

CITY OF  
**JACKSON** MICHIGAN  
Founded 1829



**2021**

**ANNUAL  
FINANCIAL  
REPORT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2021**

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# **CITY OF JACKSON, MICHIGAN**

## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2021**

**Including  
Single Audit Act Compliance**

**Prepared by:**

**Philip J. Hones, Finance Director**

**Heather Ehnis, Assistant Finance Director**

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# CITY OF JACKSON, MICHIGAN

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## **INTRODUCTORY SECTION**

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December 15, 2021

**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 annual comprehensive financial report of the City of Jackson, Michigan for the fiscal year ended June 30, 2021.

This report consists of management's representations concerning the finances of the City of Jackson, Michigan. 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 LLC, 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, 2021 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, 2021 are fairly presented in conformity with GAAP. The independent auditors' 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, Michigan 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 (2020 census not available at time of report). 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, Michigan provides a full range of services, including police and fire protection; the construction and maintenance of 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, Michigan 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.

Some of the larger major street fund project expenditures during fiscal year 2021 included MLK from Morrell to Mason, Franklin from West to Brown, Elmdale Trail within the Ella Sharp Park and Greenwood/Jackson from Morrell to Franklin. These four projects totaled nearly \$4 million in expenditures during the fiscal year and comprised slightly over 60% of the total major street construction expenditures incurred. Along with the road reconstruction, new water mains and sanitary sewers were installed. Franklin street was converted from one-way to two-way as part of that project. Federal funds provided \$1.3 million, or 39% of the total incurred costs of these four projects.

Other developments that are current, are scheduled to begin or are in the design phase are as follows:

- The 73-unit Albert Kahn Apartments opened this spring following the previous year's opening of the "The 200" Apartment Building on Jackson Street and the Francis Senior Lofts on MLK Drive;
- A parking deck to support Commonwealth Associates and the potential Hayes Building Redevelopment on Blackstone between Michigan and Pearl;
- Creation of an affordable housing development initiative with \$4.5 million in funding appropriated from the City's \$31 million in awarded ARPA funds. These funds will help residents navigate getting housing assistance, provide grants and loans to low-income residents. provide incentives for new developments and provide services that address homelessness. The City Council also approved an initiative to allow the City Manager to spend up to \$1 million in ARP funds to rehab vacant City-owned homes for low-income residents with housing needs.
- Over the next 35 years, more than 11,000 lead water service lines will be removed and replaced in the City of Jackson. The City's \$120 million plan to switch out all lead service lines is being paid for by water rate increases, City funds and federal/state funding sources.
- A new affordable apartment complex ordinance was approved to assist in the development of the Blackstone Apartments, a low-to-moderate income apartment development proposed on N. Blackstone Street. The planned four-story development will feature 45 apartments, comprised of 1, 2 and 3 bedroom units, with space for some retail opportunities on the first floor.

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 several years to over \$649 million in tax year 2021 (10.2% increase). State equalized values (50% of estimated true market values) had also declined in a similar pattern, however, these values have increased nearly 25% 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.

The sales tax portion of state shared revenues, which are now subject to the City, Village and Township Revenue Sharing (CVTRS) Program, increased \$682,234 (15.6%) in total to \$5,047,636. This increase was comprised of an increase of \$386,531 in constitutional and an increase of \$295,703 in the statutory component. The statutory increase was largely the result of the elimination of the August 2020 payment (for May/June) which the state replaced with the passthrough of federal COVID-19 grant funds of \$459,639 in fiscal year 2021.

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%. During this time period, the City saw its unemployment rate increase to 19.0% (as of June 2020) from the previous fiscal year June rate of 6.8% - also a result of COVID-19. The unemployment rate has since improved to 9.7% as of June, 2021 with income taxes increasing to over \$9.2 million. Overall, the City had expected income taxes from non-residents to decline during the pandemic as a result of more workers working remotely, but the amount of that expected decline has not been as severe as originally estimated.

