

CITY OF JACKSON MICHIGAN



2020

ANNUAL FINANCIAL REPORT
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2020

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CITY OF JACKSON, MICHIGAN

COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2020**

**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 15, 2020

**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, 2020.

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, 2020 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, 2020 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 First Street to Blackstone. 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 developments that are ongoing, are scheduled to begin or are in the design phase are 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; construction began in the spring of 2019;
- 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; and,
- The Albert Kahn Lofts at the site of the previous Jackson Citizen Patriot newspaper building.

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 \$632 million in tax year 2020 (7.4% increase). State equalized values (50% of estimated true market values) had also declined in a similar pattern, however, these values have increased nearly 20% 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, although at a slower rate than in recent years, 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, decreased \$258,624 (5.6%) in total to \$4,365,402. This decrease was comprised of an decrease of \$2,810 constitutional and a decrease of \$255,814 in the statutory component. The statutory decrease was the result of the elimination of the August 2020 payment (for May/June). However, that loss was replaced by the passthrough of federal COVID-19 grant funds of \$459,639, which is recognized as revenue in the current fiscal year.

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, however, the effects of COVID-19 in the second quarter of 2020 resulted in a decline to nearly \$9 million, or 9.34%. The City saw its unemployment rate increase to 22.4% (as of June 2020) from the previous fiscal year June rate of 6.8% - also a result of COVID-19. There was also a slight increase in the total labor force of 13.2% to 15,865 while actual employment levels decreased 6.0%, to 12,313. The actual number of unemployed increased from 953 to 3,552, or 372.7%.

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, 2019. This was the twenty-eighth 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,



Jonathan Greene, City Manager



Philip J. Hones, City Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

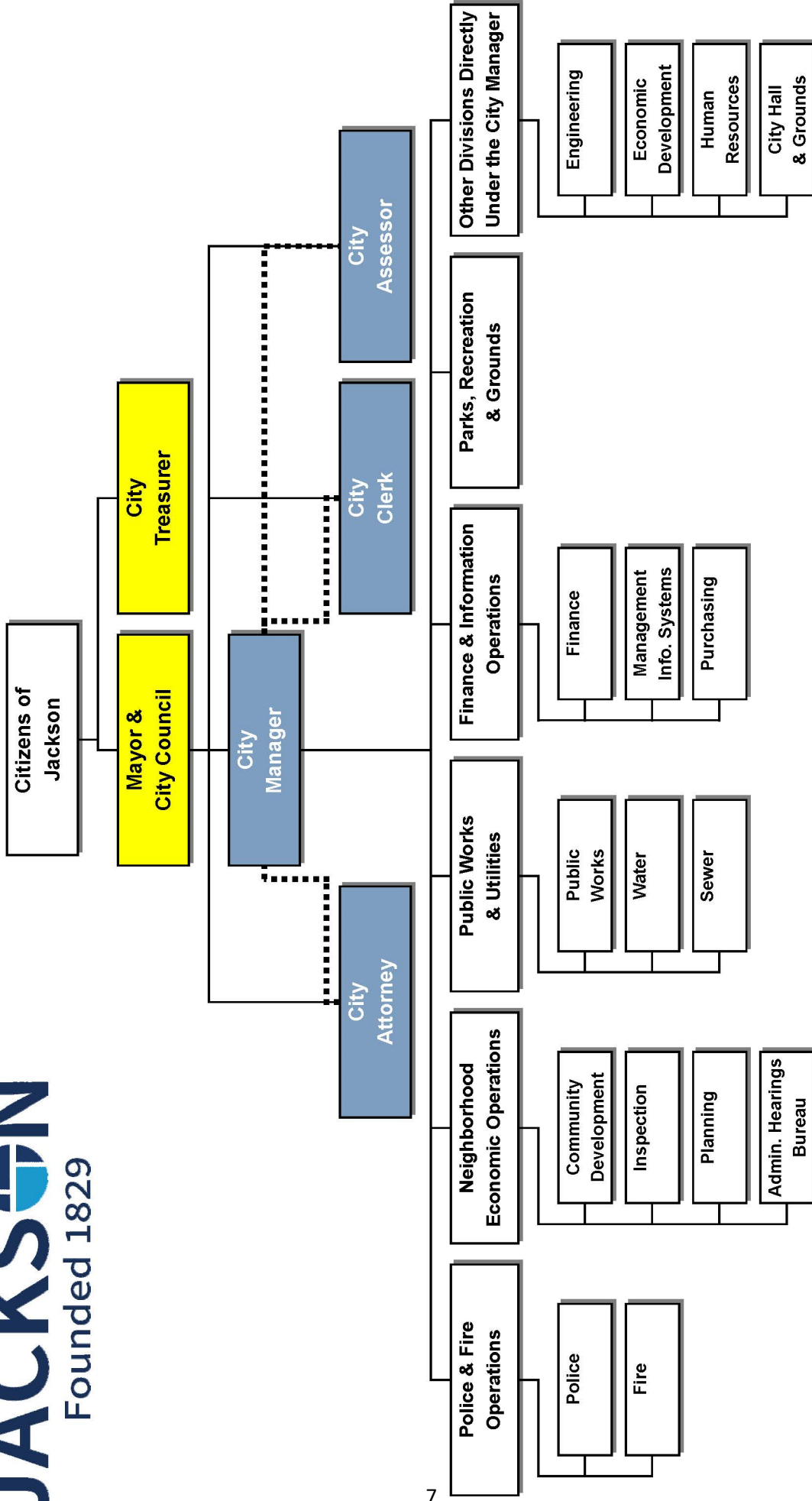
**City of Jackson
Michigan**




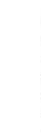
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



	Elected
	Appointed
	Direct Authority
	Indirect Authority

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



CITY COUNCIL

Derek J. Dobies, Mayor

Arlene Robinson	1st Ward
Freddie C. Dancy	2nd Ward
Jeromy Alexander	3rd Ward
Laura Dwyer Schlecte	4th Ward
Karen Bunnell (Effective May 27, 2020)	5th Ward
Will Forgrave	6th Ward

CITY OFFICIALS

Jonathan Greene, City Manager

Martin J. Griffin	City Treasurer & Income Tax Administrator
Matthew Hagerty	City Attorney
Elmer J. Hitt	Director of Police and Fire Services
Philip J. Hones	Director of Finance
Kelli Hoover	Director of Parks, Recreation & Grounds
Jennifer L. Morris	Neighborhood & Economic Operations Director
Andrea Muray	City Clerk
Michael Osborn	Director of Public Works/Public Utilities Director
Jason Yoakam	City Assessor

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

December 15, 2020

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, 2020, 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.

Rehmann is an independent member of Nexia International.



675 Robinson Road, Jackson, MI 49203

517.787.6503

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, 2020, 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 15, 2020, 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 "Rehmann 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, 2020. 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	\$ 100,621,377
• Change in total net position	12,046,911
• Fund balances, governmental funds	22,124,092
• Change in fund balances, governmental funds	(8,135,958)
• Unassigned fund balance, general fund	7,042,296
• Change in fund balance, general fund	(956,780)
• Installment debt outstanding	53,186,754
• Change in installment debt	(743,719)

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, and special assessment capital projects funds, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This is limited to this management's discussion and analysis and the schedules for the pension and other postemployment benefits plans immediately following the notes to the financial statements.

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

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$100,621,377 at the close of the most recent fiscal year.

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

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 34,017,223	\$ 41,057,373	\$ 35,556,298	\$ 28,972,355	\$ 69,573,521	\$ 70,029,728
Capital assets, net	105,702,509	99,405,312	76,607,394	72,433,199	182,309,903	171,838,511
Total assets	139,719,732	140,462,685	112,163,692	101,405,554	251,883,424	241,868,239
Deferred outflows of resources	9,797,758	10,881,984	337,241	416,690	10,134,999	11,298,674
Liabilities						
Long-term debt outstanding	56,809,542	57,653,150	291,996	274,018	57,101,538	57,927,168
Other liabilities	3,535,276	2,321,763	1,471,621	1,096,980	5,006,897	3,418,743
Net pension and OPEB liability	76,131,831	75,675,847	17,820,221	18,727,730	93,952,052	94,403,577
Total liabilities	136,476,649	135,650,760	19,583,838	20,098,728	156,060,487	155,749,488
Deferred inflows of resources	3,824,312	6,741,360	1,512,247	2,101,599	5,336,559	8,842,959
Net position:						
Net investment in capital assets	53,606,187	54,931,404	76,607,394	72,433,199	130,213,581	127,364,603
Restricted	19,370,145	12,471,809	-	-	19,370,145	12,471,809
Unrestricted (deficit)	(63,759,803)	(58,450,664)	14,797,454	7,188,718	(48,962,349)	(51,261,946)
Total net position	\$ 9,216,529	\$ 8,952,549	\$ 91,404,848	\$ 79,621,917	\$ 100,621,377	\$ 88,574,466

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 7,212,485	\$ 8,518,198	\$ 17,252,403	\$ 16,191,522	\$ 24,464,888	\$ 24,709,720
Operating grants and contributions	7,342,490	10,617,226	1,379,553	1,441,018	8,722,043	12,058,244
Capital grants and contributions	4,332,079	3,304,842	-	-	4,332,079	3,304,842
General revenues:						
Property taxes	12,634,482	11,897,574	-	-	12,634,482	11,897,574
Income taxes	9,056,222	9,882,250	-	-	9,056,222	9,882,250
Grants and contributions not restricted to specific programs	5,309,368	4,769,735	-	-	5,309,368	4,769,735
Other	778,808	856,080	339,176	361,329	1,117,984	1,217,409
Total revenues	46,665,934	49,845,905	18,971,132	17,993,869	65,637,066	67,839,774
Expenses:						
Legislative	100,797	103,078	-	-	100,797	103,078
General government	4,454,511	3,452,770	-	-	4,454,511	3,452,770
Public safety	19,210,546	18,321,150	-	-	19,210,546	18,321,150
Public works	5,672,141	3,832,094	-	-	5,672,141	3,832,094
Culture and recreation	3,083,804	3,209,702	-	-	3,083,804	3,209,702
Community enrichment and development	5,344,897	5,420,109	-	-	5,344,897	5,420,109
Interest on long-term debt	3,137,665	3,127,526	-	-	3,137,665	3,127,526
Sewer	-	-	5,438,938	3,702,480	5,438,938	3,702,480
Water	-	-	6,538,937	7,874,503	6,538,937	7,874,503
Parking system	-	-	568,341	536,176	568,341	536,176
Golf practice center	-	-	39,578	55,935	39,578	55,935
Total expenses	41,004,361	37,466,429	12,585,794	12,169,094	53,590,155	49,635,523
Change in net position before transfers	5,661,573	12,379,476	6,385,338	5,824,775	12,046,911	18,204,251
Transfers	(5,397,593)	(2,236,733)	5,397,593	2,236,733	-	-
Change in net position	263,980	10,142,743	11,782,931	8,061,508	12,046,911	18,204,251
Net position (deficit) - beginning of year	8,952,549	(1,190,194)	79,621,917	71,560,409	88,574,466	70,370,215
Net position - end of year	\$ 9,216,529	\$ 8,952,549	\$ 91,404,848	\$ 79,621,917	\$ 100,621,377	\$ 88,574,466

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 \$263,980 during fiscal year 2020 compared to an increase of \$10,142,743 during fiscal 2019. Some significant elements of this increase are as follows:

- Operating grants and contributions declined nearly \$3.3 million from the prior year while net transfers out increased nearly \$3.2 million, largely a result of the 2018 Capital Improvement Bonds activity.
- Public works expenditures increased over \$1.8 million also largely as a result of the expenditure of 2018 Capital Improvement Bond funds as well as activity related to federal and state highway projects.

Business-type activities. Business-type activities increased the City's net position by \$11,782,931 during fiscal year 2020 compared to an increase of \$8,061,508 during fiscal year 2019. This change resulted from increases (decreases) in the following funds:

- | | |
|----------------|--------------|
| • Sewage | \$ 3,835,835 |
| • Water | 7,727,105 |
| • Parking deck | (259,755) |
| • Nonmajor | 455,898 |

Key elements of this change are as follows:

- The Sewage increase is largely due to \$2.3 million in 2018 Capital Improvement Bond proceeds transferred in for various capital improvements. The Water Fund had a similar transfer in of over \$3.5 million and charges for services increased over \$1.1 million. The Parking Deck Fund's decline is substantially all depreciation. The non-major increase is also attributable to 2018 Capital Improvement Bond proceeds transferred for parking lot improvements in the Automobile Parking System 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 \$22,124,092, a decrease of \$8,135,958 from the prior year. Approximately 16.8 percent of this total amount, or \$3,726,738 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 \$295,068, prepaid expenditures \$14,330, funds advanced on a long-term basis \$50,000, cemetery perpetual care \$1,997,792 and endowments related to Ella Sharp Park and facilities \$1,466,597; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$12,161,242; and 3) committed which indicate funds that have self-imposed limitations, which total \$2,412,325. 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 \$7,042,296, while total fund balance was \$7,299,434. 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 27.0 percent of total general fund expenditures while total fund balance represents 27.9 percent of total general fund expenditures.

The fund balance of the City's general fund decreased by \$956,780 during the current fiscal year. Much of this decrease is attributable to the decline in income tax revenue of \$826,028 as a result of COVID-19.

The major streets special revenue fund's fund balance increased \$1,133,835 from the prior fiscal year leaving a total surplus of \$3,830,789 at fiscal year-end. This increase was largely due to delays in planned street construction expenditures, also attributable to COVID-19.

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 \$480,648. This fund, which has a deficit by its nature, recorded \$1,507,040 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$1,026,392.

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 \$8,194,823 and \$5,573,612, respectively. The sewage fund had an increase in net position for the year of \$3,835,835, and the water fund had an increase of \$7,727,105. 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 \$259,755, which is almost entirely due to depreciation.

General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues totaled \$1,135,254. These amendments were largely related to the expected decline in income taxes of \$1 million and the decline of \$205,398 in intergovernmental revenues due to lower sales tax collections at the state level - both COVID-19 related. Charges for services were also expected to decline \$263,609 for those charges to other funds that are based on General Fund expenditures that are also expected to decline.

Actual revenues exceeded final amended budgeted amounts by \$275,305. This is largely due to income taxes exceeding projected amounts by \$256,222 and charges for services exceeding budget by \$183,627. These favorable budget variances were offset by intergovernmental revenues - state shared revenues - declining more than expected due to the elimination of the scheduled statutory sales tax payment for May/June 2020.

Differences between the original and final amended budgeted expenditures totaled \$355,428. These amendments were largely related to a \$553,943 increase in general government and public works expenditures offset by cuts in public safety and community enrichment and development. General government increases were related to the departure of the city manager in February and the anticipated increase in uncollectible accounts related to the administrative hearings bureau which handles property cleanup citations. These increase were somewhat offset by cuts to public safety largely due to COVID-19.

Actual expenditures were less than final amended budgeted amounts by \$1,106,673. This is largely due, again, to COVID-19 and the inability for many general fund departments to perform their scheduled work as budgeted due to mandated stay-at-home requirements. This can be seen across all expenditure functions as all City offices were, in essence, closed for business for the spring of 2020. Only essential work was performed during this period and many employees were furloughed or laid off.

Major Streets Special Revenue Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues totaled \$208,136. These amendments were largely related to a projected decline in federal highway funds of \$488,823 offset by an projected increase in state gas and weight tax distributions of \$250,000.

Actual revenues exceeded final amended budgeted amounts by \$1,837,708. This is almost entirely due to state highway construction activity from the prior years (Michigan Avenue) being finalized in the fiscal year 2020. The timing and billing of these charges, and related revenues, was basically beyond the control of the City and was thus not anticipated.

Differences between the original and final amended budgeted expenditures totaled \$166,195. These amendments were largely related to an increase in local street construction estimates of \$722,765 offset by a decline in state highway construction projected expenditures of \$499,783.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Actual expenditures exceeded the final amended budgeted amounts by \$835,081. As indicated above, state highway construction charges for prior years projects, as well their related revenues, were not anticipated. This resulted in an unfavorable budget expenditure variance of \$1,884,402. This unfavorable variance was offset by a favorable budget expenditure variance in the local street construction activity of \$952,051. These two large variances make up the majority of this net variance.

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, 2020, amounted to \$182,309,903 (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 \$10,471,392 or 6.1 percent.

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

- The largest addition to the governmental activities capital assets is in the infrastructure category, consisting of major and local street construction. Construction in progress represents the ongoing Cortland Street Project, DPW operations Center (governmental portion) and the renovation of the City's Martin Luther King Recreation Center, which was completed in the fall of 2020.
- The largest increase in the business-type activities is the capital improvements made to the sewage system of approximately \$2.4 million and the water system of approximately \$3.9 million. This includes system improvements, machinery and equipment and construction in progress. The construction in progress consists largely of the DPW Operations Center along with some smaller water treatment plant projects.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 2,395,280	\$ 2,395,280	\$ 8,956,886	\$ 8,956,886	\$ 11,352,166	\$ 11,352,166
Construction in progress	4,637,563	2,512,778	4,734,040	3,064,799	9,371,603	5,577,577
Systems	-	-	47,061,400	44,080,111	47,061,400	44,080,111
Land improvements	10,756,471	11,036,318	4,115,351	3,807,320	14,871,822	14,843,638
Infrastructure	70,148,372	66,005,822	-	-	70,148,372	66,005,822
Buildings and improvements	9,554,411	9,844,029	7,656,209	7,986,881	17,210,620	17,830,910
Park and recreation facilities	5,639,967	5,554,451	-	-	5,639,967	5,554,451
Machinery and equipment	2,570,445	2,056,634	4,083,508	4,537,202	6,653,953	6,593,836
Total	\$ 105,702,509	\$ 99,405,312	\$ 76,607,394	\$ 72,433,199	\$ 182,309,903	\$ 171,838,511

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 \$53,186,754. Of this amount, \$52,312,859 comprises debt backed by the full faith and credit of the government.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
General obligation bonds	\$ 52,312,859	\$ 53,664,312	\$ -	\$ -	\$ 52,312,859	\$ 53,664,312
Installment purchase agreement	873,895	266,161	-	-	873,895	266,161
Total	\$ 53,186,754	\$ 53,930,473	\$ -	\$ -	\$ 53,186,754	\$ 53,930,473

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

The City made principal payments on existing agreements in the amount of \$3,792,165 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 \$100,049,598, which is significantly in excess of the City's outstanding general obligation debt of \$53,186,754.

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 2020/21 fiscal year:

- The unemployment rate for the City is currently 7.6% (October 2020), which is a 2.4% increase from a rate of 5.2% a year ago (October 2019). While this compares unfavorably to the state's average unemployment rate of 5.1% and the national average rate of 6.9%, the City has maintained fairly consistent employment levels - from 12,908 in October, 2019 to 12,641 in October, 2020 - which should have a positive effect on this year's income tax revenues. There is one factor, however, that the city is concerned may impair future income tax revenues. There is a substantial portion of the workforce currently working from home (as a result of COVID-19), which in some instances makes their income not subject to City income tax. State legislators are looking at the situation currently and statutory relief may be forthcoming, however, at this time, the City is conservatively estimated that income taxes will decline \$1.5 million in the current fiscal year.
- Ad valorem (real and personal) taxable values of property have increased 2.4% from the prior fiscal year. State equalized values, however, as indicated earlier, have increased 7.6% and have shown growth for the sixth 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 2020 fiscal year, unassigned fund balance in the general fund decreased from \$7,877,478 to \$7,042,296. The current budget anticipates that this fund balance amount will decrease by \$980,278. This decline takes into account the anticipated \$1.5 million decline in income tax noted above.

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, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Assets					
Pooled cash and investments	\$ 20,607,460	\$ 31,237,206	\$ 51,844,666	\$ 1,343,412	\$ 168,485
Restricted cash:					
Cash on hand with agents	46,000	-	46,000	-	-
Pooled cash and investments	3,464,389	-	3,464,389	-	-
Receivables, net	9,192,572	4,092,664	13,285,236	3,163	48,795
Internal balances	48,582	(48,582)	-	-	-
Inventories and prepaid items	658,220	275,010	933,230	-	-
Capital assets not being depreciated	7,032,843	13,690,926	20,723,769	-	-
Capital assets being depreciated, net	98,669,666	62,916,468	161,586,134	-	-
Total assets	139,719,732	112,163,692	251,883,424	1,346,575	217,280
Deferred outflows of resources					
Deferred charge on bond refunding	835,244	-	835,244	-	-
Deferred pension amounts	8,801,722	187,372	8,989,094	-	-
Deferred OPEB amounts	160,792	149,869	310,661	-	-
Total deferred outflows of resources	9,797,758	337,241	10,134,999	-	-
Liabilities					
Accounts payable and accrued liabilities	3,199,959	1,468,486	4,668,445	604	17,065
Accrued interest payable	293,631	-	293,631	-	-
Unearned revenue	41,686	3,135	44,821	-	20,236
Long-term debt:					
Due within one year	4,512,904	33,958	4,546,862	-	-
Due in more than one year	52,296,638	258,038	52,554,676	-	-
Net pension liability (due in more than one year)	57,781,224	716,408	58,497,632	-	-
Net OPEB liability (due in more than one year)	18,350,607	17,103,813	35,454,420	-	-
Total liabilities	136,476,649	19,583,838	156,060,487	604	37,301
Deferred inflows of resources					
Deferred pension amounts	2,310,932	101,690	2,412,622	-	-
Deferred OPEB amounts	1,513,380	1,410,557	2,923,937	-	-
Total deferred inflows of resources	3,824,312	1,512,247	5,336,559	-	-
Net position					
Net investment in capital assets	53,606,187	76,607,394	130,213,581	-	-
Restricted for:					
Highways and streets	10,672,190	-	10,672,190	-	-
Public improvement and recreation	5,009,690	-	5,009,690	-	-
Public safety	31,068	-	31,068	-	-
Act 345 Pension	192,808	-	192,808	-	-
Perpetual care -					
Endowments (nonspendable)	3,464,389	-	3,464,389	-	-
Unrestricted (deficit)	(63,759,803)	14,797,454	(48,962,349)	1,345,971	179,979
Total net position	\$ 9,216,529	\$ 91,404,848	\$ 100,621,377	\$ 1,345,971	\$ 179,979

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, 2020

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 100,797	\$ -	\$ -	\$ -	\$ (100,797)
General government	4,454,511	1,843,834	1,174,637	-	(1,436,040)
Public safety	19,210,546	2,256,318	430,524	-	(16,523,704)
Public works	5,672,141	401,084	4,267,091	4,224,374	3,220,408
Culture and recreation	3,083,804	672,989	237	-	(2,410,578)
Community enrichment and development	5,344,897	2,038,260	1,470,001	107,705	(1,728,931)
Interest on long-term debt	3,137,665	-	-	-	(3,137,665)
Total governmental activities	41,004,361	7,212,485	7,342,490	4,332,079	(22,117,307)
Business-type activities:					
Sewer	5,438,938	6,360,111	717,430	-	1,638,603
Water	6,538,937	10,588,437	628,905	-	4,678,405
Parking system	568,341	287,246	33,218	-	(247,877)
Golf practice center	39,578	16,609	-	-	(22,969)
Total business-type activities	12,585,794	17,252,403	1,379,553	-	6,046,162
Total primary government	\$ 53,590,155	\$ 24,464,888	\$ 8,722,043	\$ 4,332,079	\$ (16,071,145)
Component units					
Brownfield redevelopment authority	\$ 1,351,687	\$ -	\$ -	\$ -	\$ (1,351,687)
Downtown development authority	127,829	31,802	-	-	(96,027)
Total component units	\$ 1,479,516	\$ 31,802	\$ -	\$ -	\$ (1,447,714)

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CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2020

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenues (expenses)	\$ (22,117,307)	\$ 6,046,162	\$ (16,071,145)	\$ (1,351,687)	\$ (96,027)
General revenues and transfers					
Property taxes	12,634,482	-	12,634,482	1,342,056	90,825
Income taxes	9,056,222	-	9,056,222	-	-
Grants and contributions not restricted to specific purposes	5,309,368	-	5,309,368	-	950
Unrestricted interest earnings	757,183	339,176	1,096,359	14,364	1,315
Gain on sale of capital assets	21,625				
Transfers - internal activities	(5,397,593)	5,397,593	-	-	-
Total general revenues and transfers	<u>22,381,287</u>	<u>5,736,769</u>	<u>28,096,431</u>	<u>1,356,420</u>	<u>93,090</u>
Change in net position	263,980	11,782,931	12,046,911	4,733	(2,937)
Net position, beginning of year	8,952,549	79,621,917	88,574,466	1,341,238	182,916
Net position, end of year	<u>\$ 9,216,529</u>	<u>\$ 91,404,848</u>	<u>\$ 100,621,377</u>	<u>\$ 1,345,971</u>	<u>\$ 179,979</u>

