-	-
-	-	-	-	-
-	250,553	-	-	-
-	-	1,095,392	150,773	1,181,857
-	-	-	-	-
-	-	-	-	-
<u>17,946</u>	<u>250,553</u>	<u>1,095,392</u>	<u>150,773</u>	<u>1,181,857</u>
<u>12,849</u>	<u>12,822</u>	<u>-</u>	<u>-</u>	<u>3,132</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>12,849</u>	<u>12,822</u>	<u>-</u>	<u>-</u>	<u>3,132</u>
<u>16,127</u>	<u>251,310</u>	<u>-</u>	<u>-</u>	<u>42,554</u>
<u>\$ 28,976</u>	<u>\$ 264,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 45,686</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, 2019**

	Recreation Millage	Blight Elimination	SAFER Grant	Cortland Street Redevelopment Projects Fund	2017 Blight Elimination Grant
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	593,757	-	176,630
Charges for services	587,451	-	-	300,000	-
Investment income	1,263	1	-	-	-
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>588,714</b>	<b>1</b>	<b>593,757</b>	<b>300,000</b>	<b>176,630</b>
<b>Expenditures</b>					
Current:					
Public safety	-	53,421	593,757	-	386,740
Public works	-	-	-	-	-
Culture and recreation	558,515	-	-	-	-
Community enrichment and development	-	-	-	2,261,301	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
<b>Total expenditures</b>	<b>558,515</b>	<b>53,421</b>	<b>593,757</b>	<b>2,261,301</b>	<b>386,740</b>
Revenues over (under) expenditures	30,199	(53,420)	-	(1,961,301)	(210,110)
<b>Other financing sources (uses)</b>					
Transfers in	-	53,420	-	1,966,301	210,110
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>53,420</b>	<b>-</b>	<b>1,966,301</b>	<b>210,110</b>
Net change in fund balances	30,199	-	-	5,000	-
Fund balances, beginning of year	86,792	-	-	-	-
Fund balances, end of year	\$ 116,991	\$ -	\$ -	\$ 5,000	\$ -



Lead Hazard Control Grant	Byrne/JAG Programs	Totals
\$ -	\$ -	\$ 1,130,622
100,819	35,989	3,393,321
-	-	3,526,198
-	-	70,636
-	-	250,061
<u>100,819</u>	<u>35,989</u>	<u>8,370,838</u>
100,819	35,989	2,057,475
-	-	2,291,019
-	-	1,593,245
-	-	4,824,799
-	-	55,233
-	-	9,203
<u>100,819</u>	<u>35,989</u>	<u>10,830,974</u>
-	-	(2,460,136)
-	-	6,357,775
-	-	(1,308,018)
-	-	5,049,757
-	-	2,589,621
-	-	2,356,743
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,946,364</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, 2019

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

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental	\$ 1,214,550	\$ 1,390,634	\$ 176,084	\$ 1,141,070
Investment income	1,000	31,697	30,697	3,003
Miscellaneous	-	-	-	954
<b>Total revenues</b>	<b>1,215,550</b>	<b>1,422,331</b>	<b>206,781</b>	<b>1,145,027</b>
<b>Expenditures</b>				
Current - public works:				
Street construction	3,214,018	1,919,616	(1,294,402)	636,564
Street maintenance	697,204	482,528	(214,676)	686,049
Traffic services	2,000	-	(2,000)	949
Winter maintenance	100,000	90,855	(9,145)	192,820
Reimbursements	(104,566)	(201,980)	(97,414)	(13,681)
<b>Total expenditures</b>	<b>3,908,656</b>	<b>2,291,019</b>	<b>(1,617,637)</b>	<b>1,502,701</b>
Revenues under expenditures	(2,693,106)	(868,688)	1,824,418	(357,674)
<b>Other financing sources (uses)</b>				
Transfers in	2,334,197	3,015,219	681,022	566,722
Transfers out	(103,803)	(103,803)	-	-
<b>Total other financing sources</b>	<b>2,230,394</b>	<b>2,911,416</b>	<b>681,022</b>	<b>566,722</b>
<b>Net change in fund balance</b>	<b>(462,712)</b>	<b>2,042,728</b>	<b>2,505,440</b>	<b>209,048</b>
Fund balance, beginning of year	908,508	908,508	-	699,460
<b>Fund balance, end of year</b>	<b>\$ 445,796</b>	<b>\$ 2,951,236</b>	<b>\$ 2,505,440</b>	<b>\$ 908,508</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, 2019

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

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 605,750	\$ 532,375	\$ (73,375)	\$ 558,293
Investment income	27	26	(1)	26
Total revenues	<u>605,777</u>	<u>532,401</u>	<u>(73,376)</u>	<u>574,959</u>
Expenditures				
Current - culture and recreation:				
Personal services	277,215	280,010	2,795	286,333
Materials and supplies	191,600	206,959	15,359	211,076
Contractual and other services	337,420	297,208	(40,212)	243,829
Total expenditures	<u>806,235</u>	<u>784,177</u>	<u>(22,058)</u>	<u>741,238</u>
Revenues under expenditures	<u>(200,458)</u>	<u>(251,776)</u>	<u>(51,318)</u>	<u>(166,279)</u>
Other financing sources				
Insurance recovery	5,000	-	(5,000)	16,640
Transfers in	197,386	237,725	40,339	172,732
Total other financing sources	<u>202,386</u>	<u>237,725</u>	<u>35,339</u>	<u>189,372</u>
Net change in fund balance	1,928	(14,051)	(15,979)	23,093
Fund balance, beginning of year	<u>42,348</u>	<u>42,348</u>	-	<u>35,895</u>
Fund balance, end of year	<u>\$ 44,276</u>	<u>\$ 28,297</u>	<u>\$ (15,979)</u>	<u>\$ 42,348</u>

CITY OF JACKSON, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual**  
 Public Improvement Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Property taxes	\$ 1,111,809	\$ 1,130,622	\$ 18,813	\$ 1,109,680
Investment income	8,000	15,573	7,573	5,067
<b>Total revenues</b>	<b>1,119,809</b>	<b>1,146,195</b>	<b>26,386</b>	<b>1,114,747</b>
Expenditures				
Current - community enrichment and development	173,402	135,476	(37,926)	86,249
Debt service:				
Principal retirement	64,436	55,233	(9,203)	53,557
Interest	-	9,203	9,203	10,879
<b>Total expenditures</b>	<b>237,838</b>	<b>199,912</b>	<b>(37,926)</b>	<b>150,685</b>
Revenues over expenditures	881,971	946,283	64,312	964,062
Other financing uses				
Transfers out	(967,404)	(940,685)	(26,719)	(847,148)
Net change in fund balance	(85,433)	5,598	91,031	116,914
Fund balance, beginning of year	354,642	354,642	-	237,728
<b>Fund balance, end of year</b>	<b>\$ 269,209</b>	<b>\$ 360,240</b>	<b>\$ 91,031</b>	<b>\$ 354,642</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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 379,500	\$ 580,283	\$ 200,783	\$ 457,027
Investment income	3,000	7,641	4,641	3,224
<b>Total revenues</b>	<b>382,500</b>	<b>587,924</b>	<b>205,424</b>	<b>460,251</b>
<b>Expenditures</b>				
Current - public safety:				
Personal services	394,125	379,165	(14,960)	385,400
Materials and supplies	9,000	6,959	(2,041)	7,368
Contractual and other services	56,565	40,354	(16,211)	44,807
<b>Total expenditures</b>	<b>459,690</b>	<b>426,478</b>	<b>(33,212)</b>	<b>437,575</b>
<b>Net change in fund balance</b>	<b>(77,190)</b>	<b>161,446</b>	<b>238,636</b>	<b>22,676</b>
Fund balance, beginning of year	322,958	322,958	-	300,282
<b>Fund balance, end of year</b>	<b>\$ 245,768</b>	<b>\$ 484,404</b>	<b>\$ 238,636</b>	<b>\$ 322,958</b>

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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 148,750	\$ 158,757	\$ 10,007	\$ 169,425
Investment income	900	1,881	981	12,912
Miscellaneous	-	115	115	500
<b>Total revenues</b>	<b>149,650</b>	<b>160,753</b>	<b>11,103</b>	<b>182,837</b>
<b>Expenditures</b>				
Current - public safety - Contractual and other services	802,250	442,325	(359,925)	345,334
<b>Revenues under expenditures</b>	<b>(652,600)</b>	<b>(281,572)</b>	<b>371,028</b>	<b>(162,497)</b>
<b>Other financing sources (uses)</b>				
Transfers in	875,000	875,000	-	352,300
Transfers out	(544,125)	(263,530)	(280,595)	(69,496)
<b>Total other financing sources (uses)</b>	<b>330,875</b>	<b>611,470</b>	<b>280,595</b>	<b>282,804</b>
<b>Net change in fund balance</b>	<b>(321,725)</b>	<b>329,898</b>	<b>651,623</b>	<b>120,307</b>
<b>Fund balance, beginning of year</b>	<b>331,504</b>	<b>331,504</b>	<b>-</b>	<b>211,197</b>
<b>Fund balance, end of year</b>	<b>\$ 9,779</b>	<b>\$ 661,402</b>	<b>\$ 651,623</b>	<b>\$ 331,504</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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Investment income	\$ 180	\$ 427	\$ 247	\$ 68
Miscellaneous:				
Sale of property	500	1,882	1,382	3,111
Other	30,000	28,486	(1,514)	14,331
<b>Total revenues</b>	<b>30,680</b>	<b>30,795</b>	<b>115</b>	<b>17,510</b>
<b>Expenditures</b>				
Current - public safety:				
Personal services	15,106	14,011	(1,095)	13,602
Materials and supplies	975	1,015	40	-
Contractual and other services	2,698	2,920	222	756
<b>Total expenditures</b>	<b>18,779</b>	<b>17,946</b>	<b>(833)</b>	<b>14,358</b>
<b>Net change in fund balance</b>	<b>11,901</b>	<b>12,849</b>	<b>948</b>	<b>3,152</b>
Fund balance, beginning of year	16,127	16,127	-	12,975
<b>Fund balance, end of year</b>	<b>\$ 28,028</b>	<b>\$ 28,976</b>	<b>\$ 948</b>	<b>\$ 16,127</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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 244,380	\$ 259,273	\$ 14,893	\$ 254,742
Investment income	1,453	4,102	2,649	1,453
<b>Total revenues</b>	<u>245,833</u>	<u>263,375</u>	<u>17,542</u>	<u>256,195</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	86,567	91,352	4,785	70,978
Materials and supplies	50,000	54,754	4,754	54,868
Contractual and other services	107,300	104,447	(2,853)	114,608
<b>Total expenditures</b>	<u>243,867</u>	<u>250,553</u>	<u>6,686</u>	<u>240,454</u>
<b>Net change in fund balance</b>	1,966	12,822	10,856	15,741
<b>Fund balance, beginning of year</b>	<u>251,310</u>	<u>251,310</u>	-	<u>235,569</u>
<b>Fund balance, end of year</b>	<u>\$ 253,276</u>	<u>\$ 264,132</u>	<u>\$ 10,856</u>	<u>\$ 251,310</u>