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, Michigan for its annual comprehensive financial report ("ACFR") for the fiscal year ended June 30, 2020. This was the twenty-ninth 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 ACFR. 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 ACFR 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

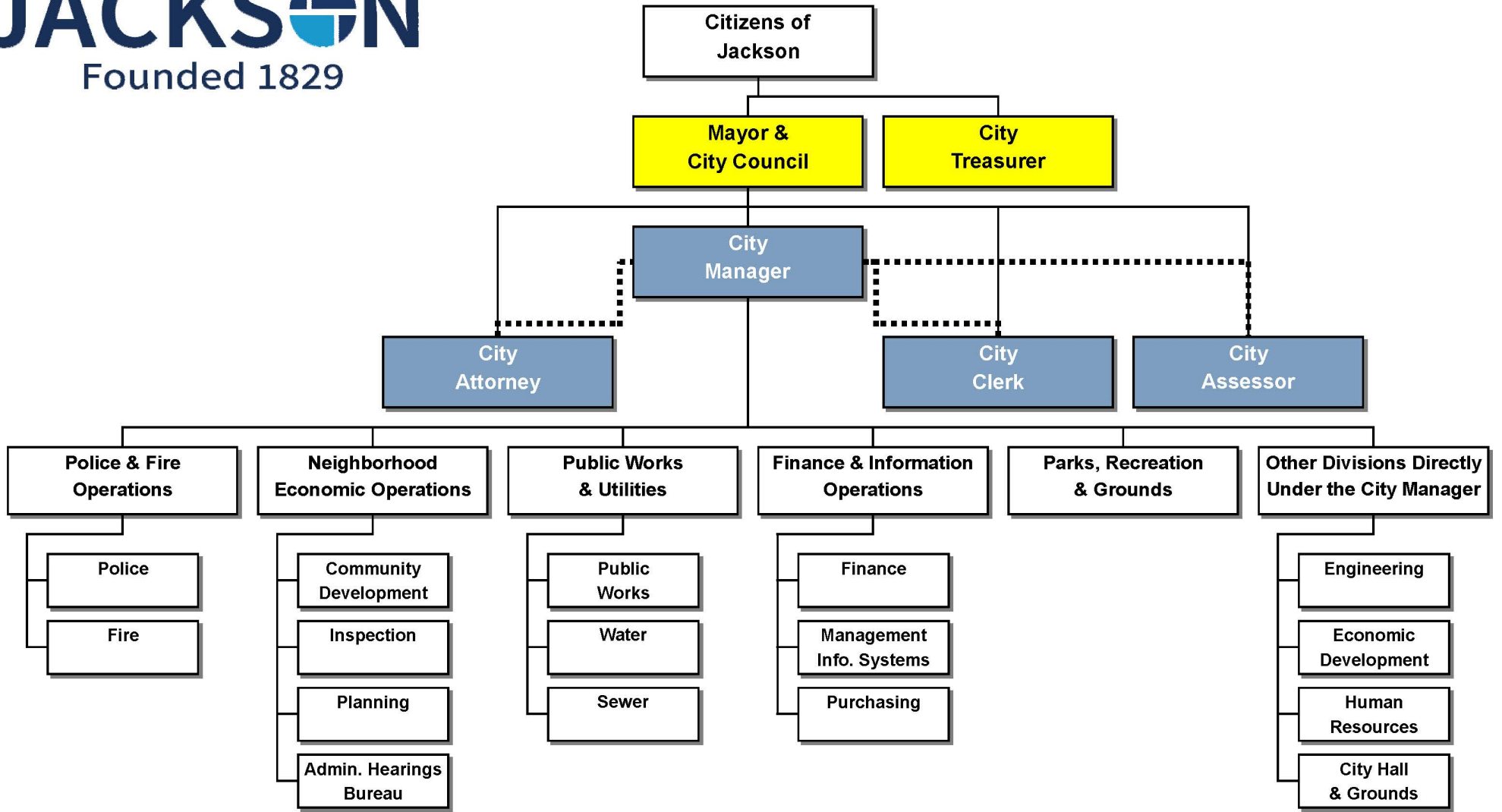
**City of Jackson  
Michigan**





For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO



|                           |   |
|---------------------------|---|
| <i>Elected</i>            |  |
| <i>Appointed</i>          |  |
| <i>Direct Authority</i>   |  |
| <i>Indirect Authority</i> |  |