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, 2020

	General	Major Streets	Special Assessment Capital Projects	Nonmajor Governmental Funds	Totals
Assets					
Pooled cash and investments	\$ 3,005,654	\$ 3,423,972	\$ 242,793	\$ 14,827,757	\$ 21,500,176
Accounts receivables, net	620,381	90,321	-	167,915	878,617
Taxes receivable, net	2,329,282	-	-	-	2,329,282
Loans receivable	-	-	-	3,938	3,938
Interest receivable	5,810	2,540	2,865	191,343	202,558
Other receivables	-	-	4,505,819	-	4,505,819
Due from other governments	431,804	441,740	-	333,799	1,207,343
Due from other funds	2,906,059	-	-	47,944	2,954,003
Inventories	-	279,568	-	15,500	295,068
Prepaid items	14,330	-	-	-	14,330
Long-term advances to other funds	50,000	-	-	-	50,000
Total assets	\$ 9,363,320	\$ 4,238,141	\$ 4,751,477	\$ 15,588,196	\$ 33,941,134
Liabilities					
Negative equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ 226,450	\$ 226,450
Accounts payable	1,277,038	391,776	-	834,903	2,503,717
Accrued payroll	406,452	15,576	-	70,266	492,294
Other liabilities	10,292	-	-	-	10,292
Due to other funds	-	-	2,903,727	51,526	2,955,253
Unearned revenue	-	-	-	41,686	41,686
Long-term advances from other funds	-	-	657,489	50,000	707,489
Total liabilities	1,693,782	407,352	3,561,216	1,274,831	6,937,181
Deferred inflows of resources					
Unavailable revenue - Administrative Hearings Bureau	370,104	-	-	-	370,104
Unavailable revenue - loans receivable	-	-	-	3,938	3,938
Unavailable revenue - special assessment receivable	-	-	4,505,819	-	4,505,819
Total deferred inflows of resources	370,104	-	4,505,819	3,938	4,879,861
Fund balances					
Nonspendable	64,330	279,568	-	3,479,889	3,823,787
Restricted	192,808	3,551,221	-	8,417,213	12,161,242
Committed	-	-	-	2,412,325	2,412,325
Unassigned (deficit)	7,042,296	-	(3,315,558)	-	3,726,738
Total fund balances (deficit)	7,299,434	3,830,789	(3,315,558)	14,309,427	22,124,092
Total liabilities, deferred inflows of resources and fund balances	\$ 9,363,320	\$ 4,238,141	\$ 4,751,477	\$ 15,588,196	\$ 33,941,134

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

CITY OF JACKSON, MICHIGAN

Reconciliation

Fund Balances of Governmental Funds
to Net Position of Governmental Activities
June 30, 2020

Fund balances - total governmental funds \$ 22,124,092

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	7,032,843
Capital assets being depreciated, net	98,669,666
Less capital assets accounted for in the internal service funds	(1,182,092)

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	370,104
Unavailable loans receivable	3,938
Unavailable special assessments	4,505,819

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	(57,781,224)
Deferred outflows related to the net pension liability	8,801,722
Deferred inflows related to the net pension liability	(2,310,932)
Net OPEB liability	(18,350,607)
Deferred outflows related to the net OPEB liability	160,792
Deferred inflows related to the net OPEB liability	(1,513,380)

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	4,212,907
Portion of the internal service funds net position attributed to business-type activities	48,724

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 deferred charge on refunding	835,244
Bonds and installment contracts	(52,494,668)
Unamortized bond premium	(1,784,761)
Compensated absences	(1,838,027)
Accrued interest on long-term liabilities	(293,631)

Net position of governmental activities \$ 9,216,529

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, 2020

	General	Major Streets	Special Assessment Capital Projects	Nonmajor Governmental Funds	Totals
Revenues					
Property taxes	\$ 9,419,227	\$ -	\$ -	\$ 3,215,255	\$ 12,634,482
Income taxes	9,056,222	-	-	-	9,056,222
Licenses and permits	314,806	-	-	-	314,806
Intergovernmental	4,867,735	6,410,802	-	4,025,998	15,304,535
Charges for services	1,542,890	-	-	4,230,227	5,773,117
Fines and forfeits	862,897	-	-	-	862,897
Special assessments	-	-	1,026,392	-	1,026,392
Investment income	194,980	11,719	-	598,208	804,907
Miscellaneous	130,769	277,220	-	339,421	747,410
Total revenues	26,389,526	6,699,741	1,026,392	12,409,109	46,524,768
Expenditures					
Current:					
Legislative	100,797	-	-	-	100,797
General government	5,927,302	-	-	-	5,927,302
Public safety	16,255,519	-	-	1,285,161	17,540,680
Public works	1,482,846	8,572,783	-	1,857,968	11,913,597
Culture and recreation	1,699,989	-	-	1,443,311	3,143,300
Community enrichment and development	586,760	-	-	5,331,414	5,918,174
Debt service:					
Principal	56,962	-	-	3,675,453	3,732,415
Interest and fiscal charges	7,558	-	-	3,196,238	3,203,796
Bond issuance costs	-	-	-	75,302	75,302
Total expenditures	26,117,733	8,572,783	-	16,864,847	51,555,363
Revenues over (under) expenditures	271,793	(1,873,042)	1,026,392	(4,455,738)	(5,030,595)
Other financing sources (uses)					
Sale of capital assets	21,625	-	-	-	21,625
Insurance recovery	22,725	-	-	4,184	26,909
Issuance of long-term debt	-	-	-	7,719,000	7,719,000
Payment to refunding escrow agent	-	-	-	(5,638,737)	(5,638,737)
Transfers in	79,133	3,588,338	-	6,900,952	10,568,423
Transfers out	(1,352,056)	(581,461)	(1,507,040)	(12,362,026)	(15,802,583)
Total other financing sources (uses)	(1,228,573)	3,006,877	(1,507,040)	(3,376,627)	(3,105,363)
Net change in fund balances	(956,780)	1,133,835	(480,648)	(7,832,365)	(8,135,958)
Fund balances (deficit), beginning of year	8,256,214	2,696,954	(2,834,910)	22,141,792	30,260,050
Fund balances (deficit), end of year	\$ 7,299,434	\$ 3,830,789	\$ (3,315,558)	\$ 14,309,427	\$ 22,124,092

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

CITY OF JACKSON, MICHIGAN

Reconciliation

Net Changes in Fund Balances of Governmental Funds
to Changes in Net Position of Governmental Activities
For the Fiscal Year Ended June 30, 2020

Net change in fund balances - total governmental funds \$ (8,135,958)

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	11,481,954
Gain on sale of capital assets	21,625
Proceeds from sale of capital assets	(21,625)
Depreciation expense	(5,996,097)

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	(150,676)
Change in special assessments receivable	219,716
Change in loans receivable	(15,750)

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

Principal payments on long-term liabilities	3,732,415
Issuance of debt	(7,719,000)
Payment to refunding escrow agent	5,638,737

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

Change in accrued interest payable on bonds	1,295
Amortization of bond premium	151,526
Amortization of deferred charge on bond refunding	(86,690)
Change in net OPEB liability and related deferred amounts	1,947,859
Change in net pension liability and related deferred amounts	(773,299)
Change in the accrual of compensated absences	(6,406)

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	95,264
Net operating income attributable to business-type activities	(23,848)
Interest revenue from governmental internal service funds	66,371
Transfers in from governmental internal service funds	100,000
Transfers out from governmental internal service funds	(263,433)

Change in net position of governmental activities \$ 263,980

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, 2020

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

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Property taxes	\$ 9,360,560	\$ 9,326,796	\$ 9,419,227	\$ 92,431	\$ 8,705,148
Income taxes	9,800,000	8,800,000	9,056,222	256,222	9,882,250
Licenses and permits	264,575	242,479	314,806	72,327	258,778
Intergovernmental	5,251,813	5,174,330	4,867,735	(306,595)	4,688,571
Charges for services	1,781,630	1,518,021	1,542,890	24,869	1,512,139
Fines and forfeits	536,220	679,270	862,897	183,627	398,997
Donations	-	-	-	-	20,000
Investment income	105,000	233,000	194,980	(38,020)	223,003
Miscellaneous	149,677	140,325	130,769	(9,556)	430,720
Total revenues	27,249,475	26,114,221	26,389,526	275,305	26,119,606
Expenditures					
Current:					
Legislative - City Council	119,571	108,860	100,797	(8,063)	102,938
General government:					
Charter commission	2,500	2,500	1,969	(531)	140
City Manager	566,063	665,600	762,234	96,634	574,242
Finance	460,500	450,851	445,225	(5,626)	434,318
City Clerk	206,337	255,997	228,891	(27,106)	183,779
Management information services	353,940	350,522	300,867	(49,655)	292,231
Purchasing	114,237	117,758	116,842	(916)	109,624
City Treasurer	382,485	329,321	326,752	(2,569)	339,393
City income tax administration	222,957	211,252	191,442	(19,810)	234,455
City Assessor	523,210	517,879	510,420	(7,459)	490,387
City Clerk - Elections	132,248	140,713	111,295	(29,418)	74,453
City hall and grounds	353,727	372,650	285,735	(86,915)	329,573
City Attorney	651,598	619,034	600,977	(18,057)	612,049
Personnel	268,760	356,324	324,953	(31,371)	297,486
Unallocated	867,571	820,432	778,185	(42,247)	798,478
Administrative hearings bureau	305,269	736,365	657,339	(79,026)	384,144
Cemeteries	287,733	305,880	284,176	(21,704)	289,012
Total general government	5,699,135	6,253,078	5,927,302	(325,776)	5,443,764
Public safety:					
Police:					
General	10,675,846	10,097,949	10,030,167	(67,782)	9,168,242
Office of Highway Safety program	15,000	11,451	6,007	(5,444)	6,740
Office of Highway Safety program - Underage drinking	7,964	-	-	-	-
Consortium training	21,000	27,432	11,067	(16,365)	30,284
In-service training	8,379	3,500	3,499	(1)	6,754
Fire - suppression	4,272,608	4,218,673	4,105,570	(113,103)	3,584,918
Police and fire - unallocated	2,103,393	2,119,318	2,099,209	(20,109)	1,914,280
Total public safety	17,104,190	16,478,323	16,255,519	(222,804)	14,711,218

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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, 2020

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

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Sidewalk construction	\$ 34,726	\$ 34,726	\$ 23,945	\$ (10,781)	\$ 29,070
Drains at large	74,710	74,710	40,283	(34,427)	33,359
Street lighting	544,215	557,623	533,002	(24,621)	577,638
Weed control	93,215	95,002	94,862	(140)	70,926
Grounds maintenance	228,521	495,197	382,084	(113,113)	174,950
Tax property maintenance	169,552	380,062	365,056	(15,006)	253,784
Civic affairs	61,039	118,535	63,001	(55,534)	51,288
Reimbursements	(11,000)	(11,000)	(19,387)	8,387	(13,095)
Total public works	<u>1,194,978</u>	<u>1,744,855</u>	<u>1,482,846</u>	<u>(245,235)</u>	<u>1,177,920</u>
Culture and recreation:					
Forestry	434,058	594,073	464,564	(129,509)	454,184
Parks and recreation administration	586,149	521,198	488,033	(33,165)	543,162
Lt. Nixon Memorial pool	92,143	92,750	68,232	(24,518)	87,987
Parks and facilities maintenance	636,222	705,034	668,429	(36,605)	699,082
Historical district	18,005	12,732	10,731	(2,001)	8,644
Total culture and recreation	<u>1,766,577</u>	<u>1,925,787</u>	<u>1,699,989</u>	<u>(225,798)</u>	<u>1,793,059</u>
Community enrichment and development:					
Planning	225,955	187,482	164,177	(23,305)	143,503
Economic development	710,910	478,274	422,583	(55,691)	442,117
Total community enrichment and development	<u>936,865</u>	<u>665,756</u>	<u>586,760</u>	<u>(78,996)</u>	<u>585,620</u>
Debt service:					
Principal	56,878	56,963	56,962	(1)	-
Interest and fiscal charges	7,558	7,558	7,558	-	442,117
Total debt service	<u>64,436</u>	<u>64,521</u>	<u>64,520</u>	<u>(1)</u>	<u>442,117</u>
Total expenditures	<u>26,885,752</u>	<u>27,241,180</u>	<u>26,117,733</u>	<u>(1,106,673)</u>	<u>24,256,636</u>
Revenues over (under) expenditures	<u>363,723</u>	<u>(1,126,959)</u>	<u>271,793</u>	<u>1,381,978</u>	<u>1,862,970</u>
Other financing sources (uses)					
Sale of capital assets	13,000	13,000	21,625	8,625	13,895
Insurance recovery	5,000	16,000	22,725	6,725	15,005
Transfers in	67,000	83,000	79,133	(3,867)	82,279
Transfers out	(1,059,323)	(1,374,368)	(1,352,056)	(22,312)	(3,137,176)
Total other financing sources (uses)	<u>(974,323)</u>	<u>(1,262,368)</u>	<u>(1,228,573)</u>	<u>33,795</u>	<u>(3,025,997)</u>
Net change in fund balance	<u>(610,600)</u>	<u>(2,389,327)</u>	<u>(956,780)</u>	<u>1,415,773</u>	<u>(1,163,027)</u>
Fund balance, beginning of year	<u>7,814,097</u>	<u>7,814,097</u>	<u>8,256,214</u>	<u>442,117</u>	<u>8,977,124</u>
Fund balance, end of year	<u>\$ 7,203,497</u>	<u>\$ 5,424,770</u>	<u>\$ 7,299,434</u>	<u>\$ 1,857,890</u>	<u>\$ 7,814,097</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, 2020

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

	2020				2019 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Intergovernmental	\$ 4,870,750	\$ 4,631,956	\$ 6,410,802	\$ 1,778,846	\$ 5,538,611
Investment income	5,250	6,000	11,719	5,719	9,932
Miscellaneous	194,169	224,077	277,220	53,143	270,710
Total revenues	<u>5,070,169</u>	<u>4,862,033</u>	<u>6,699,741</u>	<u>1,837,708</u>	<u>5,819,253</u>
Expenditures					
Public works:					
Street construction	3,233,615	3,956,380	3,004,329	(952,051)	2,069,832
Street maintenance	697,948	697,948	520,100	(177,848)	511,871
Traffic services	570,271	651,287	647,503	(3,784)	611,507
Winter maintenance	258,000	265,000	260,479	(4,521)	264,034
Trunkline maintenance	206,927	206,927	67,631	(139,296)	99,424
State highway construction	2,988,446	2,388,663	4,273,065	1,884,402	3,532,292
Reimbursements	(383,700)	(428,503)	(200,324)	228,179	(710,423)
Total expenditures	<u>7,571,507</u>	<u>7,737,702</u>	<u>8,572,783</u>	<u>835,081</u>	<u>6,378,537</u>
Revenues over (under) expenditures	<u>(2,501,338)</u>	<u>(2,875,669)</u>	<u>(1,873,042)</u>	<u>1,002,627</u>	<u>(559,284)</u>
Other financing sources (uses)					
Transfers in	3,182,310	3,417,689	3,588,338	170,649	3,330,557
Transfers out	(961,027)	(581,461)	(581,461)	-	(777,216)
Total other financing sources (uses)	<u>2,221,283</u>	<u>2,836,228</u>	<u>3,006,877</u>	<u>170,649</u>	<u>2,553,341</u>
Net change in fund balance	<u>(280,055)</u>	<u>(39,441)</u>	<u>1,133,835</u>	<u>1,173,276</u>	<u>1,994,057</u>
Fund balance, beginning of year	<u>2,696,954</u>	<u>2,696,954</u>	<u>2,696,954</u>	<u>-</u>	<u>702,897</u>
Fund balance, end of year	<u>\$ 2,416,899</u>	<u>\$ 2,657,513</u>	<u>\$ 3,830,789</u>	<u>\$ 1,173,276</u>	<u>\$ 2,696,954</u>

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

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds

June 30, 2020

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Assets						
Current assets:						
Pooled cash and investments	\$ 13,676,148	\$ 16,628,604	\$ 525,888	\$ 406,566	\$ 31,237,206	\$ 2,798,123
Accounts receivable, net	1,283,992	2,475,695	39,708	117,052	3,916,447	60,627
Interest receivable	27,212	31,281	1,238	662	60,393	4,388
Due from other governments	115,824	-	-	-	115,824	-
Due from other funds	-	-	-	142	142	1,108
Inventories	-	275,010	-	-	275,010	-
Prepaid items	-	-	-	-	-	348,822
Restricted cash and cash equivalents -	-	-	-	-	-	-
Cash on hand with agents	-	-	-	-	-	46,000
Total current assets	15,103,176	19,410,590	566,834	524,422	35,605,022	3,259,068
Noncurrent assets:						
Long-term advances	-	-	-	-	-	663,156
Capital assets not being depreciated	2,079,359	2,867,997	7,060,843	1,682,727	13,690,926	-
Capital assets being depreciated, net	18,937,743	32,267,233	8,677,116	3,034,376	62,916,468	1,182,092
Total noncurrent assets	21,017,102	35,135,230	15,737,959	4,717,103	76,607,394	1,845,248
Total assets	36,120,278	54,545,820	16,304,793	5,241,525	112,212,416	5,104,316
Deferred outflows of resources						
Deferred pension amounts	64,847	122,525	-	-	187,372	-
Deferred OPEB amounts	49,237	100,632	-	-	149,869	-
Total deferred outflows of resources	114,084	223,157	-	-	337,241	-
Liabilities						
Current liabilities:						
Accounts payable	542,658	588,978	2,319	5,286	1,139,241	90,048
Accrued payroll	40,622	67,705	-	2,773	111,100	18,598
Customer deposits	-	218,145	-	-	218,145	-
Unearned revenue	-	-	-	3,135	3,135	-
Current portion of:						
Accrued compensated absences	5,972	27,986	-	-	33,958	-
Installment purchase agreement	-	-	-	-	-	138,531
Estimated claims payable	-	-	-	-	-	85,010
Total current liabilities	589,252	902,814	2,319	11,194	1,505,579	332,187
Noncurrent liabilities:						
Long-term advance	-	-	-	-	-	5,667
Accrued compensated absences, net of current portion	67,477	190,561	-	-	258,038	-
Installment purchase agreement, net of current portion	-	-	-	-	-	553,555
Net pension liability	247,940	468,468	-	-	716,408	-
Net OPEB liability	5,619,160	11,484,653	-	-	17,103,813	-
Total noncurrent liabilities	5,934,577	12,143,682	-	-	18,078,259	559,222
Total liabilities	6,523,829	13,046,496	2,319	11,194	19,583,838	891,409
Deferred inflows of resources						
Deferred pension amounts	35,194	66,496	-	-	101,690	-
Deferred OPEB amounts	463,414	947,143	-	-	1,410,557	-
Total deferred inflows of resources	498,608	1,013,639	-	-	1,512,247	-
Net position						
Net investment in capital assets	21,017,102	35,135,230	15,737,959	4,717,103	76,607,394	490,006
Unrestricted	8,194,823	5,573,612	564,515	513,228	14,846,178	3,722,901
Total net position	\$ 29,211,925	\$ 40,708,842	\$ 16,302,474	\$ 5,230,331	\$ 91,453,572	\$ 4,212,907

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, 2020

Net position - enterprise funds \$ 91,453,572

Amounts reported for *business-type activities* 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.

(48,724)

Net position of business-type activities \$ 91,404,848

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, 2020

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Operating revenues						
Charges for sales and services	\$ 6,360,111	\$ 10,588,437	\$ 11,076	\$ 292,779	\$ 17,252,403	\$ 5,551,080
Other	73,175	376,508	-	33,218	482,901	738,260
Total operating revenues	6,433,286	10,964,945	11,076	325,997	17,735,304	6,289,340
Operating expenses						
Personnel services	1,057,583	1,270,611	-	61,702	2,389,896	753,992
Administration	-	-	-	-	-	105,466
Materials and supplies	598,243	1,407,697	-	1,038	2,006,978	295,175
Contractual and other services	2,678,441	2,710,914	16,376	122,043	5,527,774	4,677,177
Benefit payments	-	-	-	-	-	156,719
Depreciation	1,114,977	1,162,105	262,943	144,969	2,684,994	205,547
Total operating expenses	5,449,244	6,551,327	279,319	329,752	12,609,642	6,194,076
Operating income (loss)	984,042	4,413,618	(268,243)	(3,755)	5,125,662	95,264
Nonoperating revenues						
Intergovernmental	644,255	252,397	-	-	896,652	-
Investment income	149,202	173,596	8,488	7,890	339,176	66,371
Total nonoperating revenues	793,457	425,993	8,488	7,890	1,235,828	66,371
Income (loss) before transfers	1,777,499	4,839,611	(259,755)	4,135	6,361,490	161,635
Transfers in	2,296,826	3,517,882	-	660,435	6,475,143	100,000
Transfers out	(238,490)	(630,388)	-	(208,672)	(1,077,550)	(263,433)
Change in net position	3,835,835	7,727,105	(259,755)	455,898	11,759,083	(1,798)
Net position, beginning of year	25,376,090	32,981,737	16,562,229	4,774,433	79,694,489	4,214,705
Net position, end of year	\$ 29,211,925	\$ 40,708,842	\$ 16,302,474	\$ 5,230,331	\$ 91,453,572	\$ 4,212,907

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, 2020

Net change in net position - total enterprise funds \$ 11,759,083

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.