CITY OF JACKSON, MICHIGAN

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual**  
 Community Development Block Grant Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental	\$ 2,803,546	\$ 989,025	\$ (1,814,521)	\$ 1,083,499
Miscellaneous	13,795	106,367	92,572	191,439
<b>Total revenues</b>	<b>2,817,341</b>	<b>1,095,392</b>	<b>(1,721,949)</b>	<b>1,274,938</b>
<b>Expenditures</b>				
Current:				
Public safety -				
Code enforcement	1	-	(1)	17,092
Community enrichment and development:				
Rehabilitation	990,712	121,856	(868,856)	692,002
Rehabilitation loans	990	720	(270)	4,644
Administration	180,056	75,602	(104,454)	117,595
Culture and recreation	96,837	13,637	(83,200)	152,425
Street construction	1,294,645	830,844	(463,801)	156,911
Public facility demolition	254,100	52,733	(201,367)	134,269
<b>Total expenditures</b>	<b>2,817,341</b>	<b>1,095,392</b>	<b>(1,721,949)</b>	<b>1,274,938</b>
<b>Net change in fund balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 671,450	\$ 106,467	\$ (564,983)	\$ 68,624
Miscellaneous	91,611	44,306	(47,305)	56,433
<b>Total revenues</b>	<b>763,061</b>	<b>150,773</b>	<b>(612,288)</b>	<b>125,057</b>
Expenditures				
Current - community enrichment and development:				
Rehabilitation assistance	132,977	121,499	(11,478)	54,913
Community housing development organizations	630,084	29,274	(600,810)	70,144
<b>Total expenditures</b>	<b>763,061</b>	<b>150,773</b>	<b>(612,288)</b>	<b>125,057</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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 1,085,000	\$ 1,108,059	\$ 23,059	\$ 970,934
Investment income	7,500	8,025	525	15,456
Miscellaneous	50,000	68,905	18,905	60,176
<b>Total revenues</b>	<b>1,142,500</b>	<b>1,184,989</b>	<b>42,489</b>	<b>1,046,566</b>
<b>Expenditures</b>				
Current -				
Community enrichment and development	1,183,299	1,181,857	(1,442)	1,014,636
<b>Net change in fund balance</b>	<b>(40,799)</b>	<b>3,132</b>	<b>43,931</b>	<b>31,930</b>
Fund balance, beginning of year	42,554	42,554	-	10,624
<b>Fund balance, end of year</b>	<b>\$ 1,755</b>	<b>\$ 45,686</b>	<b>\$ 43,931</b>	<b>\$ 42,554</b>

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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 570,000	\$ 587,451	\$ 17,451	\$ 574,751
Investment income	200	1,263	1,063	262
<b>Total revenues</b>	<u>570,200</u>	<u>588,714</u>	<u>18,514</u>	<u>575,013</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	385,901	395,882	9,981	402,911
Materials and supplies	147,629	154,067	6,438	124,702
Contractual and other services	35,600	8,566	(27,034)	20,202
<b>Total expenditures</b>	<u>569,130</u>	<u>558,515</u>	<u>(10,615)</u>	<u>547,815</u>
<b>Net change in fund balance</b>	1,070	30,199	29,129	27,198
<b>Fund balance, beginning of year</b>	<u>86,792</u>	<u>86,792</u>	-	<u>59,594</u>
<b>Fund balance, end of year</b>	<u>\$ 87,862</u>	<u>\$ 116,991</u>	<u>\$ 29,129</u>	<u>\$ 86,792</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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ 1
Investment income	-	1	1	-
Miscellaneous	-	-	-	10,500
<b>Total revenues</b>	-	1	1	10,501
<b>Expenditures</b>				
Current - public safety - Contractual and other services	85,000	53,421	(31,579)	79,997
<b>Revenues under expenditures</b>	(85,000)	(53,420)	31,580	(69,496)
<b>Other financing sources</b>				
Transfers in	85,000	53,420	(31,580)	69,496
<b>Net change in fund balance</b>	-	-	-	-
<b>Fund balance, beginning of year</b>	-	-	-	-
<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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 589,916	\$ 593,757	\$ 3,841	\$ 650,675
Expenditures				
Current - public safety - Personal services	589,916	593,757	3,841	650,675
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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 317,023	\$ 300,000	\$ (17,023)	\$ 251,510
Expenditures				
Community enrichment and development - Economic development	2,674,204	2,261,301	(412,903)	506,300
Revenues under expenditures	(2,357,181)	(1,961,301)	395,880	(254,790)
Other financing sources				
Transfers in	2,357,181	1,966,301	(390,880)	254,790
Net change in fund balance	-	5,000	5,000	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ 5,000	\$ 5,000	\$ -

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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 176,630	\$ 176,630	\$ -	\$ 73,370
Expenditures				
Current - public safety - Contractual and other services	635,795	386,740	(249,055)	73,370
Revenues under expenditures	(459,165)	(210,110)	249,055	-
Other financing sources				
Transfers in	459,165	210,110	(249,055)	-
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, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental revenue	\$ 288,955	\$ 100,819	\$ (188,136)	\$ 62,948
<b>Expenditures</b>				
Current - public safety -				
Personal services	107,355	80,799	(26,556)	42,527
Materials and supplies	3,000	1,598	(1,402)	434
Contractual and other services	158,600	18,422	(140,178)	19,987
<b>Total expenditures</b>	<b>268,955</b>	<b>100,819</b>	<b>(168,136)</b>	<b>62,948</b>
Revenues over expenditures	20,000	-	(20,000)	-
<b>Other financing uses</b>				
Transfers out	(20,000)	-	(20,000)	-
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**  
 Byrne/JAG Program Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2019  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2018

	2019			2018 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 55,901	\$ 35,989	\$ (19,912)	\$ -
Expenditures				
Public safety				
Community enrichment	55,901	35,989	(19,912)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF JACKSON, MICHIGAN

### ■ Nonmajor Debt Service Funds

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

*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, 2019

	2012 Brownfield Refunding	2011 DDA Refunding	Building Authority
<b>Assets</b>			
Pooled cash and investments	\$ 4,529	\$ 431	\$ -
Interest receivable	-	-	-
<b>Total assets</b>	<u>\$ 4,529</u>	<u>\$ 431</u>	<u>\$ -</u>
<b>Fund balances</b>			
Restricted for debt service	<u>\$ 4,529</u>	<u>\$ 431</u>	<u>\$ -</u>



2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	2017 Michigan Transportation Bonds	Totals
\$ 637 -	\$ 35,125 188	\$ - -	\$ 1,900 -	\$ - -	\$ 42,622 188
<u>\$ 637</u>	<u>\$ 35,313</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ 42,810</u>
<u>\$ 637</u>	<u>\$ 35,313</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ 42,810</u>

# CITY OF JACKSON, MICHIGAN

## Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Fiscal Year Ended June 30, 2019

	2012 Brownfield Refunding	2011 DDA Refunding	Building Authority
<b>Revenues</b>			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	739,369	-	-
Charges for services	-	-	48,366
Investment income	-	-	-
<b>Total revenues</b>	<u>739,369</u>	<u>-</u>	<u>48,366</u>
<b>Expenditures</b>			
Debt service:			
Principal retirement	515,000	-	50,000
Interest, fiscal charges and bond issuance costs	224,369	247,575	1,312
<b>Total expenditures</b>	<u>739,369</u>	<u>247,575</u>	<u>51,312</u>
Revenues under expenditures	-	(247,575)	(2,946)
<b>Other financing sources</b>			
Transfers in	-	247,575	-
<b>Net change in fund balances</b>	-	-	(2,946)
Fund balances, beginning of year	4,529	431	2,946
<b>Fund balances, end of year</b>	<u>\$ 4,529</u>	<u>\$ 431</u>	<u>\$ -</u>



2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	2017 Michigan Transportation Bonds	Totals
\$ -	\$ 795,734	\$ -	\$ -	\$ -	\$ 795,734
-	-	-	415,620	-	1,154,989
-	-	-	-	-	48,366
-	2,702	-	-	-	2,702
-	798,436	-	415,620	-	2,001,791
817,608	600,000	922,000	180,000	560,000	3,644,608
1,383,142	205,800	655,025	235,620	202,681	3,155,524
2,200,750	805,800	1,577,025	415,620	762,681	6,800,132
(2,200,750)	(7,364)	(1,577,025)	-	(762,681)	(4,798,341)
2,200,750	-	1,577,025	-	762,681	4,788,031
-	(7,364)	-	-	-	(10,310)
637	42,677	-	1,900	-	53,120
\$ 637	\$ 35,313	\$ -	\$ 1,900	\$ -	\$ 42,810

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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, 2019

	Capital Projects	2017 Michigan Transportation Bonds Construction	Downtown Development Authority Project	Totals
<b>Assets</b>				
Pooled cash and investments	\$ 151,041	\$ 2,076,280	\$ 2,891,152	\$ 5,118,473
Interest receivable	-	20,818	17,055	37,873
<b>Total assets</b>	<b>\$ 151,041</b>	<b>\$ 2,097,098</b>	<b>\$ 2,908,207</b>	<b>\$ 5,156,346</b>
<b>Liabilities</b>				
Accounts payable	\$ 290	\$ -	\$ -	\$ 290
Unearned revenue	15,205	-	-	15,205
<b>Total liabilities</b>	<b>15,495</b>	<b>-</b>	<b>-</b>	<b>15,495</b>
<b>Fund balances</b>				
Restricted for downtown development	-	2,097,098	2,908,207	5,005,305
Committed for capital projects	135,546	-	-	135,546
<b>Total fund balances</b>	<b>135,546</b>	<b>2,097,098</b>	<b>2,908,207</b>	<b>5,140,851</b>
<b>Total liabilities and fund balances</b>	<b>\$ 151,041</b>	<b>\$ 2,097,098</b>	<b>\$ 2,908,207</b>	<b>\$ 5,156,346</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, 2019

	Capital Projects	2017 Michigan Transportation Bonds Construction	Downtown Development Authority Project	Totals
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ 1,266,070	\$ 1,266,070
Charges for services	-	-	1,500,000	1,500,000
Investment income	565	59,695	48,308	108,568
Miscellaneous	71,166	-	-	71,166
<b>Total revenues</b>	<b>71,731</b>	<b>59,695</b>	<b>2,814,378</b>	<b>2,945,804</b>
<b>Expenditures</b>				
Community enrichment and development	200,887	-	-	200,887
<b>Revenues over (under) expenditures</b>	<b>(129,156)</b>	<b>59,695</b>	<b>2,814,378</b>	<b>2,744,917</b>
<b>Other financing sources (uses)</b>				
Transfers in	175,640	-	-	175,640
Transfers out	-	(2,051,246)	(2,448,325)	(4,499,571)
<b>Total other financing sources (uses)</b>	<b>175,640</b>	<b>(2,051,246)</b>	<b>(2,448,325)</b>	<b>(4,323,931)</b>
<b>Net change in fund balances</b>	<b>46,484</b>	<b>(1,991,551)</b>	<b>366,053</b>	<b>(1,579,014)</b>
<b>Fund balances, beginning of year</b>	<b>89,062</b>	<b>4,088,649</b>	<b>2,542,154</b>	<b>6,719,865</b>
<b>Fund balances, end of year</b>	<b>\$ 135,546</b>	<b>\$ 2,097,098</b>	<b>\$ 2,908,207</b>	<b>\$ 5,140,851</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, 2019