**City of Jackson, Michigan  
List of Elected and Appointed Officials**



**CITY COUNCIL**

**Derek J. Dobies, Mayor**

|                             |                 |
|-----------------------------|-----------------|
| <b>Arlene Robinson</b>      | <b>1st Ward</b> |
| <b>Freddie C. Dancy</b>     | <b>2nd Ward</b> |
| <b>Angelita Gunn</b>        | <b>3rd Ward</b> |
| <b>Laura Dwyer Schlecte</b> | <b>4th Ward</b> |
| <b>Karen Bunnell</b>        | <b>5th Ward</b> |
| <b>Will Forgrave</b>        | <b>6th Ward</b> |

**CITY OFFICIALS**

**Jonathan Greene, City Manager**

|                          |   |
|--------------------------|---|
| <b>Martin J. Griffin</b> | <b>City Treasurer &amp; Income Tax Administrator</b>      |
| <b>Matthew Hagerty</b>   | <b>City Attorney</b>                                      |
| <b>Elmer Hitt</b>        | <b>Director of Police and Fire Services</b>               |
| <b>Philip J. Hones</b>   | <b>Director of Finance</b>                                |
| <b>Kelli Hoover</b>      | <b>Director of Parks, Recreation &amp; Grounds</b>        |
| <b>Shane Laporte</b>     | <b>Neighborhood &amp; Economic Operations Director</b>    |
| <b>Andrea Muray</b>      | <b>City Clerk</b>   |
| <b>Michael Osborn</b>    | <b>Director of Public Works/Public Utilities Director</b> |
| <b>Jason Yoakam</b>      | <b>City Assessor</b>                                      |

## **FINANCIAL SECTION**

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## INDEPENDENT AUDITORS' REPORT

December 15, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Independent Auditors' Responsibility

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

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

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

Rehmann is an independent member of Nexia International.



675 Robinson Road, Jackson, MI 49203

517.787.6503

## ***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, 2021, 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 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, 2021, on our consideration of the City of Jackson, Michigan'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, 2021. 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                          | \$ 119,016,081 |
| • Change in total net position                | 18,394,704     |
| • Fund balances, governmental funds           | 23,892,103     |
| • Change in fund balances, governmental funds | 1,768,011      |
| • Unassigned fund balance, general fund       | 10,521,234     |
| • Change in fund balance, general fund        | 3,357,408      |
| • Installment debt outstanding                | 50,534,179     |
| • Change in installment debt                  | (2,652,575)    |

### 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 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 remaining parking system is 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 \$119,016,081 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, construction in progress, 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                 |                       |
|                                       | 2021                    | 2020                | 2021                     | 2020                 | 2021                  | 2020                  |
| <b>Assets</b>                         |                         |                     |                          |                      |                       |                       |
| Current and other assets              | \$ 34,403,660           | \$ 34,017,223       | \$ 38,572,140            | \$ 35,556,298        | \$ 72,975,800         | \$ 69,573,521         |
| Capital assets, net                   | 107,973,527             | 105,702,509         | 78,429,317               | 76,607,394           | 186,402,844           | 182,309,903           |
| <b>Total assets</b>                   | <b>142,377,187</b>      | <b>139,719,732</b>  | <b>117,001,457</b>       | <b>112,163,692</b>   | <b>259,378,644</b>    | <b>251,883,424</b>    |
| <b>Deferred outflows of resources</b> | <b>4,020,868</b>        | <b>9,797,758</b>    | <b>108,917</b>           | <b>337,241</b>       | <b>4,129,785</b>      | <b>10,134,999</b>     |
| <b>Liabilities</b>                    |                         |                     |                          |                      |                       |                       |
| Long-term debt outstanding            | 53,637,290              | 56,809,542          | 287,706                  | 291,996              | 53,924,996            | 57,101,538            |
| Other liabilities                     | 3,099,332               | 3,535,276           | 1,276,635                | 1,471,621            | 4,375,967             | 5,006,897             |
| Net pension and OPEB liability        | 54,253,850              | 76,131,831          | 16,433,971               | 17,820,221           | 70,687,821            | 93,952,052            |
| <b>Total liabilities</b>              | <b>110,990,472</b>      | <b>136,476,649</b>  | <b>17,998,312</b>        | <b>19,583,838</b>    | <b>128,988,784</b>    | <b>156,060,487</b>    |
| <b>Deferred inflows of resources</b>  | <b>14,687,221</b>       | <b>3,824,312</b>    | <b>816,343</b>           | <b>1,512,247</b>     | <b>15,503,564</b>     | <b>5,336,559</b>      |
| <b>Net position</b>                   |                         |                     |                          |                      |                       |                       |
| Net investment in capital assets      | 56,712,552              | 53,606,187          | 78,429,317               | 76,607,394           | 135,141,869           | 130,213,581           |
| Restricted                            | 15,698,597              | 19,370,145          | -                        | -                    | 15,698,597            | 19,370,145            |
| Unrestricted (deficit)                | (51,690,787)            | (63,759,803)        | 19,866,402               | 14,797,454           | (31,824,385)          | (48,962,349)          |
| <b>Total net position</b>             | <b>\$ 20,720,362</b>    | <b>\$ 9,216,529</b> | <b>\$ 98,295,719</b>     | <b>\$ 91,404,848</b> | <b>\$ 119,016,081</b> | <b>\$ 100,621,377</b> |