23,848

Change in net position of business-type activities \$ 11,782,931

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, 2020

	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	\$ 7,740,123	\$ 10,618,411	\$ 4,255	\$ 208,803	\$ 18,571,592	\$ -
Receipts for interfund services provided	-	-	-	-	-	6,274,239
Payments to employees	(1,279,277)	(2,444,134)	-	(61,702)	(3,785,113)	(748,681)
Payments to vendors and claimants	(2,994,307)	(3,995,315)	(16,419)	(129,999)	(7,136,040)	(5,355,733)
Net cash provided by (used in) operating activities	<u>3,466,539</u>	<u>4,178,962</u>	<u>(12,164)</u>	<u>17,102</u>	<u>7,650,439</u>	<u>169,825</u>
Cash flows from noncapital financing activities						
Intergovernmental revenue	644,255	252,397	-	-	896,652	-
Cash flows from capital and related financing activities						
Purchase of capital assets	(2,402,734)	(3,967,995)	-	(488,460)	(6,859,189)	(1,016,887)
Principal paid on long-term debt	-	-	-	-	-	(59,750)
Proceeds from issuance of long-term debt	-	-	-	-	-	724,446
Advances to other funds	-	-	-	-	-	883,604
Advances from other funds	-	-	-	-	-	(5,557)
Net cash provided by (used in) capital and related financing activities	<u>(2,402,734)</u>	<u>(3,967,995)</u>	<u>-</u>	<u>(488,460)</u>	<u>(6,859,189)</u>	<u>525,856</u>
Cash flows from noncapital financing activities						
Transfers in	2,296,826	3,517,882	-	660,435	6,475,143	100,000
Transfers out	(238,490)	(630,388)	-	(208,672)	(1,077,550)	(263,433)
Net cash provided by (used in) noncapital financing activities	<u>2,058,336</u>	<u>2,887,494</u>	<u>-</u>	<u>451,763</u>	<u>5,397,593</u>	<u>(163,433)</u>
Cash flows from investing activities						
Interest received on investments	178,511	207,902	10,363	9,193	405,969	74,005
Net change in cash and cash equivalents	<u>3,944,907</u>	<u>3,558,760</u>	<u>(1,801)</u>	<u>(10,402)</u>	<u>7,491,464</u>	<u>606,253</u>
Cash and cash equivalents, beginning of year	9,731,241	13,069,844	527,689	416,968	23,745,742	2,237,870
Cash and cash equivalents, end of year	<u>\$ 13,676,148</u>	<u>\$ 16,628,604</u>	<u>\$ 525,888</u>	<u>\$ 406,566</u>	<u>\$ 31,237,206</u>	<u>\$ 2,844,123</u>
Classified on the statement of net position as:						
Pooled cash and investments	\$ 13,676,148	\$ 16,628,604	\$ 525,888	\$ 406,566	\$ 31,237,206	\$ 2,798,123
Restricted cash and cash equivalents	-	-	-	-	-	46,000
	<u>\$ 13,676,148</u>	<u>\$ 16,628,604</u>	<u>\$ 525,888</u>	<u>\$ 406,566</u>	<u>\$ 31,237,206</u>	<u>\$ 2,844,123</u>

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2020

	Enterprise Funds - Business-type Activities					Governmental
	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)	\$ 984,042	\$ 4,413,618	\$ (268,243)	\$ (3,755)	\$ 5,125,662	\$ 95,264
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,114,977	1,162,105	262,943	144,969	2,684,994	205,547
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable	597,228	(348,369)	(5,291)	(117,052)	126,516	(13,993)
Due from other governments	709,609	-	-	-	709,609	-
Due from other funds	-	-	-	(142)	(142)	(1,108)
Inventories	-	28,593	-	-	28,593	-
Prepaid items	-	-	-	-	-	(75,008)
Deferred outflows of resources - pension	13,641	33,973	-	-	47,614	-
Deferred outflows of resources - OPEB	8,416	23,419	-	-	31,835	-
Accounts payable	282,377	94,703	(43)	(4,942)	372,095	38,120
Accrued payroll	(1,203)	5,420	-	(1,976)	2,241	5,311
Customer deposits	-	1,835	-	-	1,835	-
Unearned revenue	-	-	(1,530)	-	(1,530)	(84,308)
Accrued compensated absences	14,888	3,090	-	-	17,978	-
Advance from other funds	-	-	-	-	-	-
Net pension liability	18,927	11,839	-	-	30,766	-
Net OPEB liability	(105,443)	(832,832)	-	-	(938,275)	-
Deferred inflows of resources -pension	(18,899)	(41,358)	-	-	(60,257)	-
Deferred inflows of resources - OPEB	(152,021)	(377,074)	-	-	(529,095)	-
Net cash provided by (used in) operating activities	\$ 3,466,539	\$ 4,178,962	\$ (12,164)	\$ 17,102	\$ 7,650,439	\$ 169,825

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, 2020

	Pension and Other Employee Benefits Trust Funds	Agency Funds
Assets		
Pooled cash and investments	\$ 218,661	\$ 331,976
Investments, at fair value:		
U.S. treasuries	1,662,054	-
Corporate bonds:		
Domestic bonds	6,576,807	-
Domestic mutual funds	19,751,087	-
Equities:		
Domestic stocks	7,831,710	-
Domestic mutual funds	36,416,066	-
International mutual funds	14,427,583	-
Money market funds	6,843,881	-
Receivables:		
Accounts	-	809
Interest, dividends, and other	36,177	-
	<u>93,764,026</u>	<u>\$ 332,785</u>
Total assets		
	<u>93,764,026</u>	<u>\$ 332,785</u>
Liabilities		
Due to other governments	-	\$ 116,298
Refunds payable and other liabilities	699,159	216,487
	<u>699,159</u>	<u>\$ 332,785</u>
Total liabilities		
	<u>699,159</u>	<u>\$ 332,785</u>
Net position		
Restricted for pension and other employee benefits	<u>\$ 93,064,867</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, 2020

Additions

Contributions:	
Employer	\$ 9,815,216
Plan members	1,242,795
Total contributions	<u>11,058,011</u>
Investment income:	
Net appreciation in fair value of investments	1,680,865
Interest	392,375
Dividends	995,509
Total investment income	<u>3,068,749</u>
Less investment expense	<u>335,626</u>
Net investment income	<u>2,733,123</u>
Total additions	<u>13,791,134</u>
Deductions	
Benefits	12,490,936
Refunds of contributions	196,811
Administrative expense	112,013
Total deductions	<u>12,799,760</u>
Change in net position	991,374
Net position -	
Beginning of year	<u>92,073,493</u>
End of year	<u>\$ 93,064,867</u>

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, MICHIGAN

Notes to Financial Statements

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.

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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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.

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

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

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

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

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

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

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

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

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

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

Deposits and Investments

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The City 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 straight-line 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, an office or department to which specific expenditures/expenses are to be allocated, 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, 2020, 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 Manager	\$ 665,600	\$ 762,234	\$ 96,634
Special revenue funds:			
Major Streets Special Revenue Fund	7,737,702	8,572,783	835,081
Recreation Millage Special Revenue Fund	589,275	616,529	27,254

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

4. FUND DEFICITS

At June 30, 2020, the special assessment capital projects fund had a fund deficit of \$3,315,558. 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, 2020:

	Primary Government	Component Units	Total
Statement of Net Position			
Pooled cash and investments	\$ 51,844,666	\$ 1,511,897	\$ 53,356,563
Restricted cash:			
Cash on hand with agents	46,000	-	46,000
Pooled cash and investments	3,464,389	-	3,464,389
Statement of Fiduciary Net Position			
Pooled cash and investments	550,637	-	550,637
Investments – pension and other employee benefits	93,509,188	-	93,509,188
Total	<u>\$ 149,414,880</u>	<u>\$ 1,511,897</u>	<u>\$ 150,926,777</u>
Deposits and investments:			
Bank deposits (checking, savings, money market accounts, and certificates of deposit)			\$ 55,754,632
Investments in securities and mutual funds:			
Cash and investment pool			1,601,262
Pension and other employee benefits trust funds			93,509,188
Cash on hand with agents			46,000
Cash on hand			15,695
Total			<u>\$ 150,926,777</u>

Deposits and Investments – Cash and Investment Pool

Custodial Credit Risk - Deposits. For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2020, \$37,871,746 of the City's total bank balance of \$56,054,998 (total book balance was \$55,754,632) 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, 2020:

Michigan CLASS Investment Fund	\$ 1,582,520
Domestic equities	<u>18,742</u>
Total	<u><u>\$ 1,601,262</u></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, 2020, 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, 2020, 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, 2020, there were no concentrations in securities of any one issuer greater than 5% of investment fair 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, 2020, 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 \$1,582,520. 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, 2020:

Investments at fair value, as determined by

quoted market price:

U.S. treasuries	\$ 1,662,054
Municipal bonds	201,929
Corporate bonds:	
Domestic bonds	6,374,878
Domestic mutual funds	19,751,087
Equities:	
Domestic stocks	7,831,710
Domestic mutual funds	36,416,066
International mutual funds	14,427,583
Money market funds	6,843,881

Total investments

\$ 93,509,188

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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Rating		Amount
Moody's	S&P	
N/A	AAA	\$ 1,241,675
N/A	AA+	1,017,799
N/A	AA	80,923
N/A	AA-	42,460
N/A	A-	556,804
N/A	BBB+	893,129
N/A	BBB	1,142,499
N/A	BBB-	862,332
N/A	BB+	39,647
N/A	BB	19,751
Aaa	N/A	651,858
Aa3	N/A	27,930
Totals		<u>\$ 6,576,807</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 fair value of each individual pension and other employee benefit trust fund. At June 30, 2020, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

Interest Rate Risk. As of June 30, 2020, 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	\$ 1,662,054	\$ -	\$ 1,486,576	\$ 175,478	\$ -
Municipal bonds	201,929	40,000	40,923	78,546	42,460
Domestic corporate bonds:					
Asset backed securities	2,939,261	-	1,139,079	109,174	1,691,008
Corporate bonds	3,435,617	40,006	1,563,595	1,794,911	37,105
	<u>\$ 8,238,861</u>	<u>\$ 80,006</u>	<u>\$ 4,230,173</u>	<u>\$ 2,158,109</u>	<u>\$ 1,770,573</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 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, as determined by the investment advisors. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. 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, 2020:

	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 1,662,054	\$ -	\$ 1,662,054
Municipal bonds	-	201,929	-	201,929
Corporate bonds:				
Domestic bonds	-	6,374,878	-	6,374,878
Domestic mutual funds	-	19,751,087	-	19,751,087
Equities:				
Domestic stocks	7,831,710	-	-	7,831,710
Domestic mutual funds	36,416,066	-	-	36,416,066
International mutual funds	14,427,583	-	-	14,427,583
Money market funds	6,843,881	-	-	6,843,881
Total investments	\$ 65,519,240	\$ 27,989,948	\$ -	\$ 93,509,188

The fair value of the City's Level 1 investments is based on quotes from publicly traded securities markets, where available. The fair value of the City's Level 2 investments is determined primarily by a matrix pricing technique, which is used to value securities based on their relationship to benchmark quoted prices. Due to the inherent uncertainty of determining the fair value of investments that are not publicly traded, the fair value reported for these investments may differ significantly from the values that would have been used had a publicly traded market existed for such investments.

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	\$ 4,729,245	\$ 3,933,290	\$ -
Allowance for uncollectible amounts	(3,790,001)	(16,843)	-
Taxes receivable	2,558,700	-	-
Allowance for uncollectible amounts	(229,418)	-	-
Loans receivable	3,938	-	-
Notes receivable	-	-	48,722
Interest receivable	206,946	60,393	3,236
Other receivables	4,505,819	-	-
Due from other governments	1,207,343	115,824	-
	<u>\$ 9,192,572</u>	<u>\$ 4,092,664</u>	<u>\$ 51,958</u>
Amount not expected to be collected within one year	<u>\$ 4,074,723</u>	<u>\$ -</u>	<u>\$ 37,938</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, 2020, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 2,395,280	\$ -	\$ -	\$ 2,395,280
Construction in progress	2,512,778	2,124,785	-	4,637,563
	<u>4,908,058</u>	<u>2,124,785</u>	<u>-</u>	<u>7,032,843</u>
Capital assets being depreciated:				
Infrastructure	179,650,030	8,676,459	-	188,326,489
Land improvements	15,763,181	36,139	-	15,799,320
Buildings and improvements	17,206,598	-	-	17,206,598
Park and recreation facilities	11,504,276	256,690	-	11,760,966
Machinery and equipment	15,194,058	1,404,768	314,363	16,284,463
	<u>239,318,143</u>	<u>10,374,056</u>	<u>314,363</u>	<u>249,377,836</u>
Less accumulated depreciation for:				
Infrastructure	113,644,208	4,533,909	-	118,178,117
Land improvements	4,726,863	315,986	-	5,042,849
Buildings and improvements	7,362,569	289,618	-	7,652,187
Park and recreation facilities	5,949,825	171,174	-	6,120,999
Machinery and equipment	13,137,424	890,957	314,363	13,714,018
	<u>144,820,889</u>	<u>6,201,644</u>	<u>314,363</u>	<u>150,708,170</u>
Total capital assets being depreciated, net	<u>94,497,254</u>	<u>4,172,412</u>	<u>-</u>	<u>98,669,666</u>
Governmental activities capital assets, net	<u>\$ 99,405,312</u>	<u>\$ 6,297,197</u>	<u>\$ -</u>	<u>\$ 105,702,509</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated:					
Land	\$ 8,956,886	\$ -	\$ -	\$ -	\$ 8,956,886
Construction in progress	3,064,799	4,201,506	-	(2,532,265)	4,734,040
	<u>12,021,685</u>	<u>4,201,506</u>	<u>-</u>	<u>(2,532,265)</u>	<u>13,690,926</u>
Capital assets being depreciated:					
Systems	93,262,043	2,169,223	-	2,532,265	97,963,531
Land improvements	5,344,033	488,460	-	-	5,832,493
Buildings and improvements	12,899,451	-	1,031,768	-	11,867,683
Machinery and equipment	15,332,799	-	-	-	15,332,799
	<u>126,838,326</u>	<u>2,657,683</u>	<u>1,031,768</u>	<u>2,532,265</u>	<u>130,996,506</u>
Less accumulated depreciation for:					
Systems	49,181,932	1,720,199	-	-	50,902,131
Land improvements	1,536,713	180,429	-	-	1,717,142
Buildings and improvements	4,912,570	330,672	1,031,768	-	4,211,474
Machinery and equipment	10,795,597	453,694	-	-	11,249,291
	<u>66,426,812</u>	<u>2,684,994</u>	<u>1,031,768</u>	<u>-</u>	<u>68,080,038</u>
Total capital assets being depreciated, net	<u>60,411,514</u>	<u>(27,311)</u>	<u>-</u>	<u>2,532,265</u>	<u>62,916,468</u>
Business-type activities capital assets, net	<u>\$ 72,433,199</u>	<u>\$ 4,174,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,607,394</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Governmental activities:	
General government	\$ 237,699
Public safety	327,602
Public works, including depreciation of general infrastructure assets	4,599,917
Culture and recreation	553,432
Community enrichment and development	277,447
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>205,547</u>
Total depreciation expense - governmental activities	<u>\$ 6,201,644</u>
Business-type activities:	
Sewage	\$ 1,114,977
Water	1,162,105
Parking system	262,943
Golf practice center	<u>144,969</u>
Total depreciation expense - business-type activities	<u>\$ 2,684,994</u>

Construction commitments consisted of the following at June 30, 2020:

- 732 Elmwood – a residential property being rehabilitated with general funds to be sold upon completion; estimated costs to complete are \$52,000.
- MLK Center – building renovations utilizing bond funds; estimated costs to complete are \$60,475.
- 135 W. Cortland and 145 W. Cortland – while both projects are currently still under construction, there were no outstanding contracts at June 30, 2020 and no plans for completion of either project at this time.

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	\$ 2,593,765	\$ 1,139,241	\$ 14,297
Accrued payroll	510,892	111,100	3,372
Other liabilities	95,302	-	-
Customer deposits	-	218,145	-
	<u>\$ 3,199,959</u>	<u>\$ 1,468,486</u>	<u>\$ 17,669</u>

9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2020, amounts due from and due to other funds were as follows:

Receivable funds	Payable Funds		
	Special Assessment Capital Projects	Nonmajor Governmental Funds	Total
General fund	\$ 2,903,727	\$ 2,332	\$ 2,906,059
Nonmajor governmental funds	-	47,944	47,944
Nonmajor enterprise funds	-	142	142
Internal service funds	-	1,108	1,108
	<u>\$ 2,903,727</u>	<u>\$ 51,526</u>	<u>\$ 2,955,253</u>

At June 30, 2020, long-term advances between funds were as follows:

Receivable funds	Payable Funds			
	Special Assessment Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total
General fund	\$ -	\$ 50,000	\$ -	\$ 50,000
Internal service funds	657,489	-	5,667	663,156
	<u>\$ 657,489</u>	<u>\$ 50,000</u>	<u>\$ 5,667</u>	<u>\$ 713,156</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, 2020, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General Fund	Major Streets Fund	Nonmajor Governmental Funds	Sewage
General fund	\$ 33,808	\$ -	\$ 1,207,248	\$ -
Major streets fund	-	-	581,461	-
Special assessment capital projects fund	-	1,065,333	356,149	-
Nonmajor governmental funds	45,325	2,523,005	3,508,834	2,296,826
Sewage	-	-	238,490	-
Water	-	-	630,388	-
Nonmajor enterprise funds	-	-	114,949	-
Internal service funds	-	-	263,433	-
	<u>\$ 79,133</u>	<u>\$ 3,588,338</u>	<u>\$ 6,900,952</u>	<u>\$ 2,296,826</u>

Transfers Out	Transfers In			Total
	Water	Nonmajor Enterprise Funds	Internal Service Funds	
General fund	\$ -	\$ 11,000	\$ 100,000	\$ 1,352,056
Major streets fund	-	-	-	581,461
Special assessment capital projects fund	-	85,558	-	1,507,040
Nonmajor governmental funds	3,517,882	470,154	-	12,362,026
Sewage	-	-	-	238,490
Water	-	-	-	630,388
Nonmajor enterprise funds	-	93,723	-	208,672
Internal service funds	-	-	-	263,433
	<u>\$ 3,517,882</u>	<u>\$ 660,435</u>	<u>\$ 100,000</u>	<u>\$ 17,143,566</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 \$75,552,577.

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	Original Amount	Amount
Governmental activities				
2001 downtown development	2026	3.70%-5.75%	\$ 17,998,577	\$ 4,786,859
2012 brownfield redevelopment refunding	2031	2.00%-4.00%	7,350,000	4,825,000
2013 general obligation refunding	2027	2.00%-4.00%	8,275,000	5,045,000
2016 capital improvement	2026	0.75%-2.25%	1,300,000	817,000
2017 transportation bond	2031	01/00/1900	8,970,000	7,280,000
2017 brownfield refunding	2030	01/00/1900	9,080,000	8,555,000
2018 capital improvement	2033	2.50% - 5.00%	14,890,000	13,315,000
2019 downtown development refunding	2030	3.02%	5,685,000	5,685,000
2020 capital improvement	2030	2.06%	2,004,000	2,004,000
			<u>\$ 75,552,577</u>	<u>\$ 52,312,859</u>

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

Year	Governmental Activities	
	Principal	Interest
2021	\$ 3,980,299	\$ 3,253,408
2022	4,081,697	3,299,862
2023	4,170,765	3,334,943
2024	4,310,730	3,377,888
2025	5,024,033	3,412,659
2026-2030	24,805,335	6,068,569
2031-2033	5,940,000	461,805
	<u>\$ 52,312,859</u>	<u>\$ 23,209,134</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:

Purpose	Fiscal Year Matures	Interest Rates	Original Amount	Amount
Governmental activities				
2016 Lease Purchase Agreement - Fire Truck	2023	5.00%	\$ 459,493	\$ 181,809
2019 Lease Purchase Agreement - Street Sweeper	2025	3.99%	265,000	232,640
2020 Lease Purchase Agreement - Leaf Collectors	2025	1.93%	459,446	459,446
			<u>\$ 1,183,939</u>	<u>\$ 873,895</u>

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

Year	Governmental Activities	
	Principal	Interest
2021	\$ 197,276	\$ 23,000
2022	202,932	17,344
2023	208,690	11,586
2024	150,190	5,651
2025	114,807	2,003
	<u>\$ 873,895</u>	<u>\$ 59,584</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in long-term debt. Long-term debt activity for the year ended June 30, 2020, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 53,664,312	\$ 7,719,000	\$ 9,070,453	\$ 52,312,859	\$ 3,980,299
Notes from direct borrowings/ placements - Installment purchase agreements	266,161	724,446	116,712	873,895	197,276
Compensated absences	1,831,621	904,890	898,484	1,838,027	183,803
Less deferred amounts for:					
Issuance discount	(45,231)	-	(45,231)	-	-
Issuance premium	1,936,287	-	151,526	1,784,761	151,526
	<u>\$ 57,653,150</u>	<u>\$ 9,348,336</u>	<u>\$ 10,191,944</u>	<u>\$ 56,809,542</u>	<u>\$ 4,512,904</u>
Business-type activities					
Compensated absences	<u>\$ 274,018</u>	<u>\$ 210,242</u>	<u>\$ 192,264</u>	<u>\$ 291,996</u>	<u>\$ 33,958</u>

For the governmental activities, compensated absences are generally liquidated by the general fund.

11. SEGMENT INFORMATION - ENTERPRISE FUNDS

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, 2020, the net appreciation on investments of donor-restricted endowments was \$49,536 and there was an overall increase in fund balance of \$25,684. 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 \$1,157,948.

Cemetery Perpetual Maintenance Permanent Trust Fund. For the year ended June 30, 2020, the net appreciation on investments of donor-restricted endowments was \$45,325 and there was an overall increase in fund balance of \$32,349. 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 \$1,997,792.

Lloyd E. Mount Endowment Permanent Trust Fund. For the year ended June 30, 2020, the net appreciation on investments of donor-restricted endowments was \$18,997 and there was an overall increase in fund balance of \$12,146. 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 \$308,649.

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 reported in the workers' compensation internal service fund at June 30, 2020, 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, 2020, the entire balance 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, 2020 and 2019, are as follows:

	2020	2019
Claims liability at beginning of fiscal year	\$ 169,318	\$ 274,612
Claims and changes in estimates	12,474	(54,193)
Claims payments	<u>(96,782)</u>	<u>(51,101)</u>
Claims liability at June 30	<u>\$ 85,010</u>	<u>\$ 169,318</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, 2019 levy was assessed and valued at approximately \$621 million, representing approximately 50% of estimated current market value.

The City's operating tax rate is 6.7158 mills (cannot exceed 7.00 mills) with an additional 1.9187 (cannot exceed 2.00 mills) for public improvement, 9.2100 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 2020 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 \$31,100 in reduced tax revenues for 2020.

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 \$37,600 in reduced City tax revenues for 2020.

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 the June 30, 2019 valuation date, 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	195	18	172
Terminated plan members entitled to, but not yet receiving benefits	22	-	4
Active plan members	147	-	70
	<u>364</u>	<u>18</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, 2020, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 4.13%, 3.48% and 3.48% 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, 2019, (rolled forward to June 30, 2020) 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.

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.

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, 2019	\$ 55,517,467	\$ 39,948,240	\$ 15,569,227
Changes for the year:			
Service cost	830,367	-	830,367
Interest	3,703,106	-	3,703,106
Changes in benefits	-	-	-
Differences between expected and actual experience	(595,688)	-	(595,688)
Changes in assumptions	-	-	-
Employer contributions	-	1,058,427	(1,058,427)
Employee contributions	-	728,393	(728,393)
Net investment income	-	1,225,172	(1,225,172)
Benefit payments, including refunds of employee contributions	(3,745,423)	(3,745,423)	-
Administrative expense	-	(48,142)	48,142
Net changes	192,362	(781,573)	973,935
Balances at June 30, 2020	\$ 55,709,829	\$ 39,166,667	\$ 16,543,162

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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	\$ 22,387,566	\$ 16,543,162	\$ 10,999,450

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2020, the City recognized pension expense of \$1,712,402. At June 30, 2020, 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	\$ -	\$ 679,870	\$ (679,870)
Changes in assumptions	3,427,462	1,668,354	1,759,108
Net difference between projected and actual earnings on pension plan investments	899,297	-	899,297
Total	<u>\$ 4,326,759</u>	<u>\$ 2,348,224</u>	<u>\$ 1,978,535</u>

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
2021	\$ 821,188
2022	765,423
2023	148,468
2024	243,456
	<u>\$ 1,978,535</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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, 2019 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, 2019, (rolled forward to June 30, 2020) 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.

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, 2019	\$ 7,008,740	\$ 3,433,846	\$ 3,574,894
Changes for the year:			
Interest	398,411	-	398,411
Differences between expected and actual experience	(80,185)	-	(80,185)
Changes in assumptions	-	-	-
Employer contributions	-	543,093	(543,093)
Net investment income	-	84,702	(84,702)
Benefit payments, including refunds of employee contributions	(737,101)	(737,101)	-
Administrative expense	-	(13,137)	13,137
Net changes	(418,875)	(122,443)	(296,432)
Balances at June 30, 2020	\$ 6,589,865	\$ 3,311,403	\$ 3,278,462

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	\$ 3,768,056	\$ 3,278,462	\$ 2,847,723

Pension expense and deferred inflows of resources related to pensions. For the year ended June 30, 2020, the City recognized pension expense of \$121,149. At June 30, 2020, 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	\$ -	\$ 64,398	\$ (64,398)

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
2021	\$ (80,748)
2022	(31,080)
2023	24,408
2024	<u>23,022</u>
	<u>\$ (64,398)</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, 2019 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, 2019, (rolled forward to June 30, 2020) 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	In the June 30, 2019 valuation actuarial methods were adjusted to explicitly model the annuity withdrawal provision instead of using a fixed load.

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, 2019	\$ 82,609,751	\$ 45,121,148	\$ 37,488,603
Changes for the year:			
Service cost	1,103,384	-	1,103,384
Interest	4,813,775	-	4,813,775
Differences between expected and actual experience	657,259	-	657,259
Changes in assumptions	1,961,168	-	1,961,168
Employer contributions	-	5,559,682	(5,559,682)
Employee contributions	-	514,402	(514,402)
Net investment income	-	1,318,109	(1,318,109)
Benefit payments, including refunds of employee contributions	(5,863,709)	(5,863,709)	-
Administrative expense	-	(44,012)	44,012
Net changes	<u>2,671,877</u>	<u>1,484,472</u>	<u>1,187,405</u>
Balances at June 30, 2020	<u><u>\$ 85,281,628</u></u>	<u><u>\$ 46,605,620</u></u>	<u><u>\$ 38,676,008</u></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	\$ 48,675,065	\$ 38,676,008	\$ 30,406,999

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, 2020, the City recognized pension expense of \$6,119,073. At June 30, 2020, 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	\$ 610,603	\$ -	\$ 610,603
Changes in assumptions	3,886,401	-	3,886,401
Net difference between projected and actual earnings on pension plan investments	165,331	-	165,331
Total	\$ 4,662,335	\$ -	\$ 4,662,335

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
2021	\$ 2,497,980
2022	1,343,186
2023	542,338
2024	278,831
	<u>\$ 4,662,335</u>

18. POSTEMPLOYMENT BENEFITS

General Information About the Plan

Plan Administration. The City provides postemployment healthcare benefits to substantially all full-time employees, hired prior to 2012, 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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Plan Membership. At the June 30, 2019 valuation date, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	230
Active plan members	<u>106</u>
Total membership	<u><u>336</u></u>

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

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

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	<u>25.0%</u>	5.25%	1.31%
	<u><u>100.0%</u></u>		
Inflation			2.50%
Risk factor adjustment			<u>0.39%</u>
Investment rate of return			<u><u>5.00%</u></u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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, 2020 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 2.05 percent.