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
<b>Assets</b>				
Pooled cash and investments - restricted	\$ 1,132,264	\$ 1,921,415	\$ 296,503	\$ 3,350,182
Other receivables	-	44,028	-	44,028
<b>Total assets</b>	<b>\$ 1,132,264</b>	<b>\$ 1,965,443</b>	<b>\$ 296,503</b>	<b>\$ 3,394,210</b>
<b>Fund balances</b>				
Nonspendable for:				
Perpetual care	\$ -	\$ 1,965,443	\$ -	\$ 1,965,443
Endowment	1,132,264	-	296,503	1,428,767
<b>Total fund balances</b>	<b>\$ 1,132,264</b>	<b>\$ 1,965,443</b>	<b>\$ 296,503</b>	<b>\$ 3,394,210</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, 2019

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
Revenues				
Charges for services	\$ -	\$ 26,590	\$ -	\$ 26,590
Investment income	38,334	47,267	9,238	94,839
<b>Total revenues</b>	<b>38,334</b>	<b>73,857</b>	<b>9,238</b>	<b>121,429</b>
Other financing uses				
Transfers out	(22,733)	(47,267)	(4,992)	(74,992)
<b>Net change in fund balances</b>	<b>15,601</b>	<b>26,590</b>	<b>4,246</b>	<b>46,437</b>
Fund balances, beginning of year	1,116,663	1,938,853	292,257	3,347,773
<b>Fund balances, end of year</b>	<b>\$ 1,132,264</b>	<b>\$ 1,965,443</b>	<b>\$ 296,503</b>	<b>\$ 3,394,210</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, 2019

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 37,759	\$ 156,992	\$ 222,217	\$ 416,968
Interest receivable	222	-	1,743	1,965
Total current assets	<u>37,981</u>	<u>156,992</u>	<u>223,960</u>	<u>418,933</u>
Noncurrent assets:				
Capital assets not being depreciated	-	1,682,727	-	1,682,727
Capital assets being depreciated, net	-	2,690,885	-	2,690,885
Total noncurrent assets	<u>-</u>	<u>4,373,612</u>	<u>-</u>	<u>4,373,612</u>
Total assets	<u>37,981</u>	<u>4,530,604</u>	<u>223,960</u>	<u>4,792,545</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	9,630	-	598	10,228
Accrued payroll	2,796	-	1,953	4,749
Unearned revenue	-	-	3,135	3,135
Total liabilities	<u>12,426</u>	<u>-</u>	<u>5,686</u>	<u>18,112</u>
<b>Net position</b>				
Investment in capital assets	-	4,373,612	-	4,373,612
Unrestricted	25,555	156,992	218,274	400,821
Total net position	<u>\$ 25,555</u>	<u>\$ 4,530,604</u>	<u>\$ 218,274</u>	<u>\$ 4,774,433</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, 2019

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Operating revenues				
Charges for sales and services	\$ 30,487	\$ 9,783	\$ 187,187	\$ 227,457
Other	-	-	22,621	22,621
Total operating revenues	30,487	9,783	209,808	250,078
Operating expenses				
Personal services	30,795	4,170	58,929	93,894
Materials and supplies	14,752	2,825	-	17,577
Contractual and other services	9,600	8,067	83,155	100,822
Depreciation	-	125,431	-	125,431
Total operating expenses	55,147	140,493	142,084	337,724
Operating income (loss)	(24,660)	(130,710)	67,724	(87,646)
Nonoperating revenues (expenses)				
Investment income	624	476	5,486	6,586
Interest and fiscal charges	(500)	-	-	(500)
Total nonoperating revenues	124	476	5,486	6,086
Income (loss) before transfers	(24,536)	(130,234)	73,210	(81,560)
Transfers in	20,000	645,453	68,976	734,429
Transfers out	-	(112,716)	(78,223)	(190,939)
Change in net position	(4,536)	402,503	63,963	461,930
Net position, beginning of year	30,091	4,128,101	154,311	4,312,503
Net position, end of year	\$ 25,555	\$ 4,530,604	\$ 218,274	\$ 4,774,433

CITY OF JACKSON, MICHIGAN

**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended June 30, 2019

	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	\$ 30,487	\$ 10,028	\$ 209,808	\$ 250,323
Payments to employees	(30,795)	(4,170)	(58,929)	(93,894)
Payments to vendors and claimants	(33,849)	(11,052)	(80,937)	(125,838)
<b>Net cash provided by (used in) operating activities</b>	<b>(34,157)</b>	<b>(5,194)</b>	<b>69,942</b>	<b>30,591</b>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	-	(556,231)	-	(556,231)
Interest paid on long-term debt	(500)	-	-	(500)
<b>Net cash used in capital and related financing activities</b>	<b>(500)</b>	<b>(556,231)</b>	<b>-</b>	<b>(556,731)</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers in	20,000	645,453	68,976	734,429
Transfers out	-	(112,716)	(78,223)	(190,939)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>20,000</b>	<b>532,737</b>	<b>(9,247)</b>	<b>543,490</b>
<b>Cash flows from investing activities</b>				
Interest received on investments	402	476	3,743	4,621
<b>Net change in cash and cash equivalents</b>	<b>(14,255)</b>	<b>(28,212)</b>	<b>64,438</b>	<b>21,971</b>
Cash and cash equivalents, beginning of year	52,014	185,204	157,779	394,997
<b>Cash and cash equivalents, end of year</b>	<b>\$ 37,759</b>	<b>\$ 156,992</b>	<b>\$ 222,217</b>	<b>\$ 416,968</b>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (24,660)	\$ (130,710)	\$ 67,724	\$ (87,646)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	125,431	-	125,431
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	245	-	245
Accounts payable	9,630	-	(1,608)	8,022
Accrued payroll	873	(160)	691	1,404
Unearned revenue	-	-	3,135	3,135
Advance from other funds	(20,000)	-	-	(20,000)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (34,157)</b>	<b>\$ (5,194)</b>	<b>\$ 69,942</b>	<b>\$ 30,591</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, 2019

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
<b>Assets</b>			
Current assets:			
Pooled cash and investments	\$ 64,701	\$ 1,124,164	\$ 462,727
Accounts receivable	-	-	76
Interest receivable	188	6,337	2,612
Prepaid items	-	273,814	-
Restricted cash -			
Cash on hand with agents	46,000	-	-
Total current assets	<u>110,889</u>	<u>1,404,315</u>	<u>465,415</u>
Noncurrent assets:			
Long-term advances	1,546,760	-	-
Capital assets being depreciated, net	-	-	370,752
Total noncurrent assets	<u>1,546,760</u>	<u>-</u>	<u>370,752</u>
Total assets	<u>1,657,649</u>	<u>1,404,315</u>	<u>836,167</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	1,480	18,140	18,565
Accrued payroll	-	-	7,647
Current portion of installment purchase agreement	-	-	27,390
Current portion of estimated claims payable	111,021	-	-
Total current liabilities	<u>112,501</u>	<u>18,140</u>	<u>53,602</u>
Noncurrent liabilities:			
Long-term advance	-	-	11,224
Estimated claims payable, net of current portion	58,297	-	-
Total noncurrent liabilities	<u>58,297</u>	<u>-</u>	<u>11,224</u>
Total liabilities	<u>170,798</u>	<u>18,140</u>	<u>64,826</u>
<b>Net position</b>			
Net investment in capital assets	-	-	343,362
Unrestricted	1,486,851	1,386,175	427,979
Total net position	<u>\$ 1,486,851</u>	<u>\$ 1,386,175</u>	<u>\$ 771,341</u>



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 177,886	\$ 158,336	\$ 204,056	\$ 2,191,870
25,503	21,055	-	46,634
944	737	1,204	12,022
-	-	-	273,814
-	-	-	46,000
<u>204,333</u>	<u>180,128</u>	<u>205,260</u>	<u>2,570,340</u>
-	-	-	1,546,760
-	-	-	370,752
-	-	-	<u>1,917,512</u>
<u>204,333</u>	<u>180,128</u>	<u>205,260</u>	<u>4,487,852</u>
4,456	9,287	-	51,928
4,238	1,402	-	13,287
-	-	-	27,390
-	-	-	111,021
<u>8,694</u>	<u>10,689</u>	-	<u>203,626</u>
-	-	-	11,224
-	-	-	58,297
-	-	-	<u>69,521</u>
<u>8,694</u>	<u>10,689</u>	-	<u>273,147</u>
-	-	-	343,362
<u>195,639</u>	<u>169,439</u>	<u>205,260</u>	<u>3,871,343</u>
<u>\$ 195,639</u>	<u>\$ 169,439</u>	<u>\$ 205,260</u>	<u>\$ 4,214,705</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, 2019

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Operating revenues			
Charges for services	\$ 82,493	\$ 4,794,274	\$ 140,790
Miscellaneous	-	-	808,857
Total operating revenues	82,493	4,794,274	949,647
Operating expenses			
Personal services	-	-	307,034
Administration	-	-	-
Materials and supplies	-	-	264,568
Contractual and other services	2,194	5,423,234	105,064
Benefit payments	36,433	-	-
Depreciation	-	-	112,004
Total operating expenses	38,627	5,423,234	788,670
Operating income (loss)	43,866	(628,960)	160,977
Nonoperating revenues			
Investment income	34,288	24,251	8,074
Income (loss) before transfers	78,154	(604,709)	169,051
Transfers out	-	-	(55,639)
Change in net position	78,154	(604,709)	113,412
Net position, beginning of year	1,408,697	1,990,884	657,929
Net position, end of year	\$ 1,486,851	\$ 1,386,175	\$ 771,341



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 378,026	\$ 306,674	\$ 58,659	\$ 5,760,916
-	-	-	808,857
<u>378,026</u>	<u>306,674</u>	<u>58,659</u>	<u>6,569,773</u>
252,594	185,811	-	745,439
82,520	54,546	-	137,066
-	-	-	264,568
-	-	-	5,530,492
-	-	-	36,433
-	-	-	112,004
<u>335,114</u>	<u>240,357</u>	<u>-</u>	<u>6,826,002</u>
42,912	66,317	58,659	(256,229)
<u>8,784</u>	<u>2,141</u>	<u>2,748</u>	<u>80,286</u>
51,696	68,458	61,407	(175,943)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(55,639)</u>
51,696	68,458	61,407	(231,582)
<u>143,943</u>	<u>100,981</u>	<u>143,853</u>	<u>4,446,287</u>
<u>\$ 195,639</u>	<u>\$ 169,439</u>	<u>\$ 205,260</u>	<u>\$ 4,214,705</u>