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

|  | Changes in Net Position |                     |                          |                      |                       |                       |
|--|-------------------------|---------------------|--------------------------|----------------------|-----------------------|-----------------------|
|  | Governmental Activities |                     | Business-type Activities |                      | Total                 |                       |
|  | 2021                    | 2020                | 2021                     | 2020                 | 2021                  | 2020                  |
| <b>Revenues</b>  |                         |                     |                          |                      |                       |                       |
| Program revenues:  |                         |                     |                          |                      |                       |                       |
| Charges for services   | \$ 8,863,355            | \$ 7,212,485        | \$ 18,884,512            | \$ 17,252,403        | \$ 27,747,867         | \$ 24,464,888         |
| Operating grants and contributions                           | 8,476,639               | 7,342,490           | 1,357,416                | 1,379,553            | 9,834,055             | 8,722,043             |
| Capital grants and contributions                             | 2,044,314               | 4,332,079           | -                        | -                    | 2,044,314             | 4,332,079             |
| General revenues:  |                         |                     |                          |                      |                       |                       |
| Property taxes   | 13,179,820              | 12,634,482          | -                        | -                    | 13,179,820            | 12,634,482            |
| Income taxes   | 9,217,674               | 9,056,222           | -                        | -                    | 9,217,674             | 9,056,222             |
| Grants and contributions not restricted to specific programs | 7,045,117               | 5,309,368           | -                        | -                    | 7,045,117             | 5,309,368             |
| Other  | 259,416                 | 778,808             | 77,735                   | 339,176              | 337,151               | 1,117,984             |
| <b>Total revenues</b>  | <b>49,086,335</b>       | <b>46,665,934</b>   | <b>20,319,663</b>        | <b>18,971,132</b>    | <b>69,405,998</b>     | <b>65,637,066</b>     |
| <b>Expenses</b>  |                         |                     |                          |                      |                       |                       |
| Legislative  | 97,924                  | 100,797             | -                        | -                    | 97,924                | 100,797               |
| General government   | 4,203,847               | 4,454,511           | -                        | -                    | 4,203,847             | 4,454,511             |
| Public safety  | 14,862,879              | 19,210,546          | -                        | -                    | 14,862,879            | 19,210,546            |
| Public works   | 7,619,674               | 5,672,141           | -                        | -                    | 7,619,674             | 5,672,141             |
| Culture and recreation                                       | 1,581,726               | 3,083,804           | -                        | -                    | 1,581,726             | 3,083,804             |
| Community enrichment and development                         | 7,058,777               | 5,344,897           | -                        | -                    | 7,058,777             | 5,344,897             |
| Interest on long-term debt                                   | 3,057,159               | 3,137,665           | -                        | -                    | 3,057,159             | 3,137,665             |
| Sewer  | -                       | -                   | 5,254,598                | 5,438,938            | 5,254,598             | 5,438,938             |
| Water  | -                       | -                   | 6,693,155                | 6,538,937            | 6,693,155             | 6,538,937             |
| Parking system   | -                       | -                   | 581,555                  | 568,341              | 581,555               | 568,341               |
| Golf practice center   | -                       | -                   | -                        | 39,578               | -                     | 39,578                |
| <b>Total expenses</b>  | <b>38,481,986</b>       | <b>41,004,361</b>   | <b>12,529,308</b>        | <b>12,585,794</b>    | <b>51,011,294</b>     | <b>53,590,155</b>     |
| Change in net position before transfers                      | 10,604,349              | 5,661,573           | 7,790,355                | 6,385,338            | 18,394,704            | 12,046,911            |
| Transfers  | 899,484                 | (5,397,593)         | (899,484)                | 5,397,593            | -                     | -                     |
| <b>Change in net position</b>                                | <b>11,503,833</b>       | <b>263,980</b>      | <b>6,890,871</b>         | <b>11,782,931</b>    | <b>18,394,704</b>     | <b>12,046,911</b>     |
| Net position - beginning of year                             | 9,216,529               | 8,952,549           | 91,404,848               | 79,621,917           | 100,621,377           | 88,574,466            |
| <b>Net position - end of year</b>                            | <b>\$ 20,720,362</b>    | <b>\$ 9,216,529</b> | <b>\$ 98,295,719</b>     | <b>\$ 91,404,848</b> | <b>\$ 119,016,081</b> | <b>\$ 100,621,377</b> |