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

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 (rolled forward to June 30, 2020), 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

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, 2019	\$ 41,341,112	\$ 3,570,259	\$ 37,770,853
Changes for the year:			
Service cost	331,315	-	331,315
Interest	2,016,801	-	2,016,801
Differences between expected and actual experience	(1,912,117)	-	(1,912,117)
Employer contributions	-	2,654,014	(2,654,014)
Net investment income	-	105,140	(105,140)
Benefit payments, including refunds of employee contributions	(2,341,514)	(2,341,514)	-
Administrative expense	-	(6,722)	6,722
Net changes	<u>(1,905,515)</u>	<u>410,918</u>	<u>(2,316,433)</u>
Balances at June 30, 2020	<u>\$ 39,435,597</u>	<u>\$ 3,981,177</u>	<u>\$ 35,454,420</u>

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	\$ 39,942,711	\$ 35,454,420	\$ 31,925,441

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	\$ 33,238,867	\$ 35,454,420	\$ 38,279,450

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, 2020, the City recognized OPEB expense of \$(729,380). 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	\$ -	\$ 1,706,714	\$ (1,706,714)
Changes in assumptions	223,982	1,217,223	(993,241)
Net difference between projected and actual earnings on OPEB plan investments	86,679	-	86,679
	<u>\$ 310,661</u>	<u>\$ 2,923,937</u>	<u>\$ (2,613,276)</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
2021	\$ (2,287,541)
2022	(368,563)
2023	26,623
2024	16,205
Total	<u>\$ (2,613,276)</u>

Payable to the OPEB Plan. At June 30, 2020, the City had no amounts payable for contributions to the OPEB plan.

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

19. NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 7,032,843	\$ 13,690,926
Capital assets being depreciated, net	98,669,666	62,916,468
	<u>105,702,509</u>	<u>76,607,394</u>
Long-term liabilities:		
Due within one year	4,512,904	33,958
Due in more than one year	52,296,638	258,038
Less unexpended bond proceeds	(2,039,949)	-
	<u>54,769,593</u>	<u>291,996</u>
Less compensated absences	(1,838,027)	(291,996)
Less deferred charge on bond refunding	(835,244)	-
	<u>52,096,322</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 53,606,187</u></u>	<u><u>\$ 76,607,394</u></u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

20. FUND BALANCES

Following is a summary of the components of fund balances of the governmental funds as of June 30, 2020:

	General	Major Streets	Special Assessments Capital Projects	Nonmajor Funds	Total
Nonspendable					
Inventories	\$ -	\$ 279,568	\$ -	\$ 15,500	\$ 295,068
Prepaid items	14,330	-	-	-	14,330
Perpetual care	-	-	-	1,997,792	1,997,792
Endowment	-	-	-	1,466,597	1,466,597
Advances	50,000	-	-	-	50,000
	<u>64,330</u>	<u>279,568</u>	<u>-</u>	<u>3,479,889</u>	<u>3,823,787</u>
Restricted					
Highways and streets	-	3,551,221	-	2,335,582	5,886,803
Public improvements	-	-	-	841,828	841,828
Public safety	-	-	-	31,068	31,068
Act 345 Pension	192,808	-	-	-	192,808
Downtown development	-	-	-	5,086,490	5,086,490
Debt service	-	-	-	122,245	122,245
	<u>192,808</u>	<u>3,551,221</u>	<u>-</u>	<u>8,417,213</u>	<u>12,161,242</u>
Committed					
Culture and recreation	-	-	-	298,571	298,571
Public safety	-	-	-	931,287	931,287
Capital projects	-	-	-	1,182,467	1,182,467
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,412,325</u>	<u>2,412,325</u>
Unassigned (deficit)	<u>7,042,296</u>	<u>-</u>	<u>(3,315,558)</u>	<u>-</u>	<u>3,726,738</u>
Total fund balance	<u>\$ 7,299,434</u>	<u>\$ 3,830,789</u>	<u>\$ (3,315,558)</u>	<u>\$ 14,309,427</u>	<u>\$ 22,124,092</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

21. PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

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

Statement of Plan Net Position - June 30, 2020

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
Assets					
Pooled cash and investments	\$ 39,788	\$ -	\$ 153,022	\$ 25,851	\$ 218,661
Investments, at fair value:					
U.S. treasuries	-	-	1,662,054	-	1,662,054
Corporate bonds:					
Domestic bonds	-	-	6,576,807	-	6,576,807
Domestic mutual funds	10,720,053	1,250,211	7,780,823	-	19,751,087
Equities:					
Domestic stocks	5,009,900	168,603	2,653,207	-	7,831,710
Domestic mutual funds	16,171,666	1,107,323	19,137,077	-	36,416,066
International mutual funds	5,560,221	641,647	8,225,715	-	14,427,583
Money market funds	1,674,868	144,124	1,069,563	3,955,326	6,843,881
Total cash and investments	39,176,496	3,311,908	47,258,268	3,981,177	93,727,849
Receivables -					
Interest, dividends, and other	2,171	(505)	34,511	-	36,177
Total assets	39,178,667	3,311,403	47,292,779	3,981,177	93,764,026
Liabilities					
Refunds payable and other	12,000	-	687,159	-	699,159
Net position restricted for pension and other employee benefits	\$ 39,166,667	\$ 3,311,403	\$ 46,605,620	\$ 3,981,177	\$ 93,064,867

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2020

	Employees’ Retirement System	Policemen’s and Firemen’s Pension Fund	Policemen’s and Firemen’s Pension - Act 345 Fund	Retiree Health Care	Total
Additions					
Contributions:					
Employer	\$ 1,058,427	\$ 543,093	\$ 5,559,682	\$ 2,654,014	\$ 9,815,216
Plan members	728,393	-	514,402	-	1,242,795
Total contributions	<u>1,786,820</u>	<u>543,093</u>	<u>6,074,084</u>	<u>2,654,014</u>	<u>11,058,011</u>
Investment income:					
Net appreciation in fair value of investments	1,131,079	18,199	426,599	104,988	1,680,865
Interest	85,893	1,089	305,241	152	392,375
Dividends	211,171	77,949	706,389	-	995,509
Total investment income	<u>1,428,143</u>	<u>97,237</u>	<u>1,438,229</u>	<u>105,140</u>	<u>3,068,749</u>
Less investment expense	<u>202,971</u>	<u>12,535</u>	<u>120,120</u>	<u>-</u>	<u>335,626</u>
Net investment income	<u>1,225,172</u>	<u>84,702</u>	<u>1,318,109</u>	<u>105,140</u>	<u>2,733,123</u>
Total additions	<u>3,011,992</u>	<u>627,795</u>	<u>7,392,193</u>	<u>2,759,154</u>	<u>13,791,134</u>
Deductions					
Benefits	3,581,651	737,101	5,830,670	2,341,514	12,490,936
Refunds of contributions	163,772	-	33,039	-	196,811
Administrative expense	48,142	13,137	44,012	6,722	112,013
Total deductions	<u>3,793,565</u>	<u>750,238</u>	<u>5,907,721</u>	<u>2,348,236</u>	<u>12,799,760</u>
Net change in net position	<u>(781,573)</u>	<u>(122,443)</u>	<u>1,484,472</u>	<u>410,918</u>	<u>991,374</u>
Net position -					
Beginning 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>
End of year	<u>\$ 39,166,667</u>	<u>\$ 3,311,403</u>	<u>\$ 46,605,620</u>	<u>\$ 3,981,177</u>	<u>\$ 93,064,867</u>

22. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the City's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the City for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the City financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

23. SUBSEQUENT EVENT

On October 13, 2020, the City issued the 2020 Special Assessment Bond in the amount of \$1,496,000. Principal payments of \$136,000 - \$160,000 are due October 1 of each year beginning 2021 through 2030, with interest at 1.5%.



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,		
	2020	2019	2018
Change in total pension liability			
Service cost	\$ 830,367	\$ 1,016,463	\$ 692,095
Interest	3,703,106	3,319,364	3,550,091
Changes of benefit terms	-	133,677	-
Differences between expected and actual experience	(595,688)	(320,658)	(7,660)
Changes of assumptions	-	(3,223,348)	9,152,938
Benefit payments, including refunds of member contributions	(3,745,423)	(3,867,034)	(3,833,908)
Net change in total pension liability	<u>192,362</u>	<u>(2,941,536)</u>	<u>9,553,556</u>
Total pension liability, beginning	<u>55,517,467</u>	<u>58,459,003</u>	<u>48,905,447</u>
Total pension liability, ending (a)	<u>55,709,829</u>	<u>55,517,467</u>	<u>58,459,003</u>
Change in plan fiduciary net position			
Contributions - employer	1,058,427	835,542	821,020
Contributions - employee	728,393	659,685	712,503
Net investment income	1,225,172	2,066,425	3,456,637
Benefit payments, including refunds of member contributions	(3,745,423)	(3,867,034)	(3,833,908)
Administrative expense	(48,142)	(45,654)	(41,788)
Net change in plan fiduciary net position	<u>(781,573)</u>	<u>(351,036)</u>	<u>1,114,464</u>
Plan fiduciary net position, beginning	<u>39,948,240</u>	<u>40,299,276</u>	<u>39,184,812</u>
Plan fiduciary net position, ending (b)	<u>39,166,667</u>	<u>39,948,240</u>	<u>40,299,276</u>
City's net pension liability, ending (a)-(b)	<u>\$ 16,543,162</u>	<u>\$ 15,569,227</u>	<u>\$ 18,159,727</u>
Plan fiduciary net position as a percentage of the total pension liability	70.30%	71.96%	68.94%
Covered payroll	\$ 8,676,772	\$ 8,345,344	\$ 7,758,909
City's net pension liability as a percentage of covered payroll	190.66%	186.56%	234.05%

See notes to required supplementary information.



Fiscal Year Ended June 30,			
2017	2016	2015	2014

\$ 672,198	\$ 867,493	\$ 849,399	\$ 900,232
3,513,819	3,604,456	3,591,598	3,512,829
432,512	(1,585,716)	-	-
(467,503)	(1,544,806)	(559,714)	-
-	(2,963,368)	940,674	(610,014)
<u>(3,520,812)</u>	<u>(3,362,872)</u>	<u>(3,588,908)</u>	<u>(3,305,997)</u>
630,214	(4,984,813)	1,233,049	497,050
<u>48,275,233</u>	<u>53,260,046</u>	<u>52,026,997</u>	<u>51,529,947</u>
<u>48,905,447</u>	<u>48,275,233</u>	<u>53,260,046</u>	<u>52,026,997</u>

933,208	889,235	947,436	986,872
730,419	717,167	741,956	786,020
4,110,845	728,453	1,900,424	5,556,344
(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
(226,794)	(93,838)	(95,161)	(214,364)
<u>2,026,866</u>	<u>(1,121,855)</u>	<u>(94,253)</u>	<u>3,808,875</u>
<u>37,157,946</u>	<u>38,279,801</u>	<u>38,374,054</u>	<u>34,565,179</u>
<u>39,184,812</u>	<u>37,157,946</u>	<u>38,279,801</u>	<u>38,374,054</u>
<u>\$ 9,720,635</u>	<u>\$ 11,117,287</u>	<u>\$ 14,980,245</u>	<u>\$ 13,652,943</u>

80.12%	76.97%	71.87%	73.76%
\$ 7,510,596	\$ 7,427,165	\$ 7,837,558	\$ 8,209,105
129.43%	149.68%	191.13%	166.31%

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,		
	2020	2019	2018
Change in total pension liability			
Interest	\$ 398,411	\$ 403,369	\$ 429,493
Differences between expected and actual experience	(80,185)	95,117	(87,297)
Changes of assumptions	-	173,597	-
Benefit payments, including refunds of member contributions	(737,101)	(772,316)	(782,877)
Net change in total pension liability	<u>(418,875)</u>	<u>(100,233)</u>	<u>(440,681)</u>
Total pension liability, beginning	<u>7,008,740</u>	<u>7,108,973</u>	<u>7,549,654</u>
Total pension liability, ending (a)	<u>6,589,865</u>	<u>7,008,740</u>	<u>7,108,973</u>
Change in plan fiduciary net position			
Contributions - employer	543,093	506,251	567,276
Net investment income (loss)	84,702	195,665	467,070
Benefit payments, including refunds of member contributions	(737,101)	(772,316)	(782,877)
Administrative expense	(13,137)	(10,424)	(10,076)
Net change in plan fiduciary net position	<u>(122,443)</u>	<u>(80,824)</u>	<u>241,393</u>
Plan fiduciary net position, beginning	<u>3,433,846</u>	<u>3,514,670</u>	<u>3,273,277</u>
Plan fiduciary net position, ending (b)	<u>3,311,403</u>	<u>3,433,846</u>	<u>3,514,670</u>
City's net pension liability, ending (a)-(b)	<u>\$ 3,278,462</u>	<u>\$ 3,574,894</u>	<u>\$ 3,594,303</u>
Plan fiduciary net position as a percentage of the total pension liability	50.25%	48.99%	49.44%
Covered payroll	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A

See notes to required supplementary information.



Fiscal Year Ended June 30,			
2017	2016	2015	2014

\$ 447,644	\$ 493,298	\$ 522,860	\$ 541,023
47,444	(163,757)	-	-
-	227,357	142,043	-
(812,379)	(814,750)	(845,636)	(921,176)
<u>(317,291)</u>	<u>(257,852)</u>	<u>(180,733)</u>	<u>(380,153)</u>
7,866,945	8,124,797	8,305,530	8,685,683
<u>7,549,654</u>	<u>7,866,945</u>	<u>8,124,797</u>	<u>8,305,530</u>
565,463	604,690	607,009	606,096
482,691	(193,908)	120,095	659,708
(812,379)	(814,750)	(845,636)	(921,176)
(30,765)	-	-	(35,868)
<u>205,010</u>	<u>(403,968)</u>	<u>(118,532)</u>	<u>308,760</u>
3,068,267	3,472,235	3,590,767	3,282,007
<u>3,273,277</u>	<u>3,068,267</u>	<u>3,472,235</u>	<u>3,590,767</u>
<u>\$ 4,276,377</u>	<u>\$ 4,798,678</u>	<u>\$ 4,652,562</u>	<u>\$ 4,714,763</u>

43.36%	39.00%	42.74%	43.23%
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N/A	N/A	N/A	N/A
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N/A	N/A	N/A	N/A
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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,		
	2020	2019	2018
Change in total pension liability			
Service cost	\$ 1,103,384	\$ 856,511	\$ 911,249
Interest	4,813,775	4,911,204	4,873,412
Differences between expected and actual experience	657,259	359,507	146,242
Changes of assumptions	1,961,168	6,732,162	-
Benefit payments, including refunds of member contributions	(5,863,709)	(5,159,919)	(5,527,374)
Net change in total pension liability	<u>2,671,877</u>	<u>7,699,465</u>	<u>403,529</u>
Total pension liability, beginning	<u>82,609,751</u>	<u>74,910,286</u>	<u>74,506,757</u>
Total pension liability, ending (a)	<u>85,281,628</u>	<u>82,609,751</u>	<u>74,910,286</u>
Change in plan fiduciary net position			
Contributions - employer	5,559,682	4,422,430	4,219,714
Contributions - employee	514,402	507,173	498,083
Net investment income (loss)	1,318,109	2,328,889	4,355,776
Benefit payments, including refunds of member contributions	(5,863,709)	(5,159,919)	(5,527,374)
Administrative expense	(44,012)	(51,741)	(71,180)
Net change in plan fiduciary net position	<u>1,484,472</u>	<u>2,046,832</u>	<u>3,475,019</u>
Plan fiduciary net position, beginning	<u>45,121,148</u>	<u>43,074,316</u>	<u>39,599,297</u>
Plan fiduciary net position, ending (b)	<u>46,605,620</u>	<u>45,121,148</u>	<u>43,074,316</u>
City's net pension liability, ending (a)-(b)	<u>\$ 38,676,008</u>	<u>\$ 37,488,603</u>	<u>\$ 31,835,970</u>
Plan fiduciary net position as a percentage of the total pension liability	54.65%	54.62%	57.50%
Covered payroll	\$ 5,340,680	\$ 5,029,427	\$ 4,829,089
City's net pension liability as a percentage of covered payroll	724.18%	745.39%	659.25%

See notes to required supplementary information.



Fiscal Year Ended June 30,			
2017	2016	2015	2014

\$ 893,487	\$ 1,008,965	\$ 965,176	\$ 987,637
4,949,452	4,859,213	4,990,906	4,928,088
(78,307)	1,353,815	(962,506)	-
(1,212,234)	1,326,844	791,987	(244,312)
<u>(5,848,163)</u>	<u>(5,345,160)</u>	<u>(5,799,429)</u>	<u>(4,735,567)</u>
(1,295,765)	3,203,677	(13,866)	935,846
<u>75,802,522</u>	<u>72,598,845</u>	<u>72,612,711</u>	<u>71,676,865</u>
<u>74,506,757</u>	<u>75,802,522</u>	<u>72,598,845</u>	<u>72,612,711</u>

4,098,288	3,709,507	3,534,236	3,012,344
489,369	478,630	517,062	542,751
5,393,796	(2,123,241)	1,268,531	6,607,787
(5,848,163)	(5,345,160)	(5,799,429)	(4,735,567)
<u>(302,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,831,155	(3,280,264)	(479,600)	5,427,315
<u>35,768,142</u>	<u>39,048,406</u>	<u>39,528,006</u>	<u>34,100,691</u>
<u>39,599,297</u>	<u>35,768,142</u>	<u>39,048,406</u>	<u>39,528,006</u>
<u>\$ 34,907,460</u>	<u>\$ 40,034,380</u>	<u>\$ 33,550,439</u>	<u>\$ 33,084,705</u>

53.15%	47.19%	53.79%	54.44%
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\$ 4,622,259	\$ 4,782,487	\$ 5,148,271	\$ 5,124,768
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755.20%	837.10%	651.68%	645.58%
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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
Employees' Retirement System (ERS)						
2020	\$ 55,709,829	\$ 39,166,667	\$ 16,543,162	70.30%	\$ 8,676,772	190.66%
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%
Policemen's and Firemen's Pension (PFP)						
2020	\$ 6,589,865	\$ 3,311,403	\$ 3,278,462	50.25%	N/A	N/A
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
Policemen's and Firemen's Pension - Act 345 (Act 345)						
2020	\$ 85,281,628	\$ 46,605,620	\$ 38,676,008	54.65%	\$ 5,340,680	724.18%
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%

See notes to required supplementary information.

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
Employees' Retirement System (ERS)					
6/30/2020	\$ 1,058,427	\$ 1,058,427	\$ -	\$ 8,676,772	12.20%
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%
Policemen's and Firemen's Pension (PFP)					
6/30/2020	\$ 543,093	\$ 543,093	\$ -	N/A	N/A
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	604,690	604,690	-	N/A	N/A
6/30/2015	607,009	607,009	-	N/A	N/A
6/30/2014	606,096	606,096	-	N/A	N/A
Policemen's and Firemen's Pension - Act 345 (Act 345)					
6/30/2020	\$ 5,559,682	\$ 5,559,682	\$ -	\$ 5,340,680	104.10%
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%

See notes to required supplementary information.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of Investment Returns

Fiscal Year Ended	Annual Money- Weighted Rate of Return, Net of Investment Expense
Employees' Retirement System	
6/30/2020	4.13%
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%
Policemen's and Firemen's Pension	
6/30/2020	3.48%
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%
Policemen's and Firemen's Pension - Act 345	
6/30/2020	3.48%
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%

See notes to required supplementary information.

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,			
	2020	2019	2018	2017
Change in total OPEB liability				
Service cost	\$ 331,315	\$ 346,426	\$ 555,506	\$ 665,665
Interest	2,016,801	1,997,281	2,807,139	2,774,192
Changes of benefit terms	-	-	(8,055,839)	-
Differences between expected and actual experience	(1,912,117)	-	(2,570,525)	-
Changes of assumptions	-	481,638	(6,161,265)	-
Benefit payments, including refunds of member contributions	(2,341,514)	(2,513,271)	(2,821,992)	(2,629,714)
Net change in total OPEB liability	<u>(1,905,515)</u>	<u>312,074</u>	<u>(16,246,976)</u>	<u>810,143</u>
Total OPEB liability, beginning	<u>41,341,112</u>	<u>41,029,038</u>	<u>57,276,014</u>	<u>56,465,871</u>
Total OPEB liability, ending (a)	<u>39,435,597</u>	<u>41,341,112</u>	<u>41,029,038</u>	<u>57,276,014</u>
Change in plan fiduciary net position				
Contributions - employer	2,654,014	3,763,271	4,071,992	2,629,714
Net investment income	105,140	91,192	100,268	112,584
Benefit payments, including refunds of member contributions	(2,341,514)	(2,513,271)	(2,821,992)	(2,629,714)
Administrative expense	(6,722)	(23,850)	(15,500)	(2,121)
Net change in plan fiduciary net position	<u>410,918</u>	<u>1,317,342</u>	<u>1,334,768</u>	<u>110,463</u>
Plan fiduciary net position, beginning	<u>3,570,259</u>	<u>2,252,917</u>	<u>918,149</u>	<u>807,686</u>
Plan fiduciary net position, ending (b)	<u>3,981,177</u>	<u>3,570,259</u>	<u>2,252,917</u>	<u>918,149</u>
City's net OPEB liability, ending (a)-(b)	<u>\$ 35,454,420</u>	<u>\$ 37,770,853</u>	<u>\$ 38,776,121</u>	<u>\$ 56,357,865</u>
Plan fiduciary net position as a percentage of the total OPEB liability	10.10%	8.64%	5.49%	1.60%
Covered payroll	\$ 6,554,194	\$ 7,315,330	\$ 7,819,428	\$ 10,131,529
City's net OPEB liability as a percentage of covered payroll	540.94%	516.32%	495.89%	556.26%

See notes to required supplementary information.

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
2020	\$ 3,030,111	\$ 2,654,014	\$ 376,097	\$ 6,554,194	40.5%
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%

See notes to required supplementary information.

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
2020	2.05%
2019	2.68%
2018	7.78%
2017	13.00%

See notes to required supplementary information.

CITY OF JACKSON, MICHIGAN

Notes to Required Supplementary Information

Pension Information

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

Employees' Retirement System

The significant changes in benefit terms for each of the fiscal years ended June 30 were as follows:

- 2019:
 - 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.

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2019:
 - 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:
 - Retirement rates were adjusted to approximate anticipated member behavior as a result of the prior year's plan changes.

Police and Fire Pension Plan

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2019:
 - Updated mortality assumptions from RP-2000 to RP-2014
- 2018:
 - The Board adopted a 10-year level dollar closed amortization period in conjunction with the June 30, 2017 Actuarial Valuation.

CITY OF JACKSON, MICHIGAN

Notes to Required Supplementary Information

Police and Fire - Act 345 Pension Plan

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2020:
In the June 30, 2019 valuation actuarial methods were adjusted to explicitly model the annuity withdrawal provision instead of using a fixed load.
- 2019:
 - Decreased the assumed rate of return from 6.75% to 6.0%
 - Updated mortality assumptions from RP-2000 to RP-2014

Notes to Schedule of City Contributions

Valuation date June 30, 2019 (and rolled forward to June 30, 2020, 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 / layered amortization

Remaining amortization period:

ERS	27 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	8 years beginning with the fiscal year ending 2021
Act 345	10 years closed for 6/30/2015 active UAAL; 6 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%

CITY OF JACKSON, MICHIGAN

Notes to Required Supplementary Information

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	2.45%

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.