CITY OF JACKSON, MICHIGAN

**Combining Statement of Cash Flows**  
 Internal Service Funds  
 For the Fiscal Year Ended June 30, 2019

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Cash flows from operating activities			
Receipts for interfund services provided	\$ 83,894	\$ 4,794,274	\$ 949,958
Payments to employees	-	-	(307,025)
Payments to vendors and claimants	(157,788)	(5,433,810)	(364,455)
Net cash provided by (used in) operating activities	<u>(73,894)</u>	<u>(639,536)</u>	<u>278,478</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	(158,718)
Advances to other funds	(787,122)	-	-
Advances from other funds	-	-	(11,223)
Net cash used in capital and related financing activities	<u>(787,122)</u>	<u>-</u>	<u>(169,941)</u>
Cash flows from noncapital financing activities			
Transfers out	-	-	(55,639)
Cash flows from investing activities			
Interest received on investments	34,100	17,914	5,462
Net change in cash and cash equivalents	(826,916)	(621,622)	58,360
Cash and cash equivalents, beginning of year	937,617	1,745,786	404,367
Cash and cash equivalents, end of year	<u>\$ 110,701</u>	<u>\$ 1,124,164</u>	<u>\$ 462,727</u>
Statement of net position classification of cash			
Cash and cash equivalents	\$ 64,701	\$ 1,124,164	\$ 462,727
Restricted cash and cash equivalents	46,000	-	-
	<u>\$ 110,701</u>	<u>\$ 1,124,164</u>	<u>\$ 462,727</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 43,866	\$ (628,960)	\$ 160,977
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	112,004
Change in operating assets and liabilities that provided (used) cash:			
Accounts receivable	1,401	-	311
Prepaid items	-	(9,996)	-
Accounts payable	(13,867)	(580)	5,177
Accrued payroll	-	-	9
Estimate claims payable	(105,294)	-	-
Net cash provided by (used in) operating activities	<u>\$ (73,894)</u>	<u>\$ (639,536)</u>	<u>\$ 278,478</u>

Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 387,123	\$ 291,252	\$ 58,659	\$ 6,565,160
(251,600)	(186,890)	-	(745,515)
(83,289)	(47,134)	-	(6,086,476)
<u>52,234</u>	<u>57,228</u>	<u>58,659</u>	<u>(266,831)</u>
-	-	-	(158,718)
-	-	-	(787,122)
-	-	-	(11,223)
-	-	-	(957,063)
-	-	-	(55,639)
<u>7,840</u>	<u>1,404</u>	<u>1,544</u>	<u>68,264</u>
60,074	58,632	60,203	(1,211,269)
<u>117,812</u>	<u>99,704</u>	<u>143,853</u>	<u>3,449,139</u>
<u>\$ 177,886</u>	<u>\$ 158,336</u>	<u>\$ 204,056</u>	<u>\$ 2,237,870</u>
\$ 177,886	\$ 158,336	\$ 204,056	\$ 2,191,870
-	-	-	46,000
<u>\$ 177,886</u>	<u>\$ 158,336</u>	<u>\$ 204,056</u>	<u>\$ 2,237,870</u>
\$ 42,912	\$ 66,317	\$ 58,659	\$ (256,229)
-	-	-	112,004
9,097	(15,422)	-	(4,613)
-	-	-	(9,996)
(769)	7,412	-	(2,627)
994	(1,079)	-	(76)
-	-	-	(105,294)
<u>\$ 52,234</u>	<u>\$ 57,228</u>	<u>\$ 58,659</u>	<u>\$ (266,831)</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, 2019

	Payroll Clearing	Jeopardy Tax	County and School Tax Collection	Community Development Block Grant Escrow
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 46,144	\$ 22,183	\$ 304
<b>Liabilities</b>				
Due to other governments	\$ -	\$ 46,144	\$ 22,183	\$ 304
Other liabilities	-	-	-	-
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 46,144</b>	<b>\$ 22,183</b>	<b>\$ 304</b>



Act 495 Fire Trust Fund	Cafeteria Reimbursement	Total
<u>\$ 50,395</u>	<u>\$ 54,294</u>	<u>\$ 173,320</u>
\$ -	\$ -	\$ 68,631
<u>50,395</u>	<u>54,294</u>	<u>104,689</u>
<u>\$ 50,395</u>	<u>\$ 54,294</u>	<u>\$ 173,320</u>

# CITY OF JACKSON, MICHIGAN

## Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<i>Payroll Clearing Account</i>				
Assets				
Pooled cash and investments	\$ -	\$ 6,245,397	\$ 6,245,397	\$ -
Liabilities				
Other liabilities	\$ -	\$ 6,245,397	\$ 6,245,397	\$ -
<i>Jeopardy Tax Fund</i>				
Assets				
Pooled cash and investments	\$ 3,249	\$ 56,045	\$ 13,150	\$ 46,144
Liabilities				
Due to other governments	\$ 770	\$ 50,708	\$ 5,334	\$ 46,144
Other liabilities	2,479	5,337	7,816	-
	\$ 3,249	\$ 56,045	\$ 13,150	\$ 46,144
<i>County &amp; School Tax Collection Fund</i>				
Assets				
Pooled cash and investments	\$ 779	\$ 34,610,303	\$ 34,588,899	\$ 22,183
Liabilities				
Due to other governments	\$ 779	\$ 34,610,303	\$ 34,588,899	\$ 22,183
<i>Community Development Block Grant Escrow Fund</i>				
Assets				
Pooled cash and investments	\$ 158,084	\$ 171,928	\$ 329,708	\$ 304
Liabilities				
Due to other governments	\$ 3,353	\$ 3,700	\$ 6,749	\$ 304
Other liabilities	154,731	168,228	322,959	-
	\$ 158,084	\$ 171,928	\$ 329,708	\$ 304
<i>Act 495 Fire Trust Fund</i>				
Assets				
Pooled cash and investments	\$ 42,216	\$ 60,032	\$ 51,853	\$ 50,395
Liabilities				
Other liabilities	\$ 42,216	\$ 60,032	\$ 51,853	\$ 50,395
<i>Cafeteria Reimbursement Fund</i>				
Assets				
Pooled cash and investments	\$ 49,672	\$ 113,497	\$ 108,875	\$ 54,294
Liabilities				
Other liabilities	\$ 49,672	\$ 113,497	\$ 108,875	\$ 54,294

continued...

CITY OF JACKSON, MICHIGAN

**Combining Statement of Changes in Assets and Liabilities**  
 Agency Funds  
 For the Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
<i>Total All Agency Funds</i>				
<b>Assets</b>				
Pooled cash and investments	\$ 254,000	\$ 41,257,202	\$ 41,337,882	\$ 173,320
<b>Liabilities</b>				
Due to other governments	\$ 4,902	\$ 34,664,711	\$ 34,600,982	\$ 68,631
Other liabilities	249,098	6,592,491	6,736,900	104,689
<b>Total liabilities</b>	<b>\$ 254,000</b>	<b>\$ 41,257,202</b>	<b>\$ 41,337,882</b>	<b>\$ 173,320</b>

concluded.

# CITY OF JACKSON, MICHIGAN

## Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2019

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
<b>Assets</b>			
Pooled cash and investments	\$ 1,334,061	\$ -	\$ 1,334,061
Interest receivable	7,870	-	7,870
<b>Total assets</b>	<u>\$ 1,341,931</u>	<u>\$ -</u>	<u>\$ 1,341,931</u>
<b>Liabilities</b>			
Accounts payable	\$ 6	-	6
Salaries payable	687	-	687
<b>Total liabilities</b>	693	-	693
<b>Fund balance</b>			
Unrestricted	1,341,238	(1,341,238)	-
<b>Total liabilities and fund balance</b>	<u>\$ 1,341,931</u>		
<b>Net position - unrestricted</b>		<u>\$ 1,341,238</u>	<u>\$ 1,341,238</u>

# 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, 2019

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 1,280,901	\$ -	\$ 1,280,901
Interest revenue	19,371	-	19,371
Total revenues	1,300,272	-	1,300,272
Expenditures/Expenses			
Community enrichment	1,346,217	-	1,346,217
Revenues over (under) expenditures	(45,945)	45,945	-
Change in net position	-	(45,945)	(45,945)
Fund balance / net position, beginning of year	1,387,183	-	1,387,183
Fund balance / net position, end of year	\$ 1,341,238	\$ -	\$ 1,341,238

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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>	174
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>	185
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>	190
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>	194
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>	196
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)

	2010	2011	2012	2013	2014
<b>Governmental activities</b>					
Net investment in capital assets	\$ 26,205,595	\$ 27,905,286	\$ 32,867,134	\$ 36,771,568	\$ 37,303,547
Restricted	5,954,460	4,234,677	4,240,770	6,439,037	7,181,966
Unrestricted (deficit)	(4,248,423)	(4,269,622)	(4,048,999)	(6,970,145)	(11,088,913)
<b>Total governmental activities net position</b>	<b>\$ 27,911,632</b>	<b>\$ 27,870,341</b>	<b>\$ 33,058,905</b>	<b>\$ 36,240,460</b>	<b>\$ 33,396,600</b>
<b>Business-type activities</b>					
Net investment in capital assets	\$ 56,517,510	\$ 56,651,540	\$ 57,808,727	\$ 57,446,945	\$ 57,537,510
Restricted	160,100	167,600	67,300	62,500	62,500
Unrestricted	16,599,831	17,964,849	19,952,439	22,506,870	23,712,577
<b>Total business-type activities net position</b>	<b>\$ 73,277,441</b>	<b>\$ 74,783,989</b>	<b>\$ 77,828,466</b>	<b>\$ 80,016,315</b>	<b>\$ 81,312,587</b>
<b>Primary government</b>					
Net investment in capital assets	\$ 82,723,105	\$ 84,556,826	\$ 90,675,861	\$ 94,218,513	\$ 94,841,057
Restricted	6,114,560	4,402,277	4,308,070	6,501,537	7,244,466
Unrestricted (deficit)	12,351,408	13,695,227	15,903,440	15,536,725	12,623,664
<b>Total primary government net position</b>	<b>\$ 101,189,073</b>	<b>\$ 102,654,330</b>	<b>\$ 110,887,371</b>	<b>\$ 116,256,775</b>	<b>\$ 114,709,187</b>

Source: City of Jackson Finance Department

Schedule 1  
Unaudited

2015	2016	2017	2018	2019
\$ 38,234,548	\$ 41,858,320	\$ 46,037,381	\$ 51,108,178	\$ 54,931,404
7,972,469	7,208,873	7,592,831	12,047,542	12,471,809
<u>(62,538,673)</u>	<u>(67,681,747)</u>	<u>(64,742,170)</u>	<u>(64,345,914)</u>	<u>(58,450,664)</u>
<u>\$ (16,331,656)</u>	<u>\$ (18,614,554)</u>	<u>\$ (11,111,958)</u>	<u>\$ (1,190,194)</u>	<u>\$ 8,952,549</u>
\$ 59,159,505	\$ 62,021,038	\$ 64,851,145	\$ 68,554,581	\$ 72,433,199
62,500	-	-	-	-
<u>22,498,646</u>	<u>22,422,024</u>	<u>23,100,849</u>	<u>3,005,828</u>	<u>7,188,718</u>
<u>\$ 81,720,651</u>	<u>\$ 84,443,062</u>	<u>\$ 87,951,994</u>	<u>\$ 71,560,409</u>	<u>\$ 79,621,917</u>
\$ 97,394,053	\$ 103,879,358	\$ 110,888,526	\$ 119,662,759	\$ 127,364,603
8,034,969	7,208,873	7,592,831	12,047,542	12,471,809
<u>(40,040,027)</u>	<u>(45,259,723)</u>	<u>(41,641,321)</u>	<u>(61,340,086)</u>	<u>(51,261,946)</u>
<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>	<u>\$ 76,840,036</u>	<u>\$ 70,370,215</u>	<u>\$ 88,574,466</u>