The City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in fiscal year 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, in fiscal year 2018. In addition to expanded disclosure requirements, the City is required to report its net pension liability and net OPEB liability on the statement of net position.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

**Governmental activities.** Governmental activities increased the City's net position by \$11,503,833 during fiscal year 2021 compared to an increase of \$263,980 during fiscal 2020. Some significant elements of this increase are as follows:

- Charges for services increased \$1,650,870 largely due to the transfer of excess funds in the City's self insurance fund that was thought to be needed in the initial stages of the pandemic. These transfers that were made in fiscal year 2021 to the general fund will be returned in fiscal year 2022 as other federal funding became available.
- Operating grants and contributions increased \$1,134,149 and grants and contributions not restricted to specific programs increased \$1,735,749 largely due to federal COVID-related funding.
- Capital grants and contributions decreased \$2,287,765 largely due to the decreased in the number of street projects completed which, in turn, decreased the reimbursement revenues from the Michigan Department of Transportation. Additionally, special assessment revenue decreased for major streets due to the additionally funding from the bond issuance.
- Public safety expense decreased \$4,347,667, which is largely due to the change in the net pension liability of \$(4,320,472) compared to \$726,716 in the prior year.
- Community enrichment and development expense increased \$1,713,880, which is largely due to the loss on sale of capital assets of \$998,514.

**Business-type activities.** Business-type activities increased the City's net position by \$6,890,871 during fiscal year 2021 compared to an increase of \$11,782,931 during fiscal year 2020. This change resulted from increases (decreases) in the following funds:

- Sewage \$ 1,680,665
- Water 5,864,159
- Parking deck (275,768)
- Nonmajor (148,048)

Key elements of this change are as follows:

- The previous fiscal year included a transfer into the water fund from the 2018 capital improvement bond construction fund for capital expenditures in the amount of \$3,517,882 while the sewer fund received \$2,296,826, for a total of \$5,814,708.
- The parking deck fund decrease in net position is attributable to depreciation for the fiscal year in the amount of \$262,943.

### 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 \$23,892,103, an increase of \$1,768,011 from the prior year. Approximately 36.2 percent of this total amount, or \$8,639,419 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 \$325,510, prepaid expenditures \$28,847, funds advanced on a long-term basis \$50,000, cemetery perpetual care \$2,034,305 and endowments related to Ella Sharp Park and facilities \$1,451,866; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$9,535,406; and 3) committed which indicate funds that have self-imposed limitations, which total \$1,828,750. 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.

## CITY OF JACKSON, MICHIGAN

### Management's Discussion and Analysis

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 \$10,521,234, while total fund balance was \$10,656,842. 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 and transfers out. Unassigned fund balance represents 40.2 percent of total general fund expenditures and transfers out while total fund balance represents 40.7 percent of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$3,357,408 during the current fiscal year. This is largely due to income taxes not declining as anticipated due to COVID-19 and the receipt of unanticipated federal funds, also COVID-19 related.