OPEB Information

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

The significant changes in assumptions for each of the fiscal years ended June 30 were as follows:

- 2019:
 - 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:
 - Raise the Ultimate Healthcare Healthcare Cost Trend from 3.00% to 3.50%
 - Partial resetting of the healthcare cost trend
 - Closed 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

Notes to Required Supplementary Information

Notes to Schedule of City Contributions

Valuation date	June 30, 2019 (and rolled forward to June 30, 2020, the measurement date)
Notes	Actuarially determined contribution rates are calculated as of June 30 that is 12 months prior to the beginning of the fiscal year for which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Fair 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

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

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2020

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 4,656,419	\$ 121,977	\$ 6,584,972	\$ 3,464,389	\$ 14,827,757
Accounts receivable, net	167,915	-	-	-	167,915
Loans receivable	3,938	-	-	-	3,938
Interest receivable	11,011	268	180,064	-	191,343
Due from other governments	333,799	-	-	-	333,799
Due from other funds	47,944	-	-	-	47,944
Inventories	15,500	-	-	-	15,500
Total assets	<u>\$ 5,236,526</u>	<u>\$ 122,245</u>	<u>\$ 6,765,036</u>	<u>\$ 3,464,389</u>	<u>\$ 15,588,196</u>
Liabilities					
Negative equity in pooled cash and investments	\$ 226,450	\$ -	\$ -	\$ -	\$ 226,450
Accounts payable	338,824	-	496,079	-	834,903
Accrued payroll	70,266	-	-	-	70,266
Due to other funds	51,526	-	-	-	51,526
Unearned revenue	41,686	-	-	-	41,686
Long-term advance from other funds	50,000	-	-	-	50,000
Total liabilities	<u>778,752</u>	<u>-</u>	<u>496,079</u>	<u>-</u>	<u>1,274,831</u>
Deferred inflows of resources					
Unavailable revenue - loans receivable	3,938	-	-	-	3,938
Fund balances					
Nonspendable	15,500	-	-	3,464,389	3,479,889
Restricted	3,208,478	122,245	5,086,490	-	8,417,213
Committed	1,229,858	-	1,182,467	-	2,412,325
Total fund balances	<u>4,453,836</u>	<u>122,245</u>	<u>6,268,957</u>	<u>3,464,389</u>	<u>14,309,427</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 5,236,526</u>	<u>\$ 122,245</u>	<u>\$ 6,765,036</u>	<u>\$ 3,464,389</u>	<u>\$ 15,588,196</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances

Nonmajor Governmental Funds

For the Fiscal Year Ended June 30, 2020

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property taxes	\$ 1,089,937	\$ 774,468	\$ 1,350,850	\$ -	\$ 3,215,255
Intergovernmental	2,601,678	1,276,344	147,976	-	4,025,998
Charges for services	2,697,878	-	1,500,000	32,349	4,230,227
Investment income	59,433	5,531	419,386	113,858	598,208
Miscellaneous	231,716	-	107,705	-	339,421
Total revenues	6,680,642	2,056,343	3,525,917	146,207	12,409,109
Expenditures					
Current:					
Public safety	1,285,161	-	-	-	1,285,161
Public works	1,857,968	-	-	-	1,857,968
Culture and recreation	1,443,311	-	-	-	1,443,311
Community enrichment and development	3,322,033	-	2,009,381	-	5,331,414
Debt service:					
Principal retirement	-	3,675,453	-	-	3,675,453
Interest and fiscal charges	-	3,196,238	-	-	3,196,238
Bond issuance costs	-	75,302	-	-	75,302
Total expenditures	7,908,473	6,946,993	2,009,381	-	16,864,847
Revenues over (under) expenditures	(1,227,831)	(4,890,650)	1,516,536	146,207	(4,455,738)
Other financing sources (uses)					
Insurance recovery	4,184	-	-	-	4,184
Issuance of long-term debt	-	5,715,000	2,004,000	-	7,719,000
Payment to refunding escrow agent	-	(5,638,737)	-	-	(5,638,737)
Transfers in	1,852,025	4,893,822	155,105	-	6,900,952
Transfers out	(1,120,906)	-	(11,165,092)	(76,028)	(12,362,026)
Total other financing sources (uses)	735,303	4,970,085	(9,005,987)	(76,028)	(3,376,627)
Net change in fund balances	(492,528)	79,435	(7,489,451)	70,179	(7,832,365)
Fund balances, beginning of year	4,946,364	42,810	13,758,408	3,394,210	22,141,792
Fund balances, end of year	\$ 4,453,836	\$ 122,245	\$ 6,268,957	\$ 3,464,389	\$ 14,309,427

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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.

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).

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.

CESF Program Fund - This fund is used to account for the COVID-19 Relief Assistance for Jackson Police and Fire Departments program. The funds for this program will be used to support activities including preventing, preparing for, and responding to the coronavirus national emergency.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2020

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Assets					
Pooled cash and investments	\$ 2,197,416	\$ 60,818	\$ 708,022	\$ 476,869	\$ 430,099
Accounts receivables, net	27,775	60	-	866	77,100
Loans receivable	-	-	-	-	-
Interest receivable	4,661	153	2,606	1,508	1,013
Due from other governments	134,989	-	-	-	-
Due from other funds	-	-	-	-	1,424
Inventories	-	15,500	-	-	-
Total assets	\$ 2,364,841	\$ 76,531	\$ 710,628	\$ 479,243	\$ 509,636
Liabilities					
Negative equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	21,330	12,495	-	1,442	50,833
Accrued payroll	7,929	21,232	-	11,316	-
Due to other funds	-	-	-	-	-
Unearned revenue	-	-	-	-	-
Long-term advance from other funds	-	-	-	-	-
Total liabilities	29,259	33,727	-	12,758	50,833
Deferred inflows of resources					
Unavailable revenue - loans receivable	-	-	-	-	-
Fund balances					
Nonspendable for - Inventories	-	15,500	-	-	-
Restricted for:					
Highways and streets	2,335,582	-	-	-	-
Public improvements	-	-	710,628	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	27,304	-	-	-
Public safety	-	-	-	466,485	458,803
Total fund balances	2,335,582	42,804	710,628	466,485	458,803
Total liabilities, deferred inflows of resources and fund balances	\$ 2,364,841	\$ 76,531	\$ 710,628	\$ 479,243	\$ 509,636

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Recreation Millage	SAFER Grant
\$ 30,995	\$ 274,552	\$ 261,797	\$ 51,813	\$ -	\$ 148,940	\$ -
-	-	-	-	62,114	-	-
-	-	3,938	-	-	-	-
73	646	-	-	-	351	-
-	-	64,066	-	-	-	-
-	-	-	-	37,605	-	-
-	-	-	-	-	-	-
<u>\$ 31,068</u>	<u>\$ 275,198</u>	<u>\$ 329,801</u>	<u>\$ 51,813</u>	<u>\$ 99,719</u>	<u>\$ 149,291</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ 88,902	\$ -	\$ -
-	3,530	217,629	10,127	4,225	1,004	-
-	401	6,708	-	5,593	17,087	-
-	-	51,526	-	-	-	-
-	-	-	41,686	-	-	-
-	-	50,000	-	-	-	-
-	3,931	325,863	51,813	98,720	18,091	-
-	-	3,938	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
31,068	-	-	-	-	131,200	-
-	271,267	-	-	-	-	-
-	-	-	-	999	-	-
<u>31,068</u>	<u>271,267</u>	<u>-</u>	<u>-</u>	<u>999</u>	<u>131,200</u>	<u>-</u>
<u>\$ 31,068</u>	<u>\$ 275,198</u>	<u>\$ 329,801</u>	<u>\$ 51,813</u>	<u>\$ 99,719</u>	<u>\$ 149,291</u>	<u>\$ -</u>

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CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2020

	Cortland Street Redevelopment Projects Fund	Lead Hazard Control Grant	Byrne/JAG Programs	CESF Program	Totals
Assets					
Pooled cash and investments	\$ 15,098	\$ -	\$ -	\$ -	\$ 4,656,419
Accounts receivables, net	-	-	-	-	167,915
Loans receivable	-	-	-	-	3,938
Interest receivable	-	-	-	-	11,011
Due from other governments	-	-	41,222	93,522	333,799
Due from other funds	-	8,915	-	-	47,944
Inventories	-	-	-	-	15,500
Total assets	\$ 15,098	\$ 8,915	\$ 41,222	\$ 93,522	\$ 5,236,526
Liabilities					
Negative equity in pooled cash and investments	\$ -	\$ 8,915	\$ 35,111	\$ 93,522	\$ 226,450
Accounts payable	10,098	-	6,111	-	338,824
Accrued payroll	-	-	-	-	70,266
Due to other funds	-	-	-	-	51,526
Unearned revenue	-	-	-	-	41,686
Long-term advances from other funds	-	-	-	-	50,000
Total liabilities	10,098	8,915	41,222	93,522	778,752
Deferred inflows of resources					
Unavailable revenue - loans receivable	-	-	-	-	3,938
Fund balances					
Nonspendable for - Inventories	-	-	-	-	15,500
Restricted for:					
Highways and streets	-	-	-	-	2,335,582
Public improvements	-	-	-	-	841,828
Public safety	-	-	-	-	31,068
Committed for:					
Culture and recreation	-	-	-	-	298,571
Public safety	5,000	-	-	-	931,287
Total fund balances	5,000	-	-	-	4,453,836
Total liabilities, deferred inflows of resources and fund balances	\$ 15,098	\$ 8,915	\$ 41,222	\$ 93,522	\$ 5,236,526

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CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
Revenues					
Property taxes	\$ -	\$ -	\$ 1,089,937	\$ -	\$ -
Intergovernmental	967,179	-	96,437	-	-
Charges for services	-	469,264	-	584,746	116,168
Investment income	25,536	237	15,503	8,007	673
Miscellaneous	-	-	-	-	555
Total revenues	992,715	469,501	1,201,877	592,753	117,396
Expenditures					
Current:					
Public safety	-	-	-	444,672	319,995
Public works	1,857,968	-	-	-	-
Culture and recreation	-	667,532	-	-	-
Community enrichment and development	-	-	-	-	-
Total expenditures	1,857,968	667,532	-	444,672	319,995
Revenues over (under) expenditures	(865,253)	(198,031)	1,201,877	148,081	(202,599)
Other financing sources (uses)					
Insurance recovery	-	4,184	-	-	-
Transfers in	353,016	208,354	-	-	-
Transfers out	(103,417)	-	(851,489)	(166,000)	-
Total other financing sources (uses)	249,599	212,538	(851,489)	(166,000)	-
Net change in fund balances	(615,654)	14,507	350,388	(17,919)	(202,599)
Fund balances, beginning of year	2,951,236	28,297	360,240	484,404	661,402
Fund balances, end of year	\$ 2,335,582	\$ 42,804	\$ 710,628	\$ 466,485	\$ 458,803

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Recreation Millage	SAFER Grant
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	918,994	171,584	-	-	162,633
-	162,916	-	-	734,555	630,229	-
422	3,469	-	-	5,077	509	-
23,906	-	148,324	9,023	49,908	-	-
24,328	166,385	1,067,318	180,607	789,540	630,738	162,633
22,236	-	-	-	-	-	162,633
-	-	-	-	-	-	-
-	159,250	-	-	-	616,529	-
-	-	1,067,318	180,607	1,000,227	-	-
22,236	159,250	1,067,318	180,607	1,000,227	616,529	162,633
2,092	7,135	-	-	(210,687)	14,209	-
-	-	-	-	-	-	-
-	-	-	-	166,000	-	-
-	-	-	-	-	-	-
-	-	-	-	166,000	-	-
2,092	7,135	-	-	(44,687)	14,209	-
28,976	264,132	-	-	45,686	116,991	-
\$ 31,068	\$ 271,267	\$ -	\$ -	\$ 999	\$ 131,200	\$ -

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CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2020

	Cortland Street Redevelopment Projects Fund	Lead Hazard Control Grant	Byrne/JAG Programs	CESF Program	Totals
Revenues					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,089,937
Intergovernmental	-	106,924	84,405	93,522	2,601,678
Charges for services	-	-	-	-	2,697,878
Investment income	-	-	-	-	59,433
Miscellaneous	-	-	-	-	231,716
Total revenues	-	106,924	84,405	93,522	6,680,642
Expenditures					
Current:					
Public safety	-	157,698	84,405	93,522	1,285,161
Public works	-	-	-	-	1,857,968
Culture and recreation	-	-	-	-	1,443,311
Community enrichment and development	1,073,881	-	-	-	3,322,033
Total expenditures	1,073,881	157,698	84,405	93,522	7,908,473
Revenues over (under) expenditures	(1,073,881)	(50,774)	-	-	(1,227,831)
Other financing sources (uses)					
Insurance recovery	-	-	-	-	4,184
Transfers in	1,073,881	50,774	-	-	1,852,025
Transfers out	-	-	-	-	(1,120,906)
Total other financing sources (uses)	1,073,881	50,774	-	-	735,303
Net change in fund balances	-	-	-	-	(492,528)
Fund balances, beginning of year	5,000	-	-	-	4,946,364
Fund balances, end of year	\$ 5,000	\$ -	\$ -	\$ -	\$ 4,453,836

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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 775,000	\$ 967,179	\$ 192,179	\$ 1,390,634
Investment income	15,000	25,536	10,536	31,697
Total revenues	<u>790,000</u>	<u>992,715</u>	<u>202,715</u>	<u>1,422,331</u>
Expenditures				
Current - public works:				
Street construction	1,794,309	1,622,850	(171,459)	1,919,616
Street maintenance	711,662	429,293	(282,369)	482,528
Traffic services	2,474	728	(1,746)	-
Winter maintenance	123,635	102,557	(21,078)	90,855
Reimbursements	(563,162)	(297,460)	265,702	(201,980)
Total expenditures	<u>2,068,918</u>	<u>1,857,968</u>	<u>(210,950)</u>	<u>2,291,019</u>
Revenues over (under) expenditures	<u>(1,278,918)</u>	<u>(865,253)</u>	<u>413,665</u>	<u>(868,688)</u>
Other financing sources (uses)				
Transfers in	341,419	353,016	11,597	3,015,219
Transfers out	(103,417)	(103,417)	-	(103,803)
Total other financing sources	<u>238,002</u>	<u>249,599</u>	<u>11,597</u>	<u>2,911,416</u>
Net change in fund balance	<u>(1,040,916)</u>	<u>(615,654)</u>	<u>425,262</u>	<u>2,042,728</u>
Fund balance, beginning of year	<u>2,951,236</u>	<u>2,951,236</u>	<u>-</u>	<u>908,508</u>
Fund balance, end of year	<u>\$ 1,910,320</u>	<u>\$ 2,335,582</u>	<u>\$ 425,262</u>	<u>\$ 2,951,236</u>

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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 621,600	\$ 469,264	\$ (152,336)	\$ 532,375
Investment income	65	237	172	26
Total revenues	<u>621,665</u>	<u>469,501</u>	<u>(152,164)</u>	<u>532,401</u>
Expenditures				
Current - culture and recreation:				
Personnel services	306,590	234,989	(71,601)	280,010
Materials and supplies	203,718	173,665	(30,053)	206,959
Contractual and other services	315,191	258,878	(56,313)	297,208
Total expenditures	<u>825,499</u>	<u>667,532</u>	<u>(157,967)</u>	<u>784,177</u>
Revenues over (under) expenditures	<u>(203,834)</u>	<u>(198,031)</u>	<u>5,803</u>	<u>(251,776)</u>
Other financing sources				
Insurance recovery	4,185	4,184	(1)	-
Transfers in	205,300	208,354	3,054	237,725
Total other financing sources	<u>209,485</u>	<u>212,538</u>	<u>3,053</u>	<u>237,725</u>
Net change in fund balance	<u>5,651</u>	<u>14,507</u>	<u>8,856</u>	<u>(14,051)</u>
Fund balance, beginning of year	<u>28,297</u>	<u>28,297</u>	<u>-</u>	<u>42,348</u>
Fund balance, end of year	<u>\$ 33,948</u>	<u>\$ 42,804</u>	<u>\$ 8,856</u>	<u>\$ 28,297</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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Property taxes	\$ 1,092,072	\$ 1,089,937	\$ (2,135)	\$ 1,130,622
Intergovernmental	60,000	96,437	36,437	15,573
Investment income	12,000	15,503	3,503	15,573
Total revenues	<u>1,164,072</u>	<u>1,201,877</u>	<u>37,805</u>	<u>1,161,768</u>
Expenditures				
Current - community enrichment and development	73,925	-	(73,925)	135,476
Debt service:				
Principal retirement	-	-	-	55,233
Interest	-	-	-	9,203
Total expenditures	<u>73,925</u>	<u>-</u>	<u>(73,925)</u>	<u>199,912</u>
Revenues over expenditures	1,090,147	1,201,877	111,730	961,856
Other financing uses				
Transfers out	(1,072,415)	(851,489)	(220,926)	(940,685)
Net change in fund balance	17,732	350,388	332,656	21,171
Fund balance, beginning of year	360,240	360,240	-	354,642
Fund balance, end of year	<u>\$ 377,972</u>	<u>\$ 710,628</u>	<u>\$ 332,656</u>	<u>\$ 375,813</u>

CITY OF JACKSON, MICHIGAN

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

Building Department Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 595,000	\$ 584,746	\$ (10,254)	\$ 580,283
Investment income	4,000	8,007	4,007	7,641
Total revenues	<u>599,000</u>	<u>592,753</u>	<u>(6,247)</u>	<u>587,924</u>
Expenditures				
Current - public safety:				
Personnel services	393,410	383,710	(9,700)	379,165
Materials and supplies	13,100	11,560	(1,540)	6,959
Contractual and other services	69,441	49,402	(20,039)	40,354
Total expenditures	<u>475,951</u>	<u>444,672</u>	<u>(31,279)</u>	<u>426,478</u>
Revenues over expenditures	123,049	148,081	25,032	161,446
Other financing uses				
Transfers out	(306,000)	(166,000)	(140,000)	-
Net change in fund balance	<u>(182,951)</u>	<u>(17,919)</u>	<u>165,032</u>	<u>161,446</u>
Fund balance, beginning of year	484,404	484,404	-	322,958
Fund balance, end of year	<u>\$ 301,453</u>	<u>\$ 466,485</u>	<u>\$ 165,032</u>	<u>\$ 484,404</u>

CITY OF JACKSON, MICHIGAN

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

Building Demolitions Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 27,000	\$ 116,168	\$ 89,168	\$ 158,757
Investment income	1,000	673	(327)	1,881
Miscellaneous	-	555	555	115
Total revenues	28,000	117,396	89,396	160,753
Expenditures				
Current - public safety - Contractual and other services	628,295	319,995	(308,300)	442,325
Revenues over (under) expenditures	(600,295)	(202,599)	397,696	(281,572)
Other financing sources (uses)				
Transfers in	-	-	-	875,000
Transfers out	-	-	-	(263,530)
Total other financing sources (uses)	-	-	-	611,470
Net change in fund balance	(600,295)	(202,599)	397,696	329,898
Fund balance, beginning of year	661,402	661,402	-	331,504
Fund balance, end of year	\$ 61,107	\$ 458,803	\$ 397,696	\$ 661,402

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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Investment income	\$ 477	\$ 422	\$ (55)	\$ 427
Miscellaneous:				
Sale of property	1,000	-	(1,000)	1,882
Other	21,450	23,906	2,456	28,486
Total revenues	<u>22,927</u>	<u>24,328</u>	<u>1,401</u>	<u>30,795</u>
Expenditures				
Current - public safety:				
Personnel services	16,847	16,507	(340)	14,011
Materials and supplies	800	540	(260)	1,015
Contractual and other services	5,280	5,189	(91)	2,920
Total expenditures	<u>22,927</u>	<u>22,236</u>	<u>(691)</u>	<u>17,946</u>
Net change in fund balance	-	2,092	2,092	12,849
Fund balance, beginning of year	<u>28,976</u>	<u>28,976</u>	-	<u>16,127</u>
Fund balance, end of year	<u>\$ 28,976</u>	<u>\$ 31,068</u>	<u>\$ 2,092</u>	<u>\$ 28,976</u>

CITY OF JACKSON, MICHIGAN

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

Recreation Activity Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 238,315	\$ 162,916	\$ (75,399)	\$ 259,273
Investment income	4,000	3,469	(531)	4,102
Total revenues	<u>242,315</u>	<u>166,385</u>	<u>(75,930)</u>	<u>263,375</u>
Expenditures				
Current - culture and recreation:				
Personnel services	85,567	36,869	(48,698)	91,352
Materials and supplies	54,000	23,932	(30,068)	54,754
Contractual and other services	104,800	98,449	(6,351)	104,447
Total expenditures	<u>244,367</u>	<u>159,250</u>	<u>(85,117)</u>	<u>250,553</u>
Net change in fund balance	(2,052)	7,135	9,187	12,822
Fund balance, beginning of year	264,132	264,132	-	251,310
Fund balance, end of year	<u>\$ 262,080</u>	<u>\$ 271,267</u>	<u>\$ 9,187</u>	<u>\$ 264,132</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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 5,825,326	\$ 918,994	\$ (4,906,332)	\$ 989,025
Miscellaneous	965,167	148,324	(816,843)	106,367
Total revenues	<u>6,790,493</u>	<u>1,067,318</u>	<u>(5,723,175)</u>	<u>1,095,392</u>
Expenditures				
Current:				
Public safety -				
Code enforcement	107,922	-	(107,922)	-
Community enrichment and development:				
Rehabilitation	1,482,339	130,888	(1,351,451)	121,856
Rehabilitation loans	6,000	270	(5,730)	720
Administration	482,202	108,926	(373,276)	75,602
Public services	186,824	21,713	(165,111)	-
Culture and recreation	572,849	78,558	(494,291)	13,637
Street construction	2,807,832	577,082	(2,230,750)	830,844
Public facility demolition	1,144,525	149,881	(994,644)	52,733
Total expenditures	<u>6,790,493</u>	<u>1,067,318</u>	<u>(5,723,175)</u>	<u>1,095,392</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

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

Community Development Home Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 1,167,947	\$ 171,584	\$ (996,363)	\$ 106,467
Miscellaneous	162,993	9,023	(153,970)	44,306
Total revenues	<u>1,330,940</u>	<u>180,607</u>	<u>(1,150,333)</u>	<u>150,773</u>
Expenditures				
Current - community enrichment and development:				
Rehabilitation assistance	404,698	11,478	(393,220)	121,499
Community housing development organizations	926,242	169,129	(757,113)	29,274
Total expenditures	<u>1,330,940</u>	<u>180,607</u>	<u>(1,150,333)</u>	<u>150,773</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

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

Housing Code Enforcement Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 877,000	\$ 734,555	\$ (142,445)	\$ 1,108,059
Investment income	5,000	5,077	77	8,025
Miscellaneous	50,000	49,908	(92)	68,905
Total revenues	932,000	789,540	(142,460)	1,184,989
Expenditures				
Current -				
Community enrichment and development	1,187,365	1,000,227	(187,138)	1,181,857
Revenues over (under) expenditures	(255,365)	(210,687)	44,678	3,132
Other financing sources				
Transfers in	306,000	166,000	(140,000)	-
Net change in fund balance	50,635	(44,687)	(95,322)	3,132
Fund balance, beginning of year	45,686	45,686	-	42,554
Fund balance, end of year	\$ 96,321	\$ 999	\$ (95,322)	\$ 45,686

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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 570,000	\$ 630,229	\$ 60,229	\$ 587,451
Investment income	1,000	509	(491)	1,263
Total revenues	<u>571,000</u>	<u>630,738</u>	<u>59,738</u>	<u>588,714</u>
Expenditures				
Current - culture and recreation:				
Personnel services	411,575	444,319	32,744	395,882
Materials and supplies	147,000	157,699	10,699	154,067
Contractual and other services	30,700	14,511	(16,189)	8,566
Total expenditures	<u>589,275</u>	<u>616,529</u>	<u>27,254</u>	<u>558,515</u>
Net change in fund balance	(18,275)	14,209	32,484	30,199
Fund balance, beginning of year	<u>116,991</u>	<u>116,991</u>	-	<u>86,792</u>
Fund balance, end of year	<u>\$ 98,716</u>	<u>\$ 131,200</u>	<u>\$ 32,484</u>	<u>\$ 116,991</u>

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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 162,633	\$ 162,633	\$ -	\$ 593,757
Expenditures				
Current - public safety - Personnel services	162,633	162,633	-	593,757
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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 6,500	\$ -	\$ (6,500)	\$ 300,000
Expenditures				
Current -				
Community enrichment and development -				
Economic development	1,105,213	1,073,881	(31,332)	2,261,301
Revenues over (under) expenditures	(1,098,713)	(1,073,881)	24,832	(1,961,301)
Other financing sources				
Transfers in	1,094,000	1,073,881	(20,119)	1,966,301
Net change in fund balance	(4,713)	-	4,713	5,000
Fund balance, beginning of year	5,000	5,000	-	-
Fund balance, end of year	<u>\$ 287</u>	<u>\$ 5,000</u>	<u>\$ 4,713</u>	<u>\$ 5,000</u>

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, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 110,000	\$ 106,924	\$ (3,076)	\$ 100,819
Expenditures				
Current - public safety -				
Personnel services	56,605	41,610	(14,995)	80,799
Materials and supplies	3,000	1,950	(1,050)	1,598
Contractual and other services	101,169	114,138	12,969	18,422
Total expenditures	<u>160,774</u>	<u>157,698</u>	<u>(3,076)</u>	<u>100,819</u>
Revenues under expenditures	(50,774)	(50,774)	-	-
Other financing sources				
Transfers in	50,774	50,774	-	-
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

Byrne/JAG Program Special Revenue Fund

For the Fiscal Year Ended June 30, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 96,481	\$ 84,405	\$ (12,076)	\$ 35,989
Expenditures				
Current - public safety - Community enrichment	96,481	84,405	(12,076)	35,989
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

CESF Program Special Revenue Fund
 For the Fiscal Year Ended June 30, 2020

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

	2020			2019 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 100,412	\$ 93,522	\$ (6,890)	\$ -
Expenditures				
Current - public safety:				
Personnel services	75,290	75,290	-	-
Community enrichment	25,122	18,232	(6,890)	-
Total expenditures	100,412	93,522	(6,890)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

Nonmajor Debt Service Funds

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

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

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

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.