# CITY OF JACKSON, MICHIGAN

## Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2010	2011	2012	2013	2014
<b>Revenue</b>					
Governmental activities:					
Program revenues:					
Charges for services	\$ 4,729,249	\$ 4,996,781	\$ 4,598,435	\$ 6,587,602	\$ 4,848,628
Operating grants and contributions	7,238,196	6,800,210	5,979,625	7,603,364	4,954,371
Capital grants and contributions	2,130,328	2,363,474	5,321,414	4,434,092	1,715,400
General revenues:					
Property taxes	10,305,545	9,826,762	9,708,980	9,495,893	9,347,632
Income taxes	6,519,574	6,977,923	7,297,281	8,017,329	8,080,526
Grants and contributions not restricted to specific programs	4,785,181	4,750,419	4,061,333	4,218,247	4,350,343
Other	36,974	99,733	100,188	88,095	205,048
Total governmental activities revenues	<u>35,745,047</u>	<u>35,815,302</u>	<u>37,067,256</u>	<u>40,444,622</u>	<u>33,501,948</u>
Business-type activities:					
Program revenues:					
Charges for services	10,969,737	12,738,380	15,905,133	14,550,167	12,747,090
Operating grants and contributions	17,165	-	-	-	1,441,018
General revenues:					
Grants and contributions not restricted to specific programs	285,961	292,290	245,514	274,432	502,598
Other	221,234	101,871	93,619	185,949	91,290
Total business-type activities revenues	<u>11,494,097</u>	<u>13,132,541</u>	<u>16,244,266</u>	<u>15,010,548</u>	<u>14,781,996</u>
Total primary government revenues	<u>47,239,144</u>	<u>48,947,843</u>	<u>53,311,522</u>	<u>55,455,170</u>	<u>48,283,944</u>
<b>Expenses</b>					
Governmental activities:					
Legislative	81,455	78,998	78,779	81,079	80,442
General government	5,193,157	4,672,731	4,224,454	4,774,616	5,316,441
Public safety	18,480,322	16,182,495	14,157,903	18,980,031	18,040,231
Public works	6,815,307	6,604,418	5,509,209	6,157,790	5,909,656
Culture and recreation	3,074,451	2,891,768	2,764,356	2,392,391	2,592,620
Community enrichment & development	4,808,286	3,764,313	3,140,708	3,281,198	3,049,440
Interest on long-term debt	1,761,960	1,634,370	1,280,723	1,595,962	1,275,528
Total governmental activities expenses	<u>40,214,938</u>	<u>35,829,093</u>	<u>31,156,132</u>	<u>37,263,067</u>	<u>36,264,358</u>
Business-type activities:					
Sewer	5,221,872	5,165,228	5,808,940	4,622,944	4,528,885
Water	5,360,557	5,718,144	5,923,975	6,079,526	6,388,397
Stormwater utilities	-	88,861	845,506	1,441,642	524,814
Parking system	688,921	623,946	632,315	625,116	633,440
Golf practice center	61,613	57,314	62,084	53,471	50,620
Total business-type activities expenses	<u>11,332,963</u>	<u>11,653,493</u>	<u>13,272,820</u>	<u>12,822,699</u>	<u>12,126,156</u>
Total primary government expenses	<u>51,547,901</u>	<u>47,482,586</u>	<u>44,428,952</u>	<u>50,085,766</u>	<u>48,390,514</u>
Change in net position	(4,308,757)	1,465,257	8,882,570	5,369,404	(106,570)
Net position, beginning of year, as restated	105,497,830	101,189,073	102,654,330	110,887,371	116,256,775
Other restatements at June 30	-	-	(649,529)	-	-
Net position, end of year	<u>\$ 101,189,073</u>	<u>\$ 102,654,330</u>	<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>	<u>\$ 116,150,205</u>

Source: City of Jackson Finance Department.

Schedule 2  
Unaudited

	2015	2016	2017	2018	2019
\$	5,552,879	\$ 6,865,865	\$ 7,230,063	\$ 7,633,281	\$ 8,518,198
	8,168,083	8,528,481	8,057,043	7,188,154	10,617,226
	2,616,526	4,382,916	4,912,701	8,725,585	3,304,842
	9,848,721	10,098,963	11,107,219	11,426,851	11,897,574
	8,806,662	8,269,968	9,021,888	9,042,070	9,882,250
	4,473,462	4,529,640	4,587,193	4,667,253	4,769,735
	220,316	273,697	236,961	353,866	856,080
	<u>39,686,649</u>	<u>42,949,530</u>	<u>45,153,068</u>	<u>49,037,060</u>	<u>49,845,905</u>
	12,157,199	12,950,095	14,689,369	15,207,460	16,191,522
	-	-	-	-	1,441,018
	494,502	484,125	482,229	556,648	-
	79,121	65,603	74,213	137,466	361,329
	<u>12,730,822</u>	<u>13,499,823</u>	<u>15,245,811</u>	<u>15,901,574</u>	<u>17,993,869</u>
	<u>52,417,471</u>	<u>56,449,353</u>	<u>60,398,879</u>	<u>64,938,634</u>	<u>67,839,774</u>
	77,646	86,196	88,390	108,282	103,078
	4,430,955	4,919,166	4,757,600	(191,739)	3,452,770
	20,342,158	23,831,644	16,974,653	14,191,120	18,321,150
	6,078,035	6,008,799	6,217,969	7,401,586	3,832,094
	2,925,356	3,001,248	3,386,015	3,137,477	3,209,702
	2,955,101	3,853,316	3,622,160	4,965,201	5,420,109
	1,212,116	2,224,745	2,501,062	2,496,690	3,127,526
	<u>38,021,367</u>	<u>43,925,114</u>	<u>37,547,849</u>	<u>32,108,617</u>	<u>37,466,429</u>
	4,269,366	4,697,987	4,545,319	2,759,909	3,702,480
	6,671,055	6,837,381	6,761,160	4,001,789	7,874,503
	679,023	-	-	-	-
	590,951	507,451	498,772	559,056	536,176
	53,489	41,907	34,251	33,139	55,935
	<u>12,263,884</u>	<u>12,084,726</u>	<u>11,839,502</u>	<u>7,353,893</u>	<u>12,169,094</u>
	<u>50,285,251</u>	<u>56,009,840</u>	<u>49,387,351</u>	<u>39,462,510</u>	<u>49,635,523</u>
	2,132,220	439,513	11,011,528	25,476,124	18,204,251
	63,256,775	65,388,995	65,828,508	44,894,091	70,370,215
	-	-	-	-	-
\$	<u>65,388,995</u>	<u>65,828,508</u>	<u>76,840,036</u>	<u>70,370,215</u>	<u>88,574,466</u>

CITY OF JACKSON, MICHIGAN

**Fund Balances - Governmental Funds**

Last Ten Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
<b>General fund</b>					
Nonspendable		\$ 469,317	\$ 54,655	\$ 62,482	\$ 60,073
Restricted		-	-	-	-
Unassigned		2,160,928	3,372,517	4,188,560	4,757,198
Reserved	\$ 76,177	-	-	-	-
Unreserved	581,788	-	-	-	-
<b>Total general fund</b>	<b>\$ 657,965</b>	<b>\$ 2,630,245</b>	<b>\$ 3,427,172</b>	<b>\$ 4,251,042</b>	<b>\$ 4,817,271</b>
<b>All other governmental funds</b>					
Nonspendable		\$ 3,092,357	\$ 3,169,686	\$ 3,156,635	\$ 3,185,209
Restricted		2,005,904	2,871,925	3,282,402	3,996,757
Committed		127,472	321,791	685,861	812,627
Unassigned (deficit)		(895,314)	(958,023)	(1,149,377)	(1,054,511)
Reserved	\$ 3,518,347	-	-	-	-
Unreserved, reported in:					
Special revenue funds	2,485,481	-	-	-	-
Debt service funds	13,714	-	-	-	-
Capital projects funds	(420,308)	-	-	-	-
<b>Total all other governmental funds</b>	<b>5,597,234</b>	<b>4,330,419</b>	<b>5,405,379</b>	<b>5,975,521</b>	<b>6,940,082</b>
<b>Total governmental funds</b>	<b>\$ 6,255,199</b>	<b>\$ 6,960,664</b>	<b>\$ 8,832,551</b>	<b>\$ 10,226,563</b>	<b>\$ 11,757,353</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

2015	2016	2017	2018	2019
\$ 66,122	\$ 67,427	\$ 99,168	\$ 95,466	\$ 80,802
-	-	-	-	297,934
5,475,601	6,041,453	7,199,991	8,881,658	7,877,478
-	-	-	-	-
-	-	-	-	-
<u>\$ 5,541,723</u>	<u>\$ 6,108,880</u>	<u>\$ 7,299,159</u>	<u>\$ 8,977,124</u>	<u>\$ 8,256,214</u>
\$ 3,312,687	\$ 3,472,264	\$ 3,629,388	\$ 3,612,791	\$ 3,692,649
4,951,422	4,137,161	11,876,369	21,283,514	19,537,130
2,026,938	956,075	808,067	1,084,236	1,608,967
(1,100,354)	(1,134,975)	(791,262)	(509,505)	(2,834,910)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>9,190,693</u>	<u>7,430,525</u>	<u>15,522,562</u>	<u>25,471,036</u>	<u>22,003,836</u>
<u>\$ 14,732,416</u>	<u>\$ 13,539,405</u>	<u>\$ 22,821,721</u>	<u>\$ 34,448,160</u>	<u>\$ 30,260,050</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
<b>Revenues</b>					
Taxes	\$ 16,936,953	\$ 16,753,417	\$ 16,885,935	\$ 17,321,868	\$ 17,428,158
Licenses and permits	250,602	270,214	262,775	271,848	265,297
Intergovernmental	12,316,023	12,727,160	15,414,169	16,139,922	10,841,106
Charges for services	3,913,947	3,898,388	3,806,252	5,133,688	3,588,723
Fines and forfeits	261,677	224,881	199,216	223,947	184,411
Donations	-	-	-	-	-
Special assessments	278,701	254,958	223,209	403,688	288,255
Investment income	218,023	127,759	134,927	121,539	186,120
Miscellaneous	1,222,574	1,518,901	608,713	660,058	771,598
<b>Total revenues</b>	<b>35,398,500</b>	<b>35,775,678</b>	<b>37,535,196</b>	<b>40,276,558</b>	<b>33,553,668</b>
<b>Expenditures</b>					
Legislative	81,455	78,998	78,779	81,079	80,442
General government	4,440,441	4,156,263	4,111,378	4,334,482	4,111,567
Public safety	16,770,309	15,553,034	13,936,985	17,766,806	15,829,087
Public works	6,435,712	6,088,484	8,704,847	8,036,993	5,044,025
Culture and recreation	2,503,995	2,839,995	2,686,777	2,684,768	2,545,604
Community enrichment and development	2,856,698	2,614,118	1,998,043	2,260,186	2,002,541
Capital outlay	162,571	210,309	547,300	641,945	781,655
Debt service:					
Principal	1,699,000	1,832,000	915,000	1,600,000	710,000
Interest & fiscal charges	1,735,313	1,669,512	1,255,740	1,458,980	1,272,030
Other	-	-	471,371	-	-
<b>Total expenditures</b>	<b>36,685,494</b>	<b>35,042,713</b>	<b>34,706,220</b>	<b>38,865,239</b>	<b>32,376,951</b>
Excess of revenues over (under) expenditures	(1,286,994)	732,965	2,828,976	1,411,319	1,176,717
<b>Other financing sources (uses)</b>					
Sale of capital assets	18,842	-	-	16,996	12,140
Insurance recovery	-	-	-	-	-
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)	(8,995,000)
Transfers in	3,232,670	3,207,550	2,384,867	5,005,390	3,059,835
Transfers out	(3,314,972)	(3,235,050)	(2,463,327)	(5,085,937)	(2,717,902)
<b>Total other financing sources (uses)</b>	<b>(63,460)</b>	<b>(27,500)</b>	<b>(957,089)</b>	<b>(17,307)</b>	<b>(8,640,927)</b>
<b>Net change in fund balances</b>	<b>\$ (1,350,454)</b>	<b>\$ 705,465</b>	<b>\$ 1,871,887</b>	<b>\$ 1,394,012</b>	<b>\$ (7,464,210)</b>
Debt service as a percentage of noncapital expenditures	10.2%	11.1%	9.5%	9.3%	6.8%

Source: City of Jackson Finance Department.