The major streets special revenue fund's fund balance decreased \$719,050 from the prior fiscal year leaving a total surplus of \$3,111,739 at fiscal year-end. This decrease was budgeted to be a decrease of \$1,080,768 but expenditures were less than projected in the street and trunkline maintenance activities. Fund balances often change in this fund due to the timing of various street projects overlapping from one fiscal year to the next.

The special assessment capital projects fund, which is used to account for special assessments levied to finance public improvements or services deemed to benefit only the properties against which the assessments are levied, decreased the amount of its fund deficit by \$1,433,743. This fund, which has a deficit by its nature, recorded \$661,175 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$633,416.

**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 \$10,114,553 and \$8,968,871, respectively. The sewage fund had an increase in net position for the year of \$1,680,665, and the water fund had an increase of \$5,864,159. 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 \$275,768, which is almost entirely due to depreciation.

#### General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues totaled \$881,374. These amendments were largely related to the increase in federal COVID funds in the amount of \$1,150,451 offset by a decline in the budgeted fine revenues of \$378,100.

Actual revenues exceeded final amended budgeted amounts by \$2,577,837. This is largely due to income taxes exceeding the amended budget by \$1,917,674. Income taxes from non-residents did not decline as significantly as expected from COVID-19.

Differences between the original and final amended budgeted expenditures totaled \$177,474. These amendments were related to several changes to various activity budgets, most of which were minor in amount.

Actual expenditures were less than final amended budgeted amounts by \$973,963. Most city departments worked remotely during the COVID-19 pandemic and, as a result, their day-to-day operations were somewhat cutback allowing for budgetary savings.

#### 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, 2021, amounted to \$186,402,844 (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 \$4,092,941 or 2.2 percent.

## CITY OF JACKSON, MICHIGAN

### Management's Discussion and Analysis

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

- Governmental activities largest changes include infrastructure - major and local streets - and the addition of the MLK Recreation Center renovation, which is included in parks and recreational facilities.
- Business-type activities largest increase is in the systems category and is largely the addition of new sewers and water distribution mains. The buildings and improvements increase largely reflects the completion of the DPW Operations Center which will be jointly utilized by the DPW, water and sewer departments.

|                                | Capital Assets (Net of Depreciation) |                       |                          |                      |                       |                       |
|--------------------------------|--------------------------------------|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
|                                | Governmental Activities              |                       | Business-type Activities |                      | Total                 |                       |
|                                | 2021                                 | 2020                  | 2021                     | 2020                 | 2021                  | 2020                  |
| Land                           | \$ 2,395,280                         | \$ 2,395,280          | \$ 8,956,886             | \$ 8,956,886         | \$ 11,352,166         | \$ 11,352,166         |
| Construction in progress       | 1,962,387                            | 4,637,563             | 1,077,692                | 4,734,040            | 3,040,079             | 9,371,603             |
| Systems                        | -                                    | -                     | 49,174,282               | 47,061,400           | 49,174,282            | 47,061,400            |
| Infrastructure                 | 73,807,404                           | 70,148,372            | -                        | -                    | 73,807,404            | 70,148,372            |
| Land improvements              | 10,478,082                           | 10,756,471            | 3,934,924                | 4,115,351            | 14,413,006            | 14,871,822            |
| Buildings and improvements     | 9,264,794                            | 9,554,411             | 9,557,516                | 7,656,209            | 18,822,310            | 17,210,620            |
| Park and recreation facilities | 7,854,015                            | 5,639,967             | -                        | -                    | 7,854,015             | 5,639,967             |
| Machinery and equipment        | 2,211,565                            | 2,570,445             | 5,728,017                | 4,083,508            | 7,939,582             | 6,653,953             |
| <b>Total</b>                   | <b>\$ 107,973,527</b>                | <b>\$ 105,702,509</b> | <b>\$ 78,429,317</b>     | <b>\$ 76,607,394</b> | <b>\$ 186,402,844</b> | <b>\$ 182,309,903</b> |

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

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$50,534,179. Of this amount, \$49,857,560 comprises debt backed by the full faith and credit of the government.