2019 Downtown Development Authority Refunding Debt Service Fund - This fund is used to record principal and interest payments on the \$5,715,000 Refunding Bonds dated December 19, 2019.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet
 Nonmajor Debt Service Funds
 June 30, 2020

	2012 Brownfield Refunding	2011 DDA Refunding	2001 DDA TIF
Assets			
Pooled cash and investments	\$ 4,529	\$ -	\$ 637
Interest receivable	-	-	-
Total assets	<u>\$ 4,529</u>	<u>\$ -</u>	<u>\$ 637</u>
Fund balances			
Restricted for debt service	<u>\$ 4,529</u>	<u>\$ -</u>	<u>\$ 637</u>



2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	2017 Michigan Transportation Bonds	2019 DDA Refunding	Totals
\$ 113,950 268	\$ - -	\$ 1,900 -	\$ - -	\$ 961 -	\$ 121,977 268
<u>\$ 114,218</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ 122,245</u>
<u>\$ 114,218</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ 122,245</u>

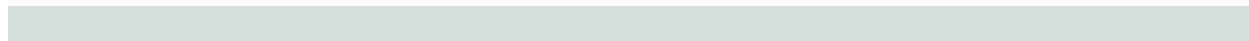
CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Debt Service Funds

For the Fiscal Year Ended June 30, 2020

	2012 Brownfield Refunding	2011 DDA Refunding	2001 DDA TIF
Revenues			
Property taxes	\$ -	\$ -	\$ -
Intergovernmental	753,769	-	-
Investment income	-	-	-
Total revenues	<u>753,769</u>	<u>-</u>	<u>-</u>
Expenditures			
Debt service:			
Principal retirement	550,000	-	815,453
Interest and fiscal charges	203,769	123,412	1,515,297
Bond issuance costs	-	-	-
Total expenditures	<u>753,769</u>	<u>123,412</u>	<u>2,330,750</u>
Revenues over (under) expenditures	<u>-</u>	<u>(123,412)</u>	<u>(2,330,750)</u>
Other financing sources (uses)			
Issuance of debt	-	-	-
Payment to refunding escrow agent	-	-	-
Transfers in	-	122,981	2,330,750
Total other financing sources (uses)	<u>-</u>	<u>122,981</u>	<u>2,330,750</u>
Net change in fund balances	<u>-</u>	<u>(431)</u>	<u>-</u>
Fund balances, beginning of year	<u>4,529</u>	<u>431</u>	<u>637</u>
Fund balances, end of year	<u>\$ 4,529</u>	<u>\$ -</u>	<u>\$ 637</u>



2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding	2017 Michigan Transportation Bonds	2019 DDA Refunding	Totals
\$ 774,468	\$ -	\$ -	\$ -	\$ -	\$ 774,468
101,707	-	420,868	-	-	1,276,344
5,531	-	-	-	-	5,531
<u>881,706</u>	<u>-</u>	<u>420,868</u>	<u>-</u>	<u>-</u>	<u>2,056,343</u>
620,000	900,000	190,000	570,000	30,000	3,675,453
182,801	673,238	230,868	189,186	77,667	3,196,238
-	-	-	-	75,302	75,302
<u>802,801</u>	<u>1,573,238</u>	<u>420,868</u>	<u>759,186</u>	<u>182,969</u>	<u>6,946,993</u>
<u>78,905</u>	<u>(1,573,238)</u>	<u>-</u>	<u>(759,186)</u>	<u>(182,969)</u>	<u>(4,890,650)</u>
-	-	-	-	5,715,000	5,715,000
-	-	-	-	(5,638,737)	(5,638,737)
-	1,573,238	-	759,186	107,667	4,893,822
<u>-</u>	<u>1,573,238</u>	<u>-</u>	<u>759,186</u>	<u>183,930</u>	<u>4,970,085</u>
78,905	-	-	-	961	79,435
35,313	-	1,900	-	-	42,810
<u>\$ 114,218</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ -</u>	<u>\$ 961</u>	<u>\$ 122,245</u>

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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.

2018 Capital Improvements Bond Construction Fund - This fund accounts for monies set aside to fund various capital building and land improvements funded by the 2018 capital improvements 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.

2020 Capital Improvements Bond Construction Fund - This fund accounts for monies set aside to fund various capital building and land improvements funded by the 2020 capital improvements bonds.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds
June 30, 2020

	Capital Projects	2017 Michigan Transportation Bonds Construction	2018 Capital Improvements Bonds Construction	Downtown Development Authority Project	2020 Capital Improvements Bonds Construction	Totals
Assets						
Pooled cash and investments	\$ 99,899	\$ 769,786	\$ 953,525	\$ 3,381,182	\$ 1,380,580	\$ 6,584,972
Interest receivable	-	4,997	163,858	7,959	3,250	180,064
Total assets	<u>\$ 99,899</u>	<u>\$ 774,783</u>	<u>\$ 1,117,383</u>	<u>\$ 3,389,141</u>	<u>\$ 1,383,830</u>	<u>\$ 6,765,036</u>
Liabilities						
Accounts payable	\$ 34,815	\$ -	\$ -	\$ -	\$ 461,264	\$ 496,079
Fund balances						
Restricted for downtown development	-	774,783	-	3,389,141	922,566	5,086,490
Committed for capital projects	65,084	-	1,117,383	-	-	1,182,467
Total fund balances	<u>65,084</u>	<u>774,783</u>	<u>1,117,383</u>	<u>3,389,141</u>	<u>922,566</u>	<u>6,268,957</u>
Total liabilities and fund balances	<u>\$ 99,899</u>	<u>\$ 774,783</u>	<u>\$ 1,117,383</u>	<u>\$ 3,389,141</u>	<u>\$ 1,383,830</u>	<u>\$ 6,765,036</u>

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, 2020

	Capital Projects	2017 Michigan Transportation Bonds Construction	2018 Capital Improvements Bonds Construction	Downtown Development Authority Project	2020 Capital Improvements Bonds Construction	Totals
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 1,350,850	\$ -	\$ 1,350,850
Intergovernmental	-	-	-	147,976	-	147,976
Charges for services	-	-	-	1,500,000	-	1,500,000
Investment income	646	30,632	341,352	43,506	3,250	419,386
Miscellaneous	47,705	-	-	-	60,000	107,705
Total revenues	48,351	30,632	341,352	3,042,332	63,250	3,525,917
Expenditures						
Community enrichment and development	273,918	-	590,779	-	1,144,684	2,009,381
Revenues over (under) expenditures	(225,567)	30,632	(249,427)	3,042,332	(1,081,434)	1,516,536
Other financing sources (uses)						
Issuance of long-term debt	-	-	-	-	2,004,000	2,004,000
Transfers in	155,105	-	-	-	-	155,105
Transfers out	-	(1,352,947)	(7,250,747)	(2,561,398)	-	(11,165,092)
Total other financing sources (uses)	155,105	(1,352,947)	(7,250,747)	(2,561,398)	2,004,000	(9,005,987)
Net change in fund balances	(70,462)	(1,322,315)	(7,500,174)	480,934	922,566	(7,489,451)
Fund balances, beginning of year	135,546	2,097,098	8,617,557	2,908,207	-	13,758,408
Fund balances, end of year	\$ 65,084	\$ 774,783	\$ 1,117,383	\$ 3,389,141	\$ 922,566	\$ 6,268,957

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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, 2020

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
Assets				
Pooled cash and investments - restricted	\$ 1,157,948	\$ 1,997,792	\$ 308,649	\$ 3,464,389
Fund balances				
Nonspendable for:				
Perpetual care	\$ -	\$ 1,997,792	\$ -	\$ 1,997,792
Endowment	1,157,948	-	308,649	1,466,597
Total fund balances	<u>\$ 1,157,948</u>	<u>\$ 1,997,792</u>	<u>\$ 308,649</u>	<u>\$ 3,464,389</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds

For the Fiscal Year Ended June 30, 2020

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
Revenues				
Charges for services	\$ -	\$ 32,349	\$ -	\$ 32,349
Investment income	49,536	45,325	18,997	113,858
Total revenues	49,536	77,674	18,997	146,207
Other financing uses				
Transfers out	(23,852)	(45,325)	(6,851)	(76,028)
Net change in fund balances	25,684	32,349	12,146	70,179
Fund balances, beginning of year	1,132,264	1,965,443	296,503	3,394,210
Fund balances, end of year	<u>\$ 1,157,948</u>	<u>\$ 1,997,792</u>	<u>\$ 308,649</u>	<u>\$ 3,464,389</u>

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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, 2020

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Assets				
Current assets:				
Pooled cash and investments	\$ 5,399	\$ 120,136	\$ 281,031	\$ 406,566
Accounts receivable	-	117,052	-	117,052
Interest receivable	-	-	662	662
Due from other funds	-	-	142	142
Total current assets	5,399	237,188	281,835	524,422
Noncurrent assets:				
Capital assets not being depreciated	-	1,682,727	-	1,682,727
Capital assets being depreciated, net	-	3,034,376	-	3,034,376
Total noncurrent assets	-	4,717,103	-	4,717,103
Total assets	5,399	4,954,291	281,835	5,241,525
Liabilities				
Current liabilities:				
Accounts payable	3,200	113	1,973	5,286
Accrued payroll	2,199	-	574	2,773
Unearned revenue	-	-	3,135	3,135
Total liabilities	5,399	113	5,682	11,194
Net position				
Investment in capital assets	-	4,717,103	-	4,717,103
Unrestricted	-	237,075	276,153	513,228
Total net position	\$ -	\$ 4,954,178	\$ 276,153	\$ 5,230,331

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, 2020

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Operating revenues				
Charges for sales and services	\$ 16,609	\$ 117,327	\$ 158,843	\$ 292,779
Other	-	-	33,218	33,218
Total operating revenues	<u>16,609</u>	<u>117,327</u>	<u>192,061</u>	<u>325,997</u>
Operating expenses				
Personal services	25,243	-	36,459	61,702
Materials and supplies	1,038	-	-	1,038
Contractual and other services	13,372	15,716	92,955	122,043
Depreciation	-	144,969	-	144,969
Total operating expenses	<u>39,653</u>	<u>160,685</u>	<u>129,414</u>	<u>329,752</u>
Operating income (loss)	<u>(23,044)</u>	<u>(43,358)</u>	<u>62,647</u>	<u>(3,755)</u>
Nonoperating revenues				
Investment income	140	4,353	3,397	7,890
Income (loss) before transfers	(22,904)	(39,005)	66,044	4,135
Transfers in	-	574,877	85,558	660,435
Transfers out	(2,651)	(112,298)	(93,723)	(208,672)
Change in net position	<u>(25,555)</u>	<u>423,574</u>	<u>57,879</u>	<u>455,898</u>
Net position, beginning of year	<u>25,555</u>	<u>4,530,604</u>	<u>218,274</u>	<u>4,774,433</u>
Net position, end of year	<u>\$ -</u>	<u>\$ 4,954,178</u>	<u>\$ 276,153</u>	<u>\$ 5,230,331</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2020

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
Cash flows from operating activities				
Receipts from customers and users	\$ 16,609	\$ 275	\$ 191,919	\$ 208,803
Payments to employees	(25,243)	-	(36,459)	(61,702)
Payments to vendors and claimants	(21,437)	(15,603)	(92,959)	(129,999)
Net cash provided by (used in) operating activities	<u>(30,071)</u>	<u>(15,328)</u>	<u>62,501</u>	<u>17,102</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(488,460)	-	(488,460)
Cash flows from noncapital financing activities				
Transfers in	-	574,877	85,558	660,435
Transfers out	(2,651)	(112,298)	(93,723)	(208,672)
Net cash provided by (used in) noncapital financing activities	<u>(2,651)</u>	<u>462,579</u>	<u>(8,165)</u>	<u>451,763</u>
Cash flows from investing activities				
Interest received on investments	362	4,353	4,478	9,193
Net change in cash and cash equivalents	<u>(32,360)</u>	<u>(36,856)</u>	<u>58,814</u>	<u>(10,402)</u>
Cash and cash equivalents, beginning of year	37,759	156,992	222,217	416,968
Cash and cash equivalents, end of year	<u>\$ 5,399</u>	<u>\$ 120,136</u>	<u>\$ 281,031</u>	<u>\$ 406,566</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (23,044)	\$ (43,358)	\$ 62,647	\$ (3,755)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	144,969	-	144,969
Change in operating assets and liabilities that provided (used) cash:				
Accounts receivable	-	(117,052)	-	(117,052)
Due from other funds	-	-	(142)	(142)
Accounts payable	(6,430)	113	1,375	(4,942)
Accrued payroll	(597)	-	(1,379)	(1,976)
Net cash provided by (used in) operating activities	<u>\$ (30,071)</u>	<u>\$ (15,328)</u>	<u>\$ 62,501</u>	<u>\$ 17,102</u>

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

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.

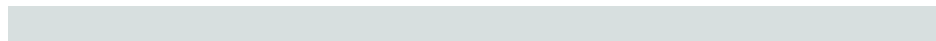
CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2020

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Assets			
Current assets:			
Pooled cash and investments	\$ 835,114	\$ 1,110,569	\$ 296,992
Accounts receivable	-	7,644	274
Interest receivable	-	2,497	699
Due from other funds	-	1,108	-
Prepaid items	-	343,943	4,879
Restricted cash -			
Cash on hand with agents	46,000	-	-
Total current assets	<u>881,114</u>	<u>1,465,761</u>	<u>302,844</u>
Noncurrent assets:			
Long-term advances	663,156	-	-
Capital assets being depreciated, net	-	-	1,182,092
Total noncurrent assets	<u>663,156</u>	<u>-</u>	<u>1,182,092</u>
Total assets	<u>1,544,270</u>	<u>1,465,761</u>	<u>1,484,936</u>
Liabilities			
Current liabilities:			
Accounts payable	12,980	19,732	20,455
Accrued payroll	-	-	6,375
Current portion of installment purchase agreement	-	-	138,531
Current portion of estimated claims payable	85,010	-	-
Total current liabilities	<u>97,990</u>	<u>19,732</u>	<u>165,361</u>
Noncurrent liabilities:			
Long-term advance	-	-	5,667
Installment purchase agreement, net of current portion	-	-	553,555
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>559,222</u>
Total liabilities	<u>97,990</u>	<u>19,732</u>	<u>724,583</u>
Net position			
Net investment in capital assets	-	-	490,006
Unrestricted	1,446,280	1,446,029	270,347
Total net position	<u>\$ 1,446,280</u>	<u>\$ 1,446,029</u>	<u>\$ 760,353</u>



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 276,069	\$ 213,252	\$ 66,127	\$ 2,798,123
5,766	46,943	-	60,627
627	409	156	4,388
-	-	-	1,108
-	-	-	348,822
-	-	-	46,000
<u>282,462</u>	<u>260,604</u>	<u>66,283</u>	<u>3,259,068</u>
-	-	-	663,156
-	-	-	<u>1,182,092</u>
-	-	-	<u>1,845,248</u>
<u>282,462</u>	<u>260,604</u>	<u>66,283</u>	<u>5,104,316</u>
5,346	31,535	-	90,048
7,703	4,520	-	18,598
-	-	-	138,531
-	-	-	85,010
<u>13,049</u>	<u>36,055</u>	<u>-</u>	<u>332,187</u>
-	-	-	5,667
-	-	-	553,555
-	-	-	<u>559,222</u>
<u>13,049</u>	<u>36,055</u>	<u>-</u>	<u>891,409</u>
-	-	-	490,006
<u>269,413</u>	<u>224,549</u>	<u>66,283</u>	<u>3,722,901</u>
<u>\$ 269,413</u>	<u>\$ 224,549</u>	<u>\$ 66,283</u>	<u>\$ 4,212,907</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, 2020

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Operating revenues			
Charges for services	\$ 83,667	\$ 4,588,427	\$ 143,578
Miscellaneous	-	-	738,190
Total operating revenues	<u>83,667</u>	<u>4,588,427</u>	<u>881,768</u>
Operating expenses			
Personal services	-	-	308,823
Administration	-	-	-
Materials and supplies	-	-	295,175
Contractual and other services	1,598	4,543,644	131,935
Benefit payments	156,719	-	-
Depreciation	-	-	205,547
Total operating expenses	<u>158,317</u>	<u>4,543,644</u>	<u>941,480</u>
Operating income (loss)	(74,650)	44,783	(59,712)
Nonoperating revenues			
Investment income	<u>34,079</u>	<u>15,071</u>	<u>4,157</u>
Income (loss) before transfers	(40,571)	59,854	(55,555)
Transfers in	-	-	100,000
Transfers out	-	-	(55,433)
Change in net position	(40,571)	59,854	(10,988)
Net position, beginning of year	<u>1,486,851</u>	<u>1,386,175</u>	<u>771,341</u>
Net position, end of year	<u>\$ 1,446,280</u>	<u>\$ 1,446,029</u>	<u>\$ 760,353</u>



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 399,034	\$ 269,760	\$ 66,614	\$ 5,551,080
-	70	-	738,260
<hr/>	<hr/>	<hr/>	<hr/>
399,034	269,830	66,614	6,289,340
<hr/>	<hr/>	<hr/>	<hr/>
276,157	169,012	-	753,992
57,600	47,866	-	105,466
-	-	-	295,175
-	-	-	4,677,177
-	-	-	156,719
-	-	-	205,547
<hr/>	<hr/>	<hr/>	<hr/>
333,757	216,878	-	6,194,076
<hr/>	<hr/>	<hr/>	<hr/>
65,277	52,952	66,614	95,264
<hr/>	<hr/>	<hr/>	<hr/>
8,497	2,158	2,409	66,371
<hr/>	<hr/>	<hr/>	<hr/>
73,774	55,110	69,023	161,635
-	-	-	100,000
-	-	(208,000)	(263,433)
<hr/>	<hr/>	<hr/>	<hr/>
73,774	55,110	(138,977)	(1,798)
<hr/>	<hr/>	<hr/>	<hr/>
195,639	169,439	205,260	4,214,705
<hr/>	<hr/>	<hr/>	<hr/>
\$ 269,413	\$ 224,549	\$ 66,283	\$ 4,212,907
<hr/>	<hr/>	<hr/>	<hr/>

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2020

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Cash flows from operating activities			
Receipts for interfund services provided	\$ 83,667	\$ 4,579,675	\$ 881,570
Payments to employees	-	-	(310,095)
Payments to vendors and claimants	(231,125)	(4,612,181)	(430,099)
Net cash provided by (used in) operating activities	<u>(147,458)</u>	<u>(32,506)</u>	<u>141,376</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	(1,016,887)
Principal paid on long-term debt	-	-	(59,750)
Proceeds from issuance of long-term debt	-	-	724,446
Advances to other funds	883,604	-	-
Advances from other funds	-	-	(5,557)
Net cash provided by (used in) capital and related financing activities	<u>883,604</u>	<u>-</u>	<u>(357,748)</u>
Cash flows from noncapital financing activities			
Transfers in	-	-	100,000
Transfers out	-	-	(55,433)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>-</u>	<u>44,567</u>
Cash flows from investing activities			
Interest received on investments	34,267	18,911	6,070
Net change in cash and cash equivalents	<u>770,413</u>	<u>(13,595)</u>	<u>(165,735)</u>
Cash and cash equivalents, beginning of year	<u>110,701</u>	<u>1,124,164</u>	<u>462,727</u>
Cash and cash equivalents, end of year	<u>\$ 881,114</u>	<u>\$ 1,110,569</u>	<u>\$ 296,992</u>
Statement of net position classification of cash			
Cash and cash equivalents	\$ 835,114	\$ 1,110,569	\$ 296,992
Restricted cash and cash equivalents	46,000	-	-
	<u>\$ 881,114</u>	<u>\$ 1,110,569</u>	<u>\$ 296,992</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (74,650)	\$ 44,783	\$ (59,712)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	-	-	205,547
Change in operating assets and liabilities that provided (used) cash:			
Accounts receivable	-	(7,644)	(198)
Due from other funds	-	(1,108)	-
Prepaid items	-	(70,129)	(4,879)
Accounts payable	11,500	1,592	1,890
Accrued payroll	-	-	(1,272)
Estimate claims payable	(84,308)	-	-
Net cash provided by (used in) operating activities	<u>\$ (147,458)</u>	<u>\$ (32,506)</u>	<u>\$ 141,376</u>

Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 418,771	\$ 243,942	\$ 66,614	\$ 6,274,239
(272,692)	(165,894)	-	(748,681)
(56,710)	(25,618)	-	(5,355,733)
89,369	52,430	66,614	169,825
-	-	-	(1,016,887)
-	-	-	(59,750)
-	-	-	724,446
-	-	-	883,604
-	-	-	(5,557)
-	-	-	525,856
-	-	-	100,000
-	-	(208,000)	(263,433)
-	-	(208,000)	(163,433)
8,814	2,486	3,457	74,005
98,183	54,916	(137,929)	606,253
177,886	158,336	204,056	2,237,870
<u>\$ 276,069</u>	<u>\$ 213,252</u>	<u>\$ 66,127</u>	<u>\$ 2,844,123</u>
\$ 276,069	\$ 213,252	\$ 66,127	\$ 2,798,123
-	-	-	46,000
<u>\$ 276,069</u>	<u>\$ 213,252</u>	<u>\$ 66,127</u>	<u>\$ 2,844,123</u>
\$ 65,277	\$ 52,952	\$ 66,614	\$ 95,264
-	-	-	205,547
19,737	(25,888)	-	(13,993)
-	-	-	(1,108)
-	-	-	(75,008)
890	22,248	-	38,120
3,465	3,118	-	5,311
-	-	-	(84,308)
<u>\$ 89,369</u>	<u>\$ 52,430</u>	<u>\$ 66,614</u>	<u>\$ 169,825</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.

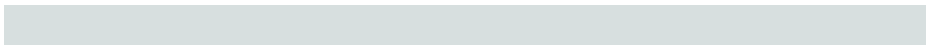
CITY OF JACKSON, MICHIGAN

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

June 30, 2020

	Payroll Clearing	Jeopardy Tax	County and School Tax Collection
Assets			
Pooled cash and investments	\$ 57,763	\$ 56,784	\$ -
Accounts receivable	-	-	-
Total assets	<u>\$ 57,763</u>	<u>\$ 56,784</u>	<u>\$ -</u>
Liabilities			
Due to other governments	\$ -	\$ 56,784	\$ -
Other liabilities	57,763	-	-
Total liabilities	<u>\$ 57,763</u>	<u>\$ 56,784</u>	<u>\$ -</u>



Community Development Block Grant Escrow	Act 495 Fire Trust Fund	Cafeteria Reimbursement	Total
\$ 59,514	\$ 89,733	\$ 68,182	\$ 331,976
-	-	809	809
<u>\$ 59,514</u>	<u>\$ 89,733</u>	<u>\$ 68,991</u>	<u>\$ 332,785</u>
\$ 59,514	\$ -	\$ -	\$ 116,298
-	89,733	68,991	216,487
<u>\$ 59,514</u>	<u>\$ 89,733</u>	<u>\$ 68,991</u>	<u>\$ 332,785</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<i>Payroll Clearing Account</i>				
Assets				
Pooled cash and investments	\$ -	\$ 669,948	\$ 612,185	\$ 57,763
Liabilities				
Other liabilities	\$ -	\$ 669,948	\$ 612,185	\$ 57,763
<i>Jeopardy Tax Fund</i>				
Assets				
Pooled cash and investments	\$ 46,144	\$ 50,075	\$ 39,435	\$ 56,784
Liabilities				
Due to other governments	\$ 46,144	\$ 50,075	\$ 39,435	\$ 56,784
<i>County & School Tax Collection Fund</i>				
Assets				
Pooled cash and investments	\$ 22,183	\$ 35,776,683	\$ 35,798,866	\$ -
Liabilities				
Due to other governments	\$ 22,183	\$ 35,776,683	\$ 35,798,866	\$ -
<i>Community Development Block Grant Escrow Fund</i>				
Assets				
Pooled cash and investments	\$ 304	\$ 74,262	\$ 15,052	\$ 59,514
Liabilities				
Due to other governments	\$ 304	\$ 74,262	\$ 15,052	\$ 59,514
<i>Act 495 Fire Trust Fund</i>				
Assets				
Pooled cash and investments	\$ 50,395	\$ 64,354	\$ 25,016	\$ 89,733
Liabilities				
Other liabilities	\$ 50,395	\$ 64,354	\$ 25,016	\$ 89,733
<i>Cafeteria Reimbursement Fund</i>				
Assets				
Pooled cash and investments	\$ 54,294	\$ 109,190	\$ 95,302	\$ 68,182
Accounts receivable	-	1,089	280	809
Total assets	\$ 54,294	\$ 110,279	\$ 95,582	\$ 68,991
Liabilities				
Other liabilities	\$ 54,294	\$ 109,190	\$ 94,493	\$ 68,991

continued...