Schedule 4  
Unaudited

2015	2016	2017	2018	2019
\$ 18,655,383	\$ 18,368,931	\$ 20,129,107	\$ 20,468,921	\$ 21,779,824
269,871	269,932	269,406	264,555	258,778
15,052,090	17,545,877	15,330,415	19,675,248	14,775,492
3,794,081	3,581,590	4,460,375	4,876,739	6,613,293
251,069	291,348	470,675	550,696	398,997
-	-	296,103	405	20,000
372,646	347,218	377,824	491,945	839,022
208,663	294,770	199,316	313,662	870,659
1,077,636	2,273,206	2,879,191	2,587,444	1,022,657
<u>39,681,439</u>	<u>42,972,872</u>	<u>44,412,412</u>	<u>49,229,615</u>	<u>46,578,722</u>
77,646	86,196	88,390	108,282	103,078
4,265,628	4,381,350	4,631,716	4,640,313	5,443,624
17,659,079	19,869,088	17,310,595	16,182,352	16,768,693
5,483,350	9,533,378	10,698,179	17,146,093	9,847,476
2,634,120	2,943,178	3,093,474	3,226,680	3,386,304
3,474,674	3,938,264	3,910,791	5,607,003	6,200,895
434,097	-	-	-	-
765,000	1,694,125	1,980,346	2,810,675	3,699,841
1,187,255	2,184,775	2,387,036	2,472,640	3,164,727
-	-	-	-	-
<u>35,980,849</u>	<u>44,630,354</u>	<u>44,100,527</u>	<u>52,194,038</u>	<u>48,614,638</u>
<u>3,700,590</u>	<u>(1,657,482)</u>	<u>311,885</u>	<u>(2,964,423)</u>	<u>(2,035,916)</u>
8,939	12,292	18,054	13,056	13,895
-	-	-	-	15,005
-	1,759,493	18,050,000	14,890,000	-
-	-	-	-	-
-	-	-	1,721,868	-
-	-	(8,995,000)	-	-
3,550,761	5,308,321	7,341,083	9,001,694	15,332,834
(4,285,227)	(6,615,635)	(7,443,706)	(11,035,756)	(17,513,928)
<u>(725,527)</u>	<u>464,471</u>	<u>8,970,431</u>	<u>14,590,862</u>	<u>(2,152,194)</u>
<u>\$ 2,975,063</u>	<u>\$ (1,193,011)</u>	<u>\$ 9,282,316</u>	<u>\$ 11,626,439</u>	<u>\$ (4,188,110)</u>
<u>6.4%</u>	<u>10.7%</u>	<u>12.2%</u>	<u>14.3%</u>	<u>18.5%</u>

CITY OF JACKSON, MICHIGAN

**Changes in Fund Balances - General Fund**

Last Ten Years

(modified accrual basis of accounting)

	2010	2011	2012	2013	2014
<b>Revenues</b>					
Taxes	\$ 14,201,465	\$ 13,994,106	\$ 14,140,266	\$ 14,797,663	\$ 15,034,328
Licenses and permits	250,602	270,214	262,775	271,848	265,297
Intergovernmental	4,579,549	4,835,891	3,964,157	4,403,887	4,244,084
Charges for services	1,282,471	1,202,033	1,222,262	1,216,088	1,218,086
Fines and forfeits	261,677	224,881	199,216	223,947	184,411
Donations	-	-	-	-	-
Investment income	23,086	28,179	17,945	30,887	26,901
Miscellaneous	544,266	730,797	292,346	198,786	167,695
<b>Total revenues</b>	<b>21,143,116</b>	<b>21,286,101</b>	<b>20,098,967</b>	<b>21,143,106</b>	<b>21,140,802</b>
<b>Expenditures</b>					
Legislative	81,455	78,998	78,779	81,079	80,442
General government	4,440,441	4,156,263	4,111,378	4,334,482	4,111,567
Public safety	15,143,445	14,037,609	12,399,958	12,900,639	12,731,670
Public works	1,165,539	659,843	645,059	593,487	693,097
Culture and recreation	1,379,570	1,725,123	1,530,163	1,582,946	1,454,265
Community enrichment and development	182,875	189,356	163,125	113,533	254,537
<b>Total expenditures</b>	<b>22,393,325</b>	<b>20,847,192</b>	<b>18,928,462</b>	<b>19,606,166</b>	<b>19,325,578</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(1,250,209)</b>	<b>438,909</b>	<b>1,170,505</b>	<b>1,536,940</b>	<b>1,815,224</b>
<b>Other financing sources (uses)</b>					
Sale of capital assets	18,367	-	-	16,996	12,140
Insurance recovery	-	-	-	-	-
Transfers in	72,260	95,662	72,422	46,406	30,353
Transfers (out)	(138,900)	(167,500)	(446,000)	(776,472)	(1,291,488)
<b>Total other financing sources (uses)</b>	<b>(48,273)</b>	<b>(71,838)</b>	<b>(373,578)</b>	<b>(713,070)</b>	<b>(1,248,995)</b>
<b>Net change in fund balances</b>	<b>\$ (1,298,482)</b>	<b>\$ 367,071</b>	<b>\$ 796,927</b>	<b>\$ 823,870</b>	<b>\$ 566,229</b>

Source: City of Jackson Finance Department.

Schedule 5  
Unaudited

2015	2016	2017	2018	2019
\$ 16,185,035	\$ 15,925,081	\$ 17,230,302	\$ 17,443,707	\$ 18,587,398
269,871	269,932	269,406	264,555	258,778
4,382,628	4,417,029	4,470,342	4,608,142	4,688,571
1,077,458	1,231,701	1,502,943	1,558,627	1,512,139
251,069	291,348	470,675	550,696	398,997
-	-	-	-	20,000
28,652	26,733	58,743	218,608	223,003
180,446	110,815	204,103	150,098	430,720
<u>22,375,159</u>	<u>22,272,639</u>	<u>24,206,514</u>	<u>24,794,433</u>	<u>26,119,606</u>
77,646	86,196	88,390	108,282	103,078
4,265,628	4,381,350	4,631,716	4,640,313	5,443,624
13,376,704	13,647,101	14,241,448	14,501,003	14,711,218
574,188	799,946	809,563	810,425	1,177,920
1,460,110	1,436,002	1,541,764	1,697,173	1,793,059
316,852	662,416	716,768	604,840	585,620
<u>20,071,128</u>	<u>21,013,011</u>	<u>22,029,649</u>	<u>22,362,036</u>	<u>23,814,519</u>
<u>2,304,031</u>	<u>1,259,628</u>	<u>2,176,865</u>	<u>2,432,397</u>	<u>2,305,087</u>
8,939	12,292	18,054	13,056	13,895
-	-	-	-	15,005
28,133	24,755	24,015	43,876	82,279
<u>(1,616,651)</u>	<u>(729,518)</u>	<u>(1,028,655)</u>	<u>(811,364)</u>	<u>(3,137,176)</u>
<u>(1,579,579)</u>	<u>(692,471)</u>	<u>(986,586)</u>	<u>(754,432)</u>	<u>(3,025,997)</u>
<u>\$ 724,452</u>	<u>\$ 567,157</u>	<u>\$ 1,190,279</u>	<u>\$ 1,677,965</u>	<u>\$ (720,910)</u>

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

Tax Year (1)	Taxable Value by Property Type (2)					Estimated Actual Value (2)	Total Direct Tax Rate
	Real Property			Personal Property	Total		
	Residential	Commercial	Industrial				
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	258,931,116	157,765,502	51,505,371	122,673,195	590,875,184	1,298,063,488	17.1889
2018	264,837,207	161,141,590	52,987,175	118,474,471	597,440,443	1,334,016,300	17.3389
2019	273,350,081	168,809,994	31,720,237	143,333,400	617,213,712	1,422,412,842	19.0945

(1) The tax year 2019 taxable values are for the tax year beginning July 1, 2019, i.e... for the fiscal year ending June 30, 2020.

(2) Amounts include Ad Valorem values only.

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)

	2010	2011	2012	2013	2014
<b>City direct rates</b>					
Operating	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9197	1.9197	1.9197	1.7197	1.9197
City hall debt	0.8700	0.9500	1.0400	1.0100	1.0600
Act 345 pension	4.8500	5.2500	5.4600	5.6400	6.2800
<b>Total direct rate</b>	<b>14.3589</b>	<b>14.8389</b>	<b>15.1389</b>	<b>15.0889</b>	<b>15.9789</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	0.2500	0.2500	0.2500
Lifeways	-	-	-	-	-
County Parks	-	-	-	-	-
Animal Control	-	-	-	-	-
District library	1.2593	1.2593	1.2593	1.2593	1.2593
	<b>7.2502</b>	<b>7.2502</b>	<b>7.2529</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	8.4178	8.4178	8.4178
	<b>8.1100</b>	<b>8.1100</b>	<b>8.7600</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	2.8500	2.8500	3.1500	3.1000	3.2500
Recreation	0.2000	0.2000	0.2000	0.2000	0.2000
	<b>27.0500</b>	<b>27.0500</b>	<b>27.3500</b>	<b>27.3000</b>	<b>27.4500</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	6.0000	6.0000	7.0000	7.0000	7.0000
	<b>30.0000</b>	<b>30.0000</b>	<b>31.0000</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	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	1.0281	1.0281	1.0221	4.7973	4.8145
Extra voted	1.0513	1.0513	-	-	-
	<b>25.0281</b>	<b>25.0281</b>	<b>25.0221</b>	<b>28.7973</b>	<b>28.8145</b>

Note: Levy shown is as of July 1. The July 1, 2018 levy is for the fiscal year ending June 30, 2019.