|                                | Outstanding Debt        |                      |                          |             |                      |                      |
|--------------------------------|-------------------------|----------------------|--------------------------|-------------|----------------------|----------------------|
|                                | Governmental Activities |                      | Business-type Activities |             | Total                |                      |
|                                | 2021                    | 2020                 | 2021                     | 2020        | 2021                 | 2020                 |
| General obligation bonds       | \$ 49,857,560           | \$ 52,312,859        | \$ -                     | \$ -        | \$ 49,857,560        | \$ 52,312,859        |
| Installment purchase agreement | 676,619                 | 873,895              | -                        | -           | 676,619              | 873,895              |
| <b>Total</b>                   | <b>\$ 50,534,179</b>    | <b>\$ 53,186,754</b> | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ 50,534,179</b> | <b>\$ 53,186,754</b> |

The City made principal payments on existing agreements in the amount of \$4,177,575 during the current fiscal year. Additionally, the City issued a special assessment bond and two refunding bonds in the current 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 \$107,610,207, which is significantly in excess of the City's outstanding general obligation debt of \$49,857,560.

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

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

### Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the City's budget for the 2021/2022 fiscal year:

- The unemployment rate for the City is currently 8.5% (October 2021), which is a 1.3% decrease from a rate of 9.8% a year ago (October 2020). While this compares unfavorably to the state's average unemployment rate of 6.1% and the national average rate of 4.6%, the City has maintained fairly consistent employment levels - from 12,390 in October, 2020 to 12,222 in October, 2021 - which should have a positive effect on this year's income tax revenues. One of the City's ongoing concerns relates to the 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. The City is monitoring income tax collection trends and, to date, there has not been the anticipated decline in income tax revenues that were estimated one year ago. The addition of four new apartment buildings in the downtown area within the last several years is alleviating some of that anticipated decline and income tax collection trends continue to show stability.
- Ad valorem (real and personal) taxable values of property have increased 2.6% from the prior fiscal year. State equalized values, however, have increased 3.7% and have shown growth for the seventh 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 2021 fiscal year, unassigned fund balance in the general fund increased from \$7,042,296 to \$10,521,234. The current budget anticipates that this fund balance amount will decrease by \$431,316.