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
<i>Total All Agency Funds</i>				
Assets				
Pooled cash and investments	\$ 173,320	\$ 36,744,512	\$ 36,585,856	\$ 331,976
Accounts receivable	-	1,089	280	809
Total assets	<u>\$ 173,320</u>	<u>\$ 36,745,601</u>	<u>\$ 36,586,136</u>	<u>\$ 332,785</u>
Liabilities				
Due to other governments	\$ 68,631	\$ 35,901,020	\$ 35,853,353	\$ 116,298
Other liabilities	104,689	843,492	731,694	216,487
Total liabilities	<u>\$ 173,320</u>	<u>\$ 36,744,512</u>	<u>\$ 36,585,047</u>	<u>\$ 332,785</u>

concluded.

CITY OF JACKSON, MICHIGAN

Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2020

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Pooled cash and investments	\$ 1,343,412	\$ -	\$ 1,343,412
Interest receivable	3,163	-	3,163
Total assets	<u>\$ 1,346,575</u>	<u>-</u>	<u>1,346,575</u>
Liabilities			
Accounts payable	\$ 1	-	1
Salaries payable	603	-	603
Total liabilities	604	-	604
Fund balance			
Unrestricted	<u>1,345,971</u>	<u>(1,345,971)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,346,575</u>		
Net position - unrestricted		<u>\$ 1,345,971</u>	<u>\$ 1,345,971</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, 2020

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 1,342,056	\$ -	\$ 1,342,056
Interest revenue	14,364	-	14,364
Total revenues	1,356,420	-	1,356,420
Expenditures/Expenses			
Community enrichment	1,351,687	-	1,351,687
Revenues over (under) expenditures	4,733	(4,733)	-
Change in net position	-	4,733	4,733
Fund balance / net position, beginning of year	1,341,238	-	1,341,238
Fund balance / net position, end of year	<u>\$ 1,345,971</u>	<u>\$ -</u>	<u>\$ 1,345,971</u>

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STATISTICAL SECTION

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CITY OF JACKSON, MICHIGAN

Statistical Section (Unaudited)

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

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Financial Trends (schedules 1 thru 5)	174
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These schedules contain trend information to help the reader understand how the financial performance and well-being have changed over time.

Revenue Capacity (schedules 6 thru 9)	185
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These schedules contain information to help the reader assess the government's most local sources: property taxes and water and wastewater usage fees.

Debt Capacity (schedules 10 thru 12)	190
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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 debt in the future.

Demographic and Economic Information (schedules 13 and 14)	194
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information (schedules 15 thru 28)	196
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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)

	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	\$ 27,905,286	\$ 32,867,134	\$ 36,771,568	\$ 37,303,547	\$ 38,234,548
Restricted	4,234,677	4,240,770	6,439,037	7,181,966	7,972,469
Unrestricted (deficit)	(4,269,622)	(4,048,999)	(6,970,145)	(11,088,913)	(62,538,673)
Total governmental activities net position	<u>\$ 27,870,341</u>	<u>\$ 33,058,905</u>	<u>\$ 36,240,460</u>	<u>\$ 33,396,600</u>	<u>\$ (16,331,656)</u>
Business-type activities					
Net investment in capital assets	\$ 56,651,540	\$ 57,808,727	\$ 57,446,945	\$ 57,537,510	\$ 59,159,505
Restricted	167,600	67,300	62,500	62,500	62,500
Unrestricted	17,964,849	19,952,439	22,506,870	23,712,577	22,498,646
Total business-type activities net position	<u>\$ 74,783,989</u>	<u>\$ 77,828,466</u>	<u>\$ 80,016,315</u>	<u>\$ 81,312,587</u>	<u>\$ 81,720,651</u>
Primary government					
Net investment in capital assets	\$ 84,556,826	\$ 90,675,861	\$ 94,218,513	\$ 94,841,057	\$ 97,394,053
Restricted	4,402,277	4,308,070	6,501,537	7,244,466	8,034,969
Unrestricted (deficit)	13,695,227	15,903,440	15,536,725	12,623,664	(40,040,027)
Total primary government net position	<u>\$ 102,654,330</u>	<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>	<u>\$ 114,709,187</u>	<u>\$ 65,388,995</u>

Source: City of Jackson Finance Department

Schedule 1
Unaudited

2016	2017	2018	2019	2020
\$ 41,858,320	\$ 46,037,381	\$ 51,108,178	\$ 54,931,404	\$ 53,606,187
7,208,873	7,592,831	12,047,542	12,471,809	19,370,145
<u>(67,681,747)</u>	<u>(64,742,170)</u>	<u>(64,345,914)</u>	<u>(58,450,664)</u>	<u>(63,759,803)</u>
<u>\$ (18,614,554)</u>	<u>\$ (11,111,958)</u>	<u>\$ (1,190,194)</u>	<u>\$ 8,952,549</u>	<u>\$ 9,216,529</u>
\$ 62,021,038	\$ 64,851,145	\$ 68,554,581	\$ 72,433,199	\$ 76,607,394
-	-	-	-	-
<u>22,422,024</u>	<u>23,100,849</u>	<u>3,005,828</u>	<u>7,188,718</u>	<u>14,797,454</u>
<u>\$ 84,443,062</u>	<u>\$ 87,951,994</u>	<u>\$ 71,560,409</u>	<u>\$ 79,621,917</u>	<u>\$ 91,404,848</u>
\$ 103,879,358	\$ 110,888,526	\$ 119,662,759	\$ 127,364,603	\$ 130,213,581
7,208,873	7,592,831	12,047,542	12,471,809	19,370,145
<u>(45,259,723)</u>	<u>(41,641,321)</u>	<u>(61,340,086)</u>	<u>(51,261,946)</u>	<u>(48,962,349)</u>
<u>\$ 65,828,508</u>	<u>\$ 76,840,036</u>	<u>\$ 70,370,215</u>	<u>\$ 88,574,466</u>	<u>\$ 100,621,377</u>

CITY OF JACKSON, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenue					
Governmental activities:					
Program revenues:					
Charges for services	\$ 4,996,781	\$ 4,598,435	\$ 6,587,602	\$ 4,848,628	\$ 5,552,879
Operating grants and contributions	6,800,210	5,979,625	7,603,364	4,954,371	8,168,083
Capital grants and contributions	2,363,474	5,321,414	4,434,092	1,715,400	2,616,526
General revenues:					
Property taxes	9,826,762	9,708,980	9,495,893	9,347,632	9,848,721
Income taxes	6,977,923	7,297,281	8,017,329	8,080,526	8,806,662
Grants and contributions not restricted to specific programs	4,750,419	4,061,333	4,218,247	4,350,343	4,473,462
Other	99,733	100,188	88,095	205,048	220,316
Total governmental activities revenues	<u>35,815,302</u>	<u>37,067,256</u>	<u>40,444,622</u>	<u>33,501,948</u>	<u>39,686,649</u>
Business-type activities:					
Program revenues:					
Charges for services	12,738,380	15,905,133	14,550,167	12,747,090	12,157,199
Operating grants and contributions	-	-	-	1,379,553	-
General revenues:					
Grants and contributions not restricted to specific programs	292,290	245,514	274,432	502,598	494,502
Other	101,871	93,619	185,949	91,290	79,121
Total business-type activities revenues	<u>13,132,541</u>	<u>16,244,266</u>	<u>15,010,548</u>	<u>14,720,531</u>	<u>12,730,822</u>
Total primary government revenues	<u>48,947,843</u>	<u>53,311,522</u>	<u>55,455,170</u>	<u>48,222,479</u>	<u>52,417,471</u>
Expenses					
Governmental activities:					
Legislative	78,998	78,779	81,079	80,442	77,646
General government	4,672,731	4,224,454	4,774,616	5,316,441	4,430,955
Public safety	16,182,495	14,157,903	18,980,031	18,040,231	20,342,158
Public works	6,604,418	5,509,209	6,157,790	5,909,656	6,078,035
Culture and recreation	2,891,768	2,764,356	2,392,391	2,592,620	2,925,356
Community enrichment & development	3,764,313	3,140,708	3,281,198	3,049,440	2,955,101
Interest on long-term debt	1,634,370	1,280,723	1,595,962	1,275,528	1,212,116
Total governmental activities expenses	<u>35,829,093</u>	<u>31,156,132</u>	<u>37,263,067</u>	<u>36,264,358</u>	<u>38,021,367</u>
Business-type activities:					
Sewer	5,165,228	5,808,940	4,622,944	4,528,885	4,269,366
Water	5,718,144	5,923,975	6,079,526	6,388,397	6,671,055
Stormwater utilities	88,861	845,506	1,441,642	524,814	679,023
Parking system	623,946	632,315	625,116	633,440	590,951
Golf practice center	57,314	62,084	53,471	50,620	53,489
Total business-type activities expenses	<u>11,653,493</u>	<u>13,272,820</u>	<u>12,822,699</u>	<u>12,126,156</u>	<u>12,263,884</u>
Total primary government expenses	<u>47,482,586</u>	<u>44,428,952</u>	<u>50,085,766</u>	<u>48,390,514</u>	<u>50,285,251</u>
Change in net position	1,465,257	8,882,570	5,369,404	(168,035)	2,132,220
Net position, beginning of year, as restated	101,189,073	102,654,330	110,887,371	116,256,775	63,256,775
Other restatements at June 30	-	(649,529)	-	-	-
Net position, end of year	<u>\$ 102,654,330</u>	<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>	<u>\$ 116,088,740</u>	<u>\$ 65,388,995</u>

Source: City of Jackson Finance Department.

Schedule 2
Unaudited

	2016	2017	2018	2019	2020
\$	6,865,865	\$ 7,230,063	\$ 7,633,281	\$ 8,518,198	\$ 7,212,485
	8,528,481	8,057,043	7,188,154	10,617,226	7,342,490
	4,382,916	4,912,701	8,725,585	3,304,842	4,332,079
	10,098,963	11,107,219	11,426,851	11,897,574	12,634,482
	8,269,968	9,021,888	9,042,070	9,882,250	9,056,222
	4,529,640	4,587,193	4,667,253	4,769,735	5,309,368
	273,697	236,961	353,866	856,080	778,808
	<u>42,949,530</u>	<u>45,153,068</u>	<u>49,037,060</u>	<u>49,845,905</u>	<u>46,665,934</u>
	12,950,095	14,689,369	15,207,460	16,191,522	17,252,403
	-	-	-	1,441,018	1,379,553
	484,125	482,229	556,648	-	-
	65,603	74,213	137,466	361,329	339,176
	<u>13,499,823</u>	<u>15,245,811</u>	<u>15,901,574</u>	<u>17,993,869</u>	<u>18,971,132</u>
	<u>56,449,353</u>	<u>60,398,879</u>	<u>64,938,634</u>	<u>67,839,774</u>	<u>65,637,066</u>
	86,196	88,390	108,282	103,078	100,797
	4,919,166	4,757,600	(191,739)	3,452,770	4,454,511
	23,831,644	16,974,653	14,191,120	18,321,150	19,210,546
	6,008,799	6,217,969	7,401,586	3,832,094	5,672,141
	3,001,248	3,386,015	3,137,477	3,209,702	3,083,804
	3,853,316	3,622,160	4,965,201	5,420,109	5,344,897
	2,224,745	2,501,062	2,496,690	3,127,526	3,137,665
	<u>43,925,114</u>	<u>37,547,849</u>	<u>32,108,617</u>	<u>37,466,429</u>	<u>41,004,361</u>
	4,697,987	4,545,319	2,759,909	3,702,480	5,438,938
	6,837,381	6,761,160	4,001,789	7,874,503	6,538,937
	-	-	-	-	-
	507,451	498,772	559,056	536,176	568,341
	41,907	34,251	33,139	55,935	39,578
	<u>12,084,726</u>	<u>11,839,502</u>	<u>7,353,893</u>	<u>12,169,094</u>	<u>12,585,794</u>
	<u>56,009,840</u>	<u>49,387,351</u>	<u>39,462,510</u>	<u>49,635,523</u>	<u>53,590,155</u>
	439,513	11,011,528	25,476,124	18,204,251	12,046,911
	65,388,995	65,828,508	44,894,091	70,370,215	88,574,466
	-	-	-	-	-
\$	<u>65,828,508</u>	<u>\$ 76,840,036</u>	<u>\$ 70,370,215</u>	<u>\$ 88,574,466</u>	<u>\$ 100,621,377</u>

CITY OF JACKSON, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
General fund					
Nonspendable	\$ 469,317	\$ 54,655	\$ 62,482	\$ 60,073	\$ 66,122
Restricted	-	-	-	-	-
Unassigned	2,160,928	3,372,517	4,188,560	4,757,198	5,475,601
Total general fund	<u>\$ 2,630,245</u>	<u>\$ 3,427,172</u>	<u>\$ 4,251,042</u>	<u>\$ 4,817,271</u>	<u>\$ 5,541,723</u>
All other governmental funds					
Nonspendable	\$ 3,092,357	\$ 3,169,686	\$ 3,156,635	\$ 3,185,209	\$ 3,312,687
Restricted	2,005,904	2,871,925	3,282,402	3,996,757	4,951,422
Committed	127,472	321,791	685,861	812,627	2,026,938
Unassigned (deficit)	(895,314)	(958,023)	(1,149,377)	(1,054,511)	(1,100,354)
Total all other governmental funds	<u>4,330,419</u>	<u>5,405,379</u>	<u>5,975,521</u>	<u>6,940,082</u>	<u>9,190,693</u>
Total governmental funds	<u>\$ 6,960,664</u>	<u>\$ 8,832,551</u>	<u>\$ 10,226,563</u>	<u>\$ 11,757,353</u>	<u>\$ 14,732,416</u>

(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

Source: City of Jackson Finance Department.

Schedule 3
Unaudited

2016	2017	2018	2019	2020
\$ 67,427	\$ 99,168	\$ 95,466	\$ 80,802	\$ 64,330
-	-	-	297,934	192,808
6,041,453	7,199,991	8,881,658	7,877,478	7,042,296
<u>\$ 6,108,880</u>	<u>\$ 7,299,159</u>	<u>\$ 8,977,124</u>	<u>\$ 8,256,214</u>	<u>\$ 7,299,434</u>
\$ 3,472,264	\$ 3,629,388	\$ 3,612,791	\$ 3,692,649	\$ 3,759,457
4,137,161	11,876,369	21,283,514	19,537,130	11,968,434
956,075	808,067	1,084,236	1,608,967	2,412,325
(1,134,975)	(791,262)	(509,505)	(2,834,910)	(3,315,558)
<u>7,430,525</u>	<u>15,522,562</u>	<u>25,471,036</u>	<u>22,003,836</u>	<u>14,824,658</u>
<u>\$ 13,539,405</u>	<u>\$ 22,821,721</u>	<u>\$ 34,448,160</u>	<u>\$ 30,260,050</u>	<u>\$ 22,124,092</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenues					
Taxes	\$ 16,753,417	\$ 16,885,935	\$ 17,321,868	\$ 17,428,158	\$ 18,655,383
Licenses and permits	270,214	262,775	271,848	265,297	269,871
Intergovernmental	12,727,160	15,414,169	16,139,922	10,841,106	15,052,090
Charges for services	3,898,388	3,806,252	5,133,688	3,588,723	3,794,081
Fines and forfeits	224,881	199,216	223,947	184,411	251,069
Donations	-	-	-	-	-
Special assessments	254,958	223,209	403,688	288,255	372,646
Investment income	127,759	134,927	121,539	186,120	208,663
Miscellaneous	1,518,901	608,713	660,058	771,598	1,077,636
Total revenues	35,775,678	37,535,196	40,276,558	33,553,668	39,681,439
Expenditures					
Legislative	78,998	78,779	81,079	80,442	77,646
General government	4,156,263	4,111,378	4,334,482	4,111,567	4,265,628
Public safety	15,553,034	13,936,985	17,766,806	15,829,087	17,659,079
Public works	6,088,484	8,704,847	8,036,993	5,044,025	5,483,350
Culture and recreation	2,839,995	2,686,777	2,684,768	2,545,604	2,634,120
Community enrichment and development	2,614,118	1,998,043	2,260,186	2,002,541	3,474,674
Capital outlay	210,309	547,300	641,945	781,655	434,097
Debt service:					
Principal	1,832,000	915,000	1,600,000	710,000	765,000
Interest & fiscal charges	1,669,512	1,255,740	1,458,980	1,272,030	1,187,255
Other	-	471,371	-	-	-
Total expenditures	35,042,713	34,706,220	38,865,239	32,376,951	35,980,849
Excess of revenues over (under) expenditures	732,965	2,828,976	1,411,319	1,176,717	3,700,590
Other financing sources (uses)					
Sale of capital assets	-	-	16,996	12,140	8,939
Insurance recovery	-	-	-	-	-
Issuance of long-term debt	-	13,025,000	8,275,000	-	-
Discount on bonds	-	(69,591)	-	-	-
Premium on bonds	-	141,288	415,396	-	-
Payment to refunding escrow agent	-	(13,975,326)	(8,644,152)	(8,995,000)	-
Transfers in	3,207,550	2,384,867	5,005,390	3,059,835	3,550,761
Transfers out	(3,235,050)	(2,463,327)	(5,085,937)	(2,717,902)	(4,285,227)
Total other financing sources (uses)	(27,500)	(957,089)	(17,307)	(8,640,927)	(725,527)
Net change in fund balances	\$ 705,465	\$ 1,871,887	\$ 1,394,012	\$ (7,464,210)	\$ 2,975,063
Debt service as a percentage of noncapital expenditures	11.1%	9.5%	9.3%	6.8%	6.4%

Source: City of Jackson Finance Department.

Schedule 4
Unaudited

	2016	2017	2018	2019	2020
\$	18,368,931	\$ 20,129,107	\$ 20,468,921	\$ 21,779,824	\$ 21,690,704
	269,932	269,406	264,555	258,778	314,806
	17,545,877	15,330,415	19,675,248	14,775,492	15,304,535
	3,581,590	4,460,375	4,876,739	6,613,293	5,773,117
	291,348	470,675	550,696	398,997	862,897
	-	296,103	405	20,000	-
	347,218	377,824	491,945	839,022	1,026,392
	294,770	199,316	313,662	870,659	804,907
	2,273,206	2,879,191	2,587,444	1,022,657	747,410
	<u>42,972,872</u>	<u>44,412,412</u>	<u>49,229,615</u>	<u>46,578,722</u>	<u>46,524,768</u>
	86,196	88,390	108,282	103,078	100,797
	4,381,350	4,631,716	4,640,313	5,443,624	5,927,302
	19,869,088	17,310,595	16,182,352	16,768,693	17,540,680
	9,533,378	10,698,179	17,146,093	9,847,476	11,913,597
	2,943,178	3,093,474	3,226,680	3,386,304	3,143,300
	3,938,264	3,910,791	5,607,003	6,200,895	5,918,174
	-	-	-	-	-
	1,694,125	1,980,346	2,810,675	3,699,841	3,732,415
	2,184,775	2,387,036	2,472,640	3,164,727	3,203,796
	-	-	-	-	75,302
	<u>44,630,354</u>	<u>44,100,527</u>	<u>52,194,038</u>	<u>48,614,638</u>	<u>51,555,363</u>
	<u>(1,657,482)</u>	<u>311,885</u>	<u>(2,964,423)</u>	<u>(2,035,916)</u>	<u>(5,030,595)</u>
	12,292	18,054	13,056	13,895	21,625
	-	-	-	15,005	26,909
	1,759,493	18,050,000	14,890,000	-	7,719,000
	-	-	-	-	-
	-	-	1,721,868	-	-
	-	(8,995,000)	-	-	(5,638,737)
	5,308,321	7,341,083	9,001,694	15,332,834	10,568,423
	<u>(6,615,635)</u>	<u>(7,443,706)</u>	<u>(11,035,756)</u>	<u>(17,513,928)</u>	<u>(15,802,583)</u>
	<u>464,471</u>	<u>8,970,431</u>	<u>14,590,862</u>	<u>(2,152,194)</u>	<u>(3,105,363)</u>
\$	<u>(1,193,011)</u>	<u>\$ 9,282,316</u>	<u>\$ 11,626,439</u>	<u>\$ (4,188,110)</u>	<u>\$ (8,135,958)</u>
	<u>10.7%</u>	<u>12.2%</u>	<u>14.3%</u>	<u>18.5%</u>	<u>17.5%</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
Revenues					
Taxes	\$ 13,994,106	\$ 14,140,266	\$ 14,797,663	\$ 15,034,328	\$ 16,185,035
Licenses and permits	270,214	262,775	271,848	265,297	269,871
Intergovernmental	4,835,891	3,964,157	4,403,887	4,244,084	4,382,628
Charges for services	1,202,033	1,222,262	1,216,088	1,218,086	1,077,458
Fines and forfeits	224,881	199,216	223,947	184,411	251,069
Donations	-	-	-	-	-
Investment income	28,179	17,945	30,887	26,901	28,652
Miscellaneous	730,797	292,346	198,786	167,695	180,446
Total revenues	21,286,101	20,098,967	21,143,106	21,140,802	22,375,159
Expenditures					
Legislative	78,998	78,779	81,079	80,442	77,646
General government	4,156,263	4,111,378	4,334,482	4,111,567	4,265,628
Public safety	14,037,609	12,399,958	12,900,639	12,731,670	13,376,704
Public works	659,843	645,059	593,487	693,097	574,188
Culture and recreation	1,725,123	1,530,163	1,582,946	1,454,265	1,460,110
Community enrichment and development	189,356	163,125	113,533	254,537	316,852
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	20,847,192	18,928,462	19,606,166	19,325,578	20,071,128
Excess of revenues over (under) expenditures	438,909	1,170,505	1,536,940	1,815,224	2,304,031
Other financing sources (uses)					
Sale of capital assets	-	-	16,996	12,140	8,939
Insurance recovery	-	-	-	-	-
Transfers in	95,662	72,422	46,406	30,353	28,133
Transfers (out)	(167,500)	(446,000)	(776,472)	(1,291,488)	(1,616,651)
Total other financing sources (uses)	(71,838)	(373,578)	(713,070)	(1,248,995)	(1,579,579)
Net change in fund balances	\$ 367,071	\$ 796,927	\$ 823,870	\$ 566,229	\$ 724,452

Source: City of Jackson Finance Department.

Schedule 5
Unaudited

	2016	2017	2018	2019	2020
\$	15,925,081	\$ 17,230,302	\$ 17,443,707	\$ 18,587,398	\$ 18,475,449
	269,932	269,406	264,555	258,778	314,806
	4,417,029	4,470,342	4,608,142	4,688,571	4,867,735
	1,231,701	1,502,943	1,558,627	1,512,139	1,542,890
	291,348	470,675	550,696	398,997	862,897
	-	-	-	20,000	-
	26,733	58,743	218,608	223,003	194,980
	110,815	204,103	150,098	430,720	130,769
	<u>22,272,639</u>	<u>24,206,514</u>	<u>24,794,433</u>	<u>26,119,606</u>	<u>26,389,526</u>
	86,196	88,390	108,282	103,078	100,797
	4,381,350	4,631,716	4,640,313	5,443,624	5,927,302
	13,647,101	14,241,448	14,501,003	14,711,218	16,255,519
	799,946	809,563	810,425	1,177,920	1,482,846
	1,436,002	1,541,764	1,697,173	1,793,059	1,699,989
	662,416	716,768	604,840	585,620	586,760
	-	-	-	-	56,962
	-	-	-	-	7,558
	<u>21,013,011</u>	<u>22,029,649</u>	<u>22,362,036</u>	<u>23,814,519</u>	<u>26,117,733</u>
	<u>1,259,628</u>	<u>2,176,865</u>	<u>2,432,397</u>	<u>2,305,087</u>	<u>271,793</u>
	12,292	18,054	13,056	13,895	21,625
	-	-	-	15,005	22,725
	24,755	24,015	43,876	82,279	79,133
	<u>(729,518)</u>	<u>(1,028,655)</u>	<u>(811,364)</u>	<u>(3,137,176)</u>	<u>(1,352,056)</u>
	<u>(692,471)</u>	<u>(986,586)</u>	<u>(754,432)</u>	<u>(3,025,997)</u>	<u>(1,228,573)</u>
\$	<u>567,157</u>	<u>\$ 1,190,279</u>	<u>\$ 1,677,965</u>	<u>\$ (720,910)</u>	<u>\$ (956,780)</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				
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	1,326,602,400	17.3389
2019	273,350,081	168,809,994	31,720,237	143,333,400	617,213,712	1,413,481,042	19.0945
2020	283,118,157	173,123,903	32,763,016	143,117,300	632,122,376	1,520,362,400	19.3945

(1) The tax year 2020 taxable values are for the tax year beginning July 1, 2020, i.e... for the fiscal year ending June 30, 2021.