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

2015	2016	2017	2018	2019
6.7192	6.7192	6.7192	6.7192	6.7158
1.9197	1.9197	1.9197	1.9197	1.9187
1.0640	1.1700	1.2500	1.2500	1.2500
6.3300	7.2300	7.3000	7.4500	9.2100
<u>16.0329</u>	<u>17.0389</u>	<u>17.1889</u>	<u>17.3389</u>	<u>19.0945</u>
5.1187	5.1187	5.1187	5.1187	5.1120
0.4851	0.4851	0.4851	0.4851	0.4844
0.1398	0.2500	0.2500	0.2500	0.2496
0.2500	0.2500	0.2500	0.2500	0.2496
-	-	-	0.5000	0.4993
-	-	-	0.5000	0.4993
-	-	-	0.2500	0.2496
<u>1.2593</u>	<u>1.2593</u>	<u>1.7593</u>	<u>1.7593</u>	<u>1.7570</u>
<u>7.2529</u>	<u>7.3631</u>	<u>7.8631</u>	<u>9.1131</u>	<u>9.1008</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	1.1431
1.0000	1.0000	1.0000	1.0000	0.9995
1.9996	1.9996	1.9996	1.9996	1.9996
18.0000	18.0000	18.0000	18.0000	17.8920
6.0000	6.0000	6.0000	6.0000	6.0000
3.2500	3.2500	3.2500	6.2000	6.2000
0.5000	0.5000	0.5000	0.5000	0.4982
<u>27.7500</u>	<u>27.7500</u>	<u>27.7500</u>	<u>30.7000</u>	<u>30.5902</u>
18.0000	18.0000	18.0000	18.0000	17.8893
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>30.8893</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	2.9900
<u>24.0000</u>	<u>26.9900</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
4.7690	4.7879	4.6949	4.6627	4.2992
-	-	-	-	-
<u>28.7690</u>	<u>28.7879</u>	<u>28.6949</u>	<u>28.6627</u>	<u>28.2992</u>

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

Taxpayer	2019			2010		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Consumers Energy/Kinder Morgan/Alphagen	\$ 149,236,921	1	24.04%	\$ 140,954,554	1/2	19.44%
Jackson Crossing Realty (Ramco)	11,736,500	2	1.89%	8,841,737	4	1.22%
Allegiance/Henry Ford/Foote/ Health Center	5,861,966	3	0.94%	7,589,323	5	1.05%
Wolverine Technologies/Certaineed	3,835,363	4	0.62%	11,076,650	3	1.53%
Alro Steel Corporation	3,670,485	5	0.59%	6,592,198	6	0.91%
Wood Jackson (1100 W. Argyle St.)	2,576,836	6	0.42%	-	N/A	N/A
Seritage SRC Finance LLC (Sears)	2,533,465	7	0.41%	-	N/A	N/A
Jackson Properties (915-1089 N. Wisner St.)	2,265,378	8	0.36%	-	N/A	N/A
Comcast of Michigan LLC	2,813,400	9	0.45%	-	N/A	N/A
Alpine Lake Apartments, LLC	2,038,169	10	N/A	-	N/A	N/A
Home Depot	-	N/A	N/A	5,505,300	7	0.76%
Jackson Iron & Metal/Omnisource	-	N/A	N/A	5,483,208	8	0.76%
Aeroquip (Eaton Corp.)	-	N/A	N/A	3,716,807	9	0.51%
Merchant's Crossing (Kroger)	-	N/A	N/A	3,376,500	10	0.47%
	<u>\$ 186,568,483</u>		<u>29.73%</u>	<u>\$ 193,136,277</u>		<u>26.63%</u>

Note 1: Total Ad Valorem Taxable Valuation as of June 30, 2019 = \$ 620,658,183 (valuation for fiscal year 2020). Total Ad Valorem Taxable Valuation as of June 30, 2010 = \$ 725,204,838 (valuation for fiscal year 2011).

Note 2: Consumers Energy acquired Kinder Morgan/Alphagen in tax year 2015. Those values are reported together in 2010 for comparison purposes.

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
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%
2019	2018	10,294,880	9,617,747	93.42%	659,592	10,277,339	99.83%

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 (1)	Notes from Direct Borrowings/Placements	Revenue Bonds			
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	4.48%	1,784
2019	55,555,368	266,161	-	55,821,529	n/a	1,669

(1) Amount is presented net of the related premium(s)/discount(s).

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 2019.

**Ratios of Net General Bonded Debt Outstanding  
Last Ten Years**

Fiscal Year	General Obligation Bonds (1)	Less: Amounts Restricted to Repaying Principal	Total	% of Personal Income	% of Ad Valorem Taxable Value of Property	Per Capita
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	3.07%	6.52%	1,148
2017	45,526,527	-	45,526,527	3.58%	7.70%	1,361
2018	59,348,022	53,120	59,294,902	4.45%	9.92%	1,774
2019	55,555,368	42,810	55,512,558	n/a	8.99%	1,661

(1) Amount is presented net of the related premium(s)/discount(s).

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 2019.

**Computation of Net Direct and Overlapping Debt**  
June 30, 2019

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
<b>Direct debt</b>			
General obligation bonds (1)	\$ 55,555,368	\$ 50,934,855	\$ 4,620,513
Notes from direct borrowings/placements	266,161	27,390	238,771
<b>Net direct debt</b>	<u>\$ 55,821,529</u>	<u>\$ 50,962,245</u>	<u>4,859,284</u>
	<u>Gross</u>	<u>City Share</u>	
<b>Overlapping debt</b>			
School Districts:			
Jackson School District	\$ 109,485,000	48.46%	53,056,431
East Jackson School District	28,218,200	0.10%	28,218
Michigan Center School District	9,685,000	1.59%	153,992
Northwest School District	36,060,000	0.21%	75,726
			<u>53,314,367</u>
Jackson County at large	134,210,000	13.19%	17,702,299
Jackson College	29,695,000	13.19%	3,916,771
Jackson County Intermediate School District	620,000	13.02%	80,724
<b>Net overlapping debt</b>			<u>75,014,160</u>
<b>Net direct and overlapping debt</b>			<u>\$ 79,873,444</u>
<b>Per capita debt: (33,445 population)</b>			
Gross direct debt			\$ 1,612.51
Net direct debt			88.75
Net overlapping debt			2,242.91
Total net direct and overlapping debt			2,331.66
<b>Percent of taxable valuation: (\$620,658,183 total taxable valuation at 6/30/19)</b>			
Net direct debt			0.48%
Net overlapping debt			12.09%
<b>Total net debt</b>			<u>12.57%</u>

(1) Amount is presented net of the related premium(s)/discount(s).

Note: The percentage of overlapping debt applicable is estimated using taxable assessed values. Applicable percentages were estimated by dividing the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

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

**Legal Debt Margin**  
Last Ten Years

Legal debt margin calculation for 2019		
State equalized value as of December 31, 2018 (for taxes levied by the City on July 1, 2019)	\$	711,206,421
Act 198 Adjustment - one-half of the IFT taxable value amount abated		521,100
State Revenue Sharing Adjustment (1)		266,685,084
Personal Property Tax Reimbursement Adjustment for 2019 (2)		18,940,072
Total 2019 state equalized value, as adjusted	<u>\$</u>	<u>997,352,677</u>
Debt limit (10% of state equalized value)	\$	99,735,268
Total debt - (See Schedule 11)	\$	55,821,529
Less Exempt obligations		
2017 Michigan Transportation Fund Bonds		<u>(7,850,000)</u>
		<u>47,971,529</u>
Legal debt margin	<u>\$</u>	<u>51,763,739</u>
Non-exempt debt outstanding as a percentage of 2019 state equalized valuation, as adjusted		<u>4.81%</u>

(1) The 2019 constitutional and statutory revenue sharing of \$ 4,624,026 divided by the millage rate of 17.3389

(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
2010	33,445	15,203	12,246	2,957	19.5%	\$ 1,013,429	\$ 30,301
2011	33,445	14,686	12,194	2,492	17.0%	1,066,956	31,902
2012	33,445	14,425	12,272	2,153	14.9%	1,092,245	32,658
2013	33,445	14,578	12,462	2,116	14.5%	1,148,190	34,331
2014	33,445	14,363	12,752	1,611	11.2%	1,153,505	34,490
2015	33,445	14,183	12,848	1,335	9.4%	1,198,334	35,830
2016	33,445	14,411	13,205	1,206	8.4%	1,248,703	37,336
2017	33,445	14,081	12,968	1,113	7.9%	1,271,947	38,031
2018	33,445	14,221	13,196	1,025	7.2%	1,332,181	39,832
2019	33,445	14,385	13,389	996	6.9%	n/a	n/a

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2018 represents June, 2019.

- (1) Population shown is based on the most recent preceding year's actual.
- (2) Source: Michigan Bureau of Labor Market Information & Strategic Initiatives.
- (3) Source: Bureau of Economic Analysis. Data shown for the City is based on data for Jackson County. Data is not yet available for 2019.

**Principal Employers**

Current Year and Nine Years Ago

Employer	2019			2010			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Henry Ford Allegiance Health System	3,620	1	25.17%	3,500	(a)	1	23.02%
Consumers Energy	2,400	2	16.68%	2,400	(b)	2	15.79%
Great Lakes Home Health/Hospice	1,118	3	7.77%	471		6	3.10%
Local Government	870	4	6.05%	870		3	5.72%
Jackson Public Schools	782	5	5.44%	782		4	5.14%
Eaton Corporation	598	6	4.16%	650	(c)	5	4.28%
Alro Steel Corporation	325	7	2.26%	271		8	1.78%
Anesthesia Business Consultants	260	8	1.81%	284		7	1.87%
Center for Family Health	219	9	1.52%	-		-	-
Way Bakeries	152	10	1.06%	152		9	-
Certaineed / Wolverine Vinyl Siding	-	N/A	-	147		10	0.97%
	<u>10,344</u>		<u>71.91%</u>	<u>9,527</u>			<u>61.67%</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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government:										
City manager	2	2	2	2	3	3	3	3	4	4
Finance	4	4	4	4	4	4	4	4	3	3
City assessor	3	3	3	3	3	3	5	4	5	5
City attorney	3	2	3	3	4	5	5	5	4	4
City clerk/elections	3	3	3	1	1	1	2	2	2	2
Personnel	3	1	1	1	1	2	2	1	1	2
Purchasing/city hall	2	2	2	1	1	1	1	1	1	1
City treasurer/income tax	4	4	4	4	3	3	3	4	4	5
Mgt. information services	3	2	2	3	3	2	2	2	2	2
Public safety:										
Police - civilian	14	13	13	13	10	10	11	11	16	13
Police - enforcement	60	47	44	46	47	42	43	46	46	46
Fire - civilian	2	1	1	1	-	-	-	-	-	-
Fire - protection	33	23	17	26	26	26	17	26	23	26
Emergency measures	1	1	1	1	-	-	-	-	-	-
Public works:										
Public works	26	26	25	24	15	16	11	12	16	12
Engineering	11	10	11	10	8	8	8	6	6	7
Culture & recreation:										
Parks, recreation & grounds	22	18	18	16	15	13	15	13	14	15
Neighborhood Economic Operations:										
Public safety/community enrichment & development	11	8	9	10	11	9	14	13	14	14
Building inspection	4	4	4	6	5	6	3	3	3	2
Enterprise funds:										
Sewer	19	18	17	15	11	12	12	13	12	12
Water	26	26	25	24	26	26	28	28	29	29
<b>Total</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>	<b>204</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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Public safety</b>										
Police:										
Physical arrests	3,523	2,928	2,253	2,649	2,645	2,514	2,887	2,779	2,714	2,595
Traffic violations	8,649	6,108	6,683	6,784	5,578	3,976	5,111	5,333	3,502	3,529
Engineering - Traffic Division:										
Parking violations	2,605	2,085	2,303	2,490	2,123	1,966	1,982	2,056	2,245	2,456
Fire:										
Calls answered	4,469	4,835	4,214	4,345	4,540	4,662	4,259	4,863	4,808	5,088
Inspections conducted	178	53	10	122	97	172	43	79	40	42
<b>Sewer system</b>										
Service connections	12,800	12,860	12,860	12,860	11,620	11,449	11,407	11,330	11,923	12,118
Daily average treatment (mg)	12.1	11.9	11.9	10.2	11.2	9.3	9.6	10.1	9.0	11.2
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	15,726	15,769	15,778	15,654	14,314	14,307	14,549	14,112	14,879	15,855
Daily average consumption (mg)	5.49	5.98	6.30	6.57	6.64	6.47	7.66	7.58	7.57	7.36
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	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	37	33	31	30	30	29	29	29	31	32
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	10	10	10	11	11	11	11	11	9	10
Culture and recreation										
Parks:										
Number	27	27	27	27	26	26	26	26	26	26
Acreage	638	638	638	638	639	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	1
Inline skate rink	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	2	1	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	2,697	2,724	2,724	2,719	2,719	2,719	2,719	2,719	2,863	2,839
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	2,105	2,197	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, 2019

Type of Coverage	Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/18-6/30/19	\$ 176,078	All risk coverage on buildings and contents. \$179,896,812. limit with \$2,500 deductible per occurrence.
<u>Automobile</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/18-6/30/19	101,648	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
<u>Liability</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/18-6/30/19	216,856	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$2,500 deductible.
<u>Crime/Bonds</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/18-6/30/19	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.
<u>Workers Compensation</u> <i>Midwest Employers Casualty</i> <i>Broadspire Services</i>		9/1/18-8/31/19 9/1/18-8/31/19	50,841 11,792	Excess insurance above \$450,000 retention. TPA for claims service.
<u>Community Blue-PPO</u> <u>Health &amp; Prescription Drug Coverage</u> <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.
<u>Life</u> <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.
<u>Long-term Disability</u> <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, 2016 Through 2020

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Fiscal Year Ended June 30	Total State Equalized Valuation	Ad Valorem Taxable Value	Total Taxable Valuation (1)
2014	2015	2016	\$ 637,756,650	\$ 603,793,360	\$ 611,997,165
2015	2016	2017	639,245,000	588,708,506	594,000,645
2016	2017	2018	654,348,144	590,875,184	594,858,908
2017	2018	2019	667,008,150	597,440,443	600,472,705
2018	2019	2020	711,206,421	617,213,712	620,658,183

Per capita 2019 ad valorem taxable valuation is \$18,558 and per capita 2019 total taxable valuation is \$18,637 based on the City's 2010 U. S. census population of 33,445.

- (1) Includes special acts, i.e...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				
	2015	2016	2017	2018	2019
<u>Use:</u>					
Commercial	29.88%	30.88%	26.72%	30.97%	31.42%
Industrial	27.65%	25.81%	29.70%	24.88%	24.50%
Residential	42.47%	43.31%	43.58%	44.15%	44.08%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Class:</u>					
Real	76.89%	78.80%	79.14%	80.11%	76.82%
Personal	23.11%	21.20%	20.86%	19.89%	23.18%
	<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	
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	-	-	-	-
2019	6,859,025	2,566,228	4,292,797	-	-	-	-

(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	
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	-	-	-	-
2019	10,034,736	6,849,046	3,185,690	-	-	-	-

(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

	2015	2016	2017	2018	2019
<b>Water pumped vs. water sold: (in million gallons)</b>					
Pumped	2,363	2,795	2,768	2,754	2,688
Sold	2,036	2,266	2,394	2,281	2,260
Sold as a % of pumped	86.16%	81.07%	86.49%	82.82%	84.08%
<b>Number of customers:</b>					
Residential	12,166	12,060	11,986	12,000	11,979
Commercial	1,958	1,878	1,845	1,887	2,075
Industrial	172	169	171	168	229
<b>Total</b>	<b>14,296</b>	<b>14,107</b>	<b>14,002</b>	<b>14,055</b>	<b>14,283</b>
<b>Percent of water consumption by category:</b>					
Residential	30.00%	26.00%	25.20%	24.97%	20.95%
Commercial	49.00%	43.00%	41.10%	41.55%	49.20%
Industrial	21.00%	31.00%	33.70%	33.48%	29.85%
<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	\$ 79.73	\$ 87.89	\$ 91.50
% Change (in average consumption)	0.00%	0.00%	10.00%	10.23%	4.11%
<b>Water supply system annual revenues:</b>					
Metered revenue	\$ 7,348,461	\$ 7,917,879	\$ 8,677,881	\$ 9,316,942	\$ 10,332,492
% increase (decrease)	-3.11%	7.75%	9.60%	7.36%	10.90%
<b>Water supply system revenues by user class:</b>					
Residential	\$ 3,116,062	\$ 3,033,734	\$ 3,371,231	\$ 3,665,473	\$ 3,763,268
Commercial	3,332,473	3,297,299	3,657,125	3,891,952	4,708,645
Industrial	899,926	1,586,846	1,649,525	1,759,517	1,860,579
Sewer - billing & collection charges	264,581	251,416	223,028	238,536	251,754
<b>Total</b>	<b>\$ 7,613,042</b>	<b>\$ 8,169,295</b>	<b>\$ 8,900,909</b>	<b>\$ 9,555,478</b>	<b>\$ 10,584,246</b>
<b>Water supply revenues by user class as a % of total revenues:</b>					
Residential	40.93%	37.14%	37.88%	38.36%	35.56%
Commercial	43.77%	40.36%	41.09%	40.73%	44.49%
Industrial	11.82%	19.42%	18.53%	18.41%	17.58%
Sewer - billing & collection charges	3.48%	3.08%	2.50%	2.50%	2.37%
<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, 2019

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
Consumers Energy - Jackson Generating	575.800	25.48%	\$ 1,081,383	10.22%
* Michigan Department of Corrections	221.648	9.81%	1,235,288	11.67%
Elm Plating Company	45.843	2.03%	241,467	2.28%
Henry Ford - Allegiance Health/Health Cent	31.792	1.41%	158,298	1.50%
Eaton Aerospace	28.800	1.27%	141,949	1.34%
Commonwealth Commerce Center	25.103	1.11%	82,664	0.78%
* Sun Communities Inc.	23.181	1.03%	76,533	0.72%
Industrial Steel Treating	22.711	1.00%	55,119	0.52%
Jackson Tumble Finish	22.427	0.99%	110,849	1.05%
JSP International LLC	22.068	0.98%	69,073	0.65%

(1) Unit = thousand gallons (TG)

(2) Based on June 30, 2019 total water sold (Schedule 22) of 2,260 MG's (million gallons).

(3) Based on June 30, 2019 water supply system revenues by user class (Schedule 22) of \$ 10,584,246.

\* Located outside of City limits.

Source: City Water Department.

**Industrial Facilities Tax Roll**

For the Fiscal Year Ended June 30, 2019

Tax Year (1) of Transfer To Ad Valorem Tax Roll	(2) I.F.T. S.E.V. Amount
2019	\$ -
2020	-
2021	-
2022	2,050
2023	-
2024	-
2025	191,850
2026	220,400
2027	15,450
2028	-
2029	-
2030	90,100
2031	522,350
	<u>\$ 1,042,200</u>

(1) Tax year shown is as of July 1. The July 1, 2019 tax year is for the fiscal year ending June 30, 2020.

(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	Tax Increment Revenues (1)	Annual Lease Service (2)	Debt Service	DDA Budgetary Commitments (3)	Excess Tax Increment Revenues	Debt Service Coverage
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
2019	1,266,070	1,500,000	2,448,325	-	317,745	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	Capitalized Interest (2)	Excess Tax Increment Revenues	Debt Service Coverage
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
2019	1,141,408	1,154,989	-	(13,581)	0.99

- (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
2019	2,889,722	1,734,304	4,624,026

(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%
2019	9,882,250	9.29%

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

Fiscal Year	Gas & Weight Tax Revenues	Maximum Annual Debt Service (2)	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
2019	3,977,428	762,955	5.21

(2) Maximum annual debt service on Michigan Transportation Fund Bonds 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>					
	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%
	2018	39,886	54,888	15,002	72.7%
<b>Policemen's and Firemen's Pension</b>					
	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%
	2018	3,281	7,362	4,081	44.6%
<b>Policemen's and Firemen's Pension - Act 345</b>					
	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%
	2018	41,782	81,919	40,137	51.0%

(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	37	June 30, 2021
Michigan Association of Public Employees	73	June 30, 2020
Non-Union	60	
	<u>204</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 19, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 19, 2019, 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, 2019

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	B16MC260021	\$ 564,343
Community Development Block Grant	14.218	Direct	B17MC260021	<u>424,683</u>
				989,026
Home Investment Partnership Programs	14.239	Direct	M16MC260214	106,467
Lead-Based Paint Hazard Control Grant Program	14.900	Direct	MILHB0647-17	<u>100,819</u>
Total U.S. Department of Housing and Urban Development				<u>1,196,312</u>
U.S. Department of Justice				
Bulletproof Vest Partnership	16.607	Direct	n/a	6,480
Byrne Recovery Act Grant	16.804	Direct	2015-DJ-BX-0775	<u>35,989</u>
Total U.S. Department of Justice				<u>42,469</u>
U.S. Department of Transportation				
Safe Communities Traffic Programs	20.602	R2 PC	n/a	<u>6,740</u>
U.S. Department of Homeland Security				
Assistance to Fire Fighters - SAFER	97.044	Direct	n/a	<u>593,757</u>
Total expenditures of federal awards				<u><u>\$ 1,839,278</u></u>

See notes to schedule of expenditures of federal awards.

# CITY OF JACKSON, MICHIGAN

## Notes to the Schedule of Expenditures of Federal Awards

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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, 2019. 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.

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.

### 2. 10% DE MINIMIS COST RATE

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
----------------------------------	--------------------------

R2 PC      Region 2 Planning Commission



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 19, 2019

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, 2019, 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 19, 2019.

#### Internal Control Over Financial Reporting

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

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

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

December 19, 2019

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, 2019. 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, 2019.

### **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.

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 Year Ended June 30, 2019

### 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 Year Ended June 30, 2019

### SECTION II - FINANCIAL STATEMENT FINDINGS

None reported.

# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs For the Year Ended June 30, 2019

### SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

None reported.

■ ■ ■ ■ ■

# CITY OF JACKSON, MICHIGAN

## ■ Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2019

None reported.