(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)

	2011	2012	2013	2014	2015
City direct rates					
Operating	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9197	1.9197	1.7197	1.9197	1.9197
City hall debt	0.9500	1.0400	1.0100	1.0600	1.0640
Act 345 pension	5.2500	5.4600	5.6400	6.2800	6.3300
Total direct rate	14.8389	15.1389	15.0889	15.9789	16.0329
Overlapping rates					
Jackson County:					
Operating	5.1187	5.1187	5.1187	5.1187	5.1187
Jail debt	0.4851	0.4851	0.4851	0.4851	0.4851
Medical care facility	0.1398	0.1398	0.1398	0.1398	0.1398
Senior services	0.2473	0.2500	0.2500	0.2500	0.2500
Lifeways	-	-	-	-	-
County Parks	-	-	-	-	-
Animal Control	-	-	-	-	-
District library	1.2593	1.2593	1.2593	1.2593	1.2593
	7.2502	7.2529	7.2529	7.2529	7.2529
Intermediate School District:					
Operating	0.3422	0.3422	0.3422	0.3422	0.3422
Special & vocational education	7.7678	8.4178	8.4178	8.4178	8.4178
	8.1100	8.7600	8.7600	8.7600	8.7600
Jackson Community College:	1.1446	1.1446	1.1446	1.1446	1.1446
Jackson Transit Authority - operating	1.0000	1.0000	1.0000	1.0000	1.0000
Downtown Dev. Authority - operating	1.9996	1.9996	1.9996	1.9996	1.9996
Jackson Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	2.8500	3.1500	3.1000	3.2500	3.2500
Recreation	0.2000	0.2000	0.2000	0.2000	0.5000
	27.0500	27.3500	27.3000	27.4500	27.7500
East Jackson Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	6.0000	7.0000	7.0000	7.0000	7.0000
	30.0000	31.0000	31.0000	31.0000	31.0000
Michigan Center Public Schools:					
Operating	18.0000	18.0000	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	-	-	-	-	-
	24.0000	24.0000	24.0000	24.0000	24.0000
Northwest Public Schools:					
Operating	16.9487	18.0000	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	1.0281	1.0221	4.7973	4.8145	4.7690
Extra voted	1.0513	-	-	-	-
	25.0281	25.0221	28.7973	28.8145	28.7690

Note: Levy shown is as of July 1. The July 1, 2019 levy is for the fiscal year ending June 30, 2020.

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

2016	2017	2018	2019	2020
6.7192	6.7192	6.7192	6.7158	6.7158
1.9197	1.9197	1.9197	1.9187	1.9187
1.1700	1.2500	1.2500	1.2500	1.2500
7.2300	7.3000	7.4500	9.2100	9.5100
17.0389	17.1889	17.3389	19.0945	19.3945
5.1187	5.1187	5.1187	5.1120	5.0941
0.4851	0.4851	0.4851	0.4844	0.4827
0.2500	0.2500	0.2500	0.2496	0.2491
0.2500	0.2500	0.2500	0.2496	0.6000
-	-	0.5000	0.4993	0.4975
-	-	0.5000	0.4993	0.4982
-	-	0.2500	0.2496	0.2491
1.2593	1.7593	1.7593	1.7570	1.7508
7.3631	7.8631	9.1131	9.1008	9.4215
0.3422	0.3422	0.3422	0.3422	0.3415
8.4178	8.4178	8.4178	8.4178	8.4025
8.7600	8.7600	8.7600	8.7600	8.7440
1.1446	1.1446	1.1446	1.1431	1.1390
1.0000	1.0000	1.0000	0.9995	0.9995
1.9996	1.9996	1.9996	1.9996	1.9996
18.0000	18.0000	18.0000	17.8920	17.8920
6.0000	6.0000	6.0000	6.0000	6.0000
3.2500	3.2500	6.2000	6.2000	6.2000
0.5000	0.5000	0.5000	0.4982	0.4982
27.7500	27.7500	30.7000	30.5902	30.5902
18.0000	18.0000	18.0000	17.8893	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
7.0000	7.0000	7.0000	7.0000	7.0000
31.0000	31.0000	31.0000	30.8893	31.0000
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	2.9900
26.9900	26.9900	26.9900	26.9900	26.9900
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
4.7879	4.6949	4.6627	4.2992	4.1835
-	-	-	-	-
28.7879	28.6949	28.6627	28.2992	28.1835

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

Taxpayer	2020			2011		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Consumers Energy/Kinder Morgan/Alphagen	\$ 149,028,190	1	23.58%	\$ 141,045,714	1/2	20.39%
Jackson Crossing Realty (Ramco)	8,944,900	2	1.42%	8,988,699	4	1.30%
Allegiance/Henry Ford/Foote/ Health Center	6,034,755	3	0.95%	7,675,479	5	1.11%
Wolverine Technologies/Certaineed	3,727,197	4	0.59%	10,184,550	3	1.47%
Alro Steel Corporation	3,531,878	5	0.56%	6,241,236	6	0.90%
Comcast of Michigan LLC	2,970,100	6	0.47%	-	N/A	N/A
GGD Oakdale LLC/Sears	2,821,500	7	0.45%	-	N/A	N/A
Wood Jackson (1100 W. Argyle St.)	2,625,795	8	0.42%	-	N/A	N/A
Jackson Properties (915-1089 N. Wisner St.)	2,311,319	9	0.37%	-	N/A	N/A
Equestor Partners LLC/Production Engineering	2,165,559	10	0.34%	3,397,879	10	0.49%
Jackson Iron & Metal/Omnisource	-	N/A	N/A	5,200,705	7	0.75%
Home Depot	-	N/A	N/A	4,511,000	8	0.65%
Aeroquip (Eaton Corp.)	-	N/A	N/A	3,622,613	9	0.52%
	<u>\$ 184,161,193</u>		<u>29.13%</u>	<u>\$ 190,867,875</u>		<u>27.60%</u>

Note 1: Total Ad Valorem Taxable Valuation as of June 30, 2020 = \$ 632,122,376 (valuation for fiscal year 2021). Total Ad Valorem Taxable Valuation as of June 30, 2011 = \$ 691,668,992 (valuation for fiscal year 2012).

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
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%
2020	2019	11,728,666	10,952,950	93.39%	756,692	11,709,642	99.84%

Source: City of Jackson Assessors Department.

Ratios of Outstanding Debt by Type
Last Ten Years

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	% of Personal Income	Total Outstanding Debt Per Capita
	General Obligation Bonds (1)	Notes from Direct Borrowings/Placements	Revenue Bonds			
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
2020	54,097,620	873,895	-	54,971,515	n/a	1,644

(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 or 2020.

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
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
2020	54,097,620	122,245	53,975,375	n/a	8.54%	1,618

(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 or 2020.

Computation of Net Direct and Overlapping Debt
June 30, 2020

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
Direct debt			
General obligation bonds (1)	\$ 54,097,620	\$ 47,800,854	\$ 6,296,766
Notes from direct borrowings/placements	873,895	692,086	181,809
	<u>54,971,515</u>	<u>48,492,940</u>	<u>6,478,575</u>
Net direct debt			<u>6,478,575</u>
	<u>Gross</u>	<u>City Share</u>	
Overlapping debt			
School Districts:			
Jackson School District	\$ 102,985,000	48.18%	49,618,173
East Jackson School District	27,600,939	0.10%	27,601
Michigan Center School District	9,395,000	1.40%	131,530
Northwest School District	34,550,000	0.21%	72,555
			<u>49,849,859</u>
Jackson County at large	127,045,000	13.10%	16,642,895
Jackson College	37,030,000	13.10%	4,850,930
Jackson County Intermediate School District	570,000	12.94%	73,758
			<u>71,417,442</u>
Net overlapping debt			<u>71,417,442</u>
Net direct and overlapping debt			<u>\$ 77,896,017</u>
Per capita debt: (33,445 population)			
Gross direct debt			\$ 1,643.64
Net direct debt			193.71
Net overlapping debt			2,135.37
Total net direct and overlapping debt			2,329.08
Percent of taxable valuation: (\$635,697,097 total taxable valuation at 6/30/20)			
Net direct debt			1.02%
Net overlapping debt			<u>11.23%</u>
Total net debt			<u>12.25%</u>

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

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

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

Legal Debt Margin
Last Ten Years

Legal debt margin calculation for 2020

State equalized value as of December 31, 2019 (for taxes levied by the City on July 1, 2020)	\$	765,486,300
Act 198 Adjustment - one-half of the IFT taxable value amount abated		814,825
State Revenue Sharing Adjustment (1)		228,620,912
Personal Property Tax Reimbursement Adjustment for 2020 (2)		5,573,944
Total 2020 state equalized value, as adjusted	<u>\$</u>	<u>1,000,495,981</u>
 Debt limit (10% of state equalized value)	 \$	 100,049,598
 Total debt - (See Schedule 11)	 \$	 54,971,515
Less Exempt obligations		
2017 Michigan Transportation Fund Bonds		(7,280,000)
		<u>47,691,515</u>
 Legal debt margin	 <u>\$</u>	 <u>52,358,083</u>
 Non-exempt debt outstanding as a percentage of 2020 state equalized valuation, as adjusted		 <u>4.77%</u>

(1) The 2020 constitutional and statutory revenue sharing of \$ 4,365,402 divided by the millage rate of 19.0945

(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
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	14,180	13,144	1,036	7.3%	1,332,181	39,832
2019	33,445	14,009	13,056	953	6.8%	n/a	n/a
2020	33,445	15,865	12,313	3,552	22.4%	n/a	n/a

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2019 represents June, 2020.

- (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 or 2020.

Principal Employers

Current Year and Nine Years Ago

Employer	2020			2011			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Henry Ford Allegiance Health System	4,100	1	20.86%	3,536	(a)	1	19.73%
Consumers Energy	2,400	2	9.04%	2,400	(b)	2	8.55%
Great Lakes Home Health/Hospice	1,118	3	7.77%	1,118		3	7.35%
Local Government	870	4	6.05%	870		4	5.72%
Jackson Public Schools	782	5	5.44%	782		5	5.14%
Eaton Corporation	700	6	4.87%	650		6	4.28%
Anesthesia Business Consultants	284	7	1.97%	284		7	1.87%
Alro Steel Corporation	271	8	1.88%	271		8	1.78%
Center for Family Health	219	9	1.52%	-		-	-
Elm Plating	208	10	1.45%	-		-	-
Way Bakeries	-		0.00%	152		9	-
Certainteed / Wolverine Vinyl Siding	-		-	147		10	0.97%
	<u>10,952</u>		<u>60.84%</u>	<u>10,210</u>			<u>55.40%</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.

Source: The Enterprise Group, Jackson County.

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

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government:										
City manager	2	2	2	3	3	3	3	4	4	5
Finance	4	4	4	4	4	4	4	4	4	4
City assessor	3	3	3	3	3	5	4	5	5	5
City attorney	2	3	3	4	5	5	5	4	4	5
City clerk/elections	3	3	1	1	1	2	2	2	2	2
Personnel	1	1	1	1	2	2	1	1	2	1
Purchasing/city hall	2	2	1	1	1	1	1	1	1	1
City treasurer/income tax	4	4	4	3	3	3	4	4	5	5
Mgt. information services	2	2	3	3	2	2	2	2	2	2
Public safety:										
Police - civilian	13	13	13	10	10	11	11	16	13	9
Police - enforcement	47	44	46	47	42	43	46	46	46	45
Fire - civilian	1	1	1	-	-	-	-	-	-	-
Fire - protection	23	17	26	26	26	17	26	23	26	20
Emergency measures	1	1	1	-	-	-	-	-	-	-
Public works:										
Public works	26	25	24	15	16	11	12	16	12	13
Engineering	10	11	10	8	8	8	6	6	7	8
Culture & recreation:										
Parks, recreation & grounds	18	18	16	15	13	15	13	14	15	8
Neighborhood Economic Operations:										
Public safety/community enrichment & development	8	9	10	11	9	14	13	14	14	5
Building inspection	4	4	6	5	6	3	3	3	2	2
Enterprise funds:										
Sewer	18	17	15	11	12	12	13	12	12	13
Water	26	25	24	26	26	28	28	29	29	29
Total	218	209	214	197	192	189	197	206	205	182

Source: City of Jackson Finance Department payroll records.

Operating Indicators by Function/Program
Last Ten Years

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Police:										
Physical arrests	2,928	2,253	2,649	2,645	2,514	2,887	2,779	2,714	2,595	2,607
Traffic violations	6,108	6,683	6,784	5,578	3,976	5,111	5,333	3,502	3,529	3,382
Engineering - Traffic Division:										
Parking violations	2,085	2,303	2,490	2,123	1,966	1,982	2,056	2,245	2,456	1,186
Fire:										
Calls answered	4,835	4,214	4,345	4,540	4,662	4,259	4,863	4,808	5,088	5,125
Inspections conducted	53	10	122	97	172	43	79	40	42	76
Sewer system										
Service connections	12,860	12,860	12,860	11,620	11,449	11,407	11,330	11,923	12,118	12,156
Daily average treatment (mg)	11.9	11.9	10.2	11.2	9.3	9.6	10.1	9.0	11.2	11.4
Maximum daily capacity (mg)	19	19	19	19	19	19	19	19	19	19
Township service (bulk metering)	5	5	5	5	5	5	5	5	5	5
Water system										
Service connections	15,769	15,778	15,654	14,314	14,307	14,549	14,112	14,879	15,855	15,893
Daily average consumption (mg)	5.98	6.30	6.57	6.64	6.47	7.66	7.58	7.57	7.36	6.71
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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	33	31	30	30	29	29	29	31	32	22
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	10	10	11	11	11	11	11	9	10	10
Culture and recreation										
Parks:										
Number	27	27	27	26	26	26	26	26	26	27
Acreage	638	638	638	639	639	639	639	639	639	645
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	1
Inline skate rink	1	1	1	1	1	1	1	1	1	1
Swimming pools	2	2	1	1	1	1	1	1	1	1
Basketball courts	14	14	14	14	14	14	14	14	14	16
Tennis courts	14	14	14	14	14	14	14	14	14	13
Public works										
Miles of streets	171	171	171	171	171	171	171	171	171	171
Street lights	2,724	2,724	2,719	2,719	2,719	2,719	2,719	2,863	2,839	2,975
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	242
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	2,105	2,197	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. All three stations were in use during the COVID-19 Pandemic in 2020.

Source: City of Jackson Finance Department.

Schedule of Insurance

As of June 30, 2020

Type of Coverage	Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u>		7/1/19-6/30/20	\$ 187,870	All risk coverage on buildings and contents. \$179,896,812. limit with \$2,500 deductible per occurrence.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Automobile</u>		7/1/19-6/30/20	103,336	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Liability</u>		7/1/19-6/30/20	238,463	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$2,500 deductible.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Crime/Bonds</u>		7/1/19-6/30/20	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Workers Compensation</u>		9/1/19-8/31/20	56,127	Excess insurance above \$450,000 retention.
	<i>Midwest Employers Casualty</i>			
	<i>Broadspire Services</i>	9/1/19-8/31/20	11,792	TPA for claims service.
<u>Community Blue-PPO</u>		Monthly	Varies	City's self-insured PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and substantially all retired City personnel.
<u>Health & Prescription Drug Coverage</u>				
	<i>Blue Cross / Blue Shield</i>			
<u>Life</u>		Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary. All full-time employees are covered.
	<i>Hartford Life Insurance Company</i>			
<u>Long-term Disability</u>		Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.
	<i>Hartford Life Insurance Company</i>			

Source: City of Jackson Finance Department.

State Equalized Valuation/Taxable Valuation

Fiscal Years Ended June 30, 2016 Through 2021

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
2019	2020	2021	765,486,300	632,122,376	635,697,097

Per capita 2020 ad valorem taxable valuation is \$18,900 and per capita 2019 total taxable valuation is \$19,007 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 Total Taxable Valuation by Use and Class					
	Year of State Equalization and Tax Levy					
	2015	2016	2017	2018	2019	2020
Use:						
Commercial	29.88%	30.88%	26.72%	30.97%	31.42%	31.49%
Industrial	27.65%	25.81%	29.70%	24.88%	24.50%	23.93%
Residential	42.47%	43.31%	43.58%	44.15%	44.08%	44.58%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
Class:						
Real	76.89%	78.80%	79.14%	80.11%	76.82%	77.41%
Personal	23.11%	21.20%	20.86%	19.89%	23.18%	22.59%
	<u>100.00%</u>	<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	
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	-	-	-	-
2020	6,582,488	4,334,267	2,248,221	-	-	-	-

- (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	
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	-	-	-	-
2020	11,138,541	5,389,222	5,749,319	-	-	-	-

- (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	2020
Water pumped vs. water sold: (in million gallons)						
Pumped	2,363	2,795	2,768	2,754	2,688	2,458
Sold	2,036	2,266	2,394	2,281	2,260	2,067
Sold as a % of pumped	86.16%	81.07%	86.49%	82.82%	84.08%	84.09%
Number of customers:						
Residential	12,166	12,060	11,986	12,000	11,979	12,088
Commercial	1,958	1,878	1,845	1,887	2,075	2,116
Industrial	172	169	171	168	229	228
Total	14,296	14,107	14,002	14,055	14,283	14,432
Percent of water consumption by category:						
Residential	30.00%	26.00%	25.20%	24.97%	20.95%	26.08%
Commercial	49.00%	43.00%	41.10%	41.55%	49.20%	40.80%
Industrial	21.00%	31.00%	33.70%	33.48%	29.85%	33.12%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
History of water rates (average consumption - 22 HCF / average 5/8 inch meter)						
Metered per quarter	\$ 72.48	\$ 72.48	\$ 79.73	\$ 87.89	\$ 91.50	\$ 95.14
% Change (in average consumption)	0.00%	0.00%	10.00%	10.23%	4.11%	3.98%
Water supply system annual revenues:						
Metered revenue	\$ 7,348,461	\$ 7,917,879	\$ 8,677,881	\$ 9,316,942	\$ 10,332,492	\$ 10,451,663
% increase (decrease)	-3.11%	7.75%	9.60%	7.36%	10.90%	1.15%
Water supply system revenues by user class:						
Residential	\$ 3,116,062	\$ 3,033,734	\$ 3,371,231	\$ 3,665,473	\$ 3,763,268	\$ 3,820,711
Commercial	3,332,473	3,297,299	3,657,125	3,891,952	4,708,645	4,409,784
Industrial	899,926	1,586,846	1,649,525	1,759,517	1,860,579	2,221,168
Sewer - billing & collection charges	264,581	251,416	223,028	238,536	251,754	263,234
Total	\$ 7,613,042	\$ 8,169,295	\$ 8,900,909	\$ 9,555,478	\$ 10,584,246	\$ 10,714,897
Water supply revenues by user class as a % of total revenues:						
Residential	40.93%	37.14%	37.88%	38.36%	35.56%	35.66%
Commercial	43.77%	40.36%	41.09%	40.73%	44.49%	41.16%
Industrial	11.82%	19.42%	18.53%	18.41%	17.58%	20.73%
Sewer - billing & collection charges	3.48%	3.08%	2.50%	2.50%	2.37%	2.45%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City Water Department.

Water Supply System

Ten Largest Water Customers - By Usage
For the Fiscal Year Ended June 30, 2020

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
Consumers Energy - Jackson Generating	477.193	23.09%	\$ 1,393,282	13.00%
* Michigan Department of Corrections	209.006	10.11%	1,235,288	11.53%
Henry Ford - Allegiance Health/Health Center	36.948	1.79%	158,298	1.48%
Elm Plating Company	27.828	1.35%	241,467	2.25%
Eaton Aerospace	26.257	1.27%	141,949	1.32%
* Sun Communities Inc.	24.139	1.17%	76,533	0.71%
Consumers Energy	22.741	1.10%	\$ 1,081,383	10.09%
* JSP International LLC	22.217	1.07%	69,073	0.64%
Commonwealth Commerce Center	22.066	1.07%	82,664	0.77%
Jackson Tumble Finish	17.729	0.86%	110,849	1.03%

(1) Unit = thousand gallons (TG)

(2) Based on June 30, 2020 total water sold (Schedule 22) of 2,067 MG's (million gallons).

(3) Based on June 30, 2020 water supply system revenues by user class (Schedule 22) of \$ 10,714,897

* Located outside of City limits.

Source: City Water Department.

Industrial Facilities Tax Roll
For the Fiscal Year Ended June 30, 2020

Tax Year (1) of Transfer To Ad Valorem Tax Roll	(2) I.F.T. S.E.V. Amount
2020	\$ -
2021	-
2022	2,500
2023	61,100
2024	-
2025	234,400
2026	451,000
2027	182,150
2028	-
2029	-
2030	109,150
2031	589,350
	<u>\$ 1,629,650</u>

(1) Tax year shown is as of July 1. The July 1, 2020 tax year is for the fiscal year ending June 30, 2021.
(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	Excess Tax Increment Revenues	Debt Service Coverage
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
2020	1,498,826	1,500,000	2,561,398	437,428	1.17

(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.

Brownfield Redevelopment Authority Bonds

Fiscal Year	Tax Increment Revenues (1)	Debt Service	Excess Tax Increment Revenues	Debt Service Coverage
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
2020	1,141,408	1,154,989	(13,581)	0.99

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

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
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
2020	2,886,912	1,478,490	4,365,402

(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
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%
2020	8,959,496	(9.34%)

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
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
2020	4,155,395	762,955	5.45

(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
Employees Retirement System					
	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%
	2019	39,888	54,960	15,072	72.6%
Policemen's and Firemen's Pension					
	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%
	2019	3,238	6,933	3,695	46.7%
Policemen's and Firemen's Pension - Act 345					
	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%
	2019	43,866	85,119	41,253	51.5%

(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:

Employee Group:	Number of Employees	Contract Expiration Date
International Association of Firefighters	20	June 30, 2021
Police Officers Labor Council - Supervisory	9	June 30, 2020
Police Officers Labor Council - Non-Supervisory	36	June 30, 2021
Michigan Association of Public Employees	65	June 30, 2020
Non-Union	52	
	<u>182</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 15, 2020

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, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 15, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rehmann Johnson LLC

Rehmann is an independent member of Nexia International.



675 Robinson Road, Jackson, MI 49203

517.787.6503

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CITY OF JACKSON, MICHIGAN

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2020

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	B17MC260021	\$ 692,191
Community Development Block Grant	14.218	Direct	B18MC260021	226,803
				<u>918,994</u>
Home Investment Partnership Programs	14.239	Direct	M16MC260214	92,547
Home Investment Partnership Programs	14.239	Direct	M17MC260214	79,037
				<u>171,584</u>
Lead-Based Paint Hazard Control Grant Program	14.900	Direct	MILHB0647-17	<u>106,924</u>
Total U.S. Department of Housing and Urban Development				<u>1,197,502</u>
U.S. Department of Justice				
COVID-19 - Coronavirus Emergency Supplemental Funding Program	16.034	Direct	2020-VD-BX-1809	93,522
Bulletproof Vest Partnership	16.607	Direct	n/a	4,063
Byrne Recovery Act Grant	16.804	Direct	2015-DJ-BX-0775	<u>84,405</u>
Total U.S. Department of Justice				<u>181,990</u>
U.S. Department of Transportation				
Safe Communities Traffic Programs	20.602	R2 PC	n/a	<u>6,007</u>
U.S. Department of Homeland Security				
Assistance to Fire Fighters - SAFER	97.044	Direct	n/a	<u>162,633</u>
Total expenditures of federal awards				<u><u>\$ 1,548,132</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, 2020. 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 15, 2020

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, Michigan**, (the "City"), as of and for the year ended June 30, 2020, 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 15, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as the basis for designing 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.

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675 Robinson Road, Jackson, MI 49203

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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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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.

Rehmann Lobson LLC

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

December 15, 2020

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, Michigan*, (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, 2020. 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.

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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, 2020.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

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

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2020

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 Cluster	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, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2020

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

None reported.

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CITY OF JACKSON, MICHIGAN

Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2020

None reported.