### 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, 2021

|   | Primary Government      |                          |                       | Component Units                    |                                |
|---|-------------------------|--------------------------|-----------------------|------------------------------------|--------------------------------|
|   | Governmental Activities | Business-type Activities | Total                 | Brownfield Redevelopment Authority | Downtown Development Authority |
| <b>Assets</b>                                     |                         |                          |                       |                                    |                                |
| Pooled cash and investments                       | \$ 21,181,865           | \$ 33,915,629            | \$ 55,097,494         | \$ 1,337,443                       | \$ 241,655                     |
| Restricted cash:                                  |                         |                          |                       |                                    |                                |
| Cash on hand with agents                          | 46,000                  | -                        | 46,000                | -                                  | -                              |
| Pooled cash and investments                       | 3,486,171               | -                        | 3,486,171             | -                                  | -                              |
| Receivables, net                                  | 9,058,406               | 4,667,219                | 13,725,625            | -                                  | 61,412                         |
| Internal balances                                 | 278,861                 | (278,861)                | -                     | -                                  | -                              |
| Inventories and prepaid items                     | 352,357                 | 268,153                  | 620,510               | -                                  | -                              |
| Capital assets not being depreciated              | 4,357,667               | 10,034,578               | 14,392,245            | -                                  | -                              |
| Capital assets being depreciated, net             | 103,615,860             | 68,394,739               | 172,010,599           | -                                  | -                              |
| <b>Total assets</b>                               | <b>142,377,187</b>      | <b>117,001,457</b>       | <b>259,378,644</b>    | <b>1,337,443</b>                   | <b>303,067</b>                 |
| <b>Deferred outflows of resources</b>             |                         |                          |                       |                                    |                                |
| Deferred charge on bond refunding                 | 642,750                 | -                        | 642,750               | -                                  | -                              |
| Deferred pension amounts                          | 3,327,752               | 64,129                   | 3,391,881             | -                                  | -                              |
| Deferred OPEB amounts                             | 50,366                  | 44,788                   | 95,154                | -                                  | -                              |
| <b>Total deferred outflows of resources</b>       | <b>4,020,868</b>        | <b>108,917</b>           | <b>4,129,785</b>      | <b>-</b>                           | <b>-</b>                       |
| <b>Liabilities</b>                                |                         |                          |                       |                                    |                                |
| Accounts payable and accrued liabilities          | 2,818,326               | 1,273,500                | 4,091,826             | 928                                | 6,770                          |
| Accrued interest payable                          | 281,006                 | -                        | 281,006               | -                                  | -                              |
| Unearned revenue                                  | -                       | 3,135                    | 3,135                 | -                                  | 127,876                        |
| Long-term debt:                                   |                         |                          |                       |                                    |                                |
| Due within one year                               | 4,757,983               | 25,951                   | 4,783,934             | -                                  | -                              |
| Due in more than one year                         | 48,879,307              | 261,755                  | 49,141,062            | -                                  | -                              |
| Net pension liability (due in more than one year) | 36,174,752              | 356,967                  | 36,531,719            | -                                  | -                              |
| Net OPEB liability (due in more than one year)    | 18,079,098              | 16,077,004               | 34,156,102            | -                                  | -                              |
| <b>Total liabilities</b>                          | <b>110,990,472</b>      | <b>17,998,312</b>        | <b>128,988,784</b>    | <b>928</b>                         | <b>134,646</b>                 |
| <b>Deferred inflows of resources</b>              |                         |                          |                       |                                    |                                |
| Deferred pension amounts                          | 14,084,537              | 280,399                  | 14,364,936            | -                                  | -                              |
| Deferred OPEB amounts                             | 602,684                 | 535,944                  | 1,138,628             | -                                  | -                              |
| <b>Total deferred inflows of resources</b>        | <b>14,687,221</b>       | <b>816,343</b>           | <b>15,503,564</b>     | <b>-</b>                           | <b>-</b>                       |
| <b>Net position</b>                               |                         |                          |                       |                                    |                                |
| Net investment in capital assets                  | 56,712,552              | 78,429,317               | 135,141,869           | -                                  | -                              |
| Restricted for:                                   |                         |                          |                       |                                    |                                |
| Highways and streets                              | 7,370,593               | -                        | 7,370,593             | -                                  | -                              |
| Public improvement and recreation                 | 4,757,365               | -                        | 4,757,365             | -                                  | -                              |
| Public safety                                     | 27,707                  | -                        | 27,707                | -                                  | -                              |
| Act 345 Pension                                   | 56,761                  | -                        | 56,761                | -                                  | -                              |
| Perpetual care -                                  |                         |                          |                       |                                    |                                |
| Endowments (nonspendable)                         | 3,486,171               | -                        | 3,486,171             | -                                  | -                              |
| Unrestricted (deficit)                            | (51,690,787)            | 19,866,402               | (31,824,385)          | 1,336,515                          | 168,421                        |
| <b>Total net position</b>                         | <b>\$ 20,720,362</b>    | <b>\$ 98,295,719</b>     | <b>\$ 119,016,081</b> | <b>\$ 1,336,515</b>                | <b>\$ 168,421</b>              |

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

**CITY OF JACKSON, MICHIGAN**

**Statement of Activities**

For the Fiscal Year Ended June 30, 2021

| Functions/Programs                    | Expenses             | Program Revenues     |                                    |                                  | Net Revenues (Expenses) |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|
|                                       |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |                         |
| <b>Primary government</b>             |                      |                      |                                    |                                  |                         |
| Governmental activities:              |                      |                      |                                    |                                  |                         |
| Legislative                           | \$ 97,924            | \$ 1,196,465         | \$ -                               | \$ -                             | \$ 1,098,541            |
| General government                    | 4,203,847            | 1,636,913            | 1,202,892                          | -                                | (1,364,042)             |
| Public safety                         | 14,862,879           | 2,628,285            | 141,147                            | -                                | (12,093,447)            |
| Public works                          | 7,619,674            | 808,863              | 4,653,829                          | 1,970,197                        | (186,785)               |
| Culture and recreation                | 1,581,726            | 801,325              | 128                                | -                                | (780,273)               |
| Community enrichment and development  | 7,058,777            | 1,791,504            | 2,478,643                          | 74,117                           | (2,714,513)             |
| Interest on long-term debt            | 3,057,159            | -                    | -                                  | -                                | (3,057,159)             |
| <b>Total governmental activities</b>  | <b>38,481,986</b>    | <b>8,863,355</b>     | <b>8,476,639</b>                   | <b>2,044,314</b>                 | <b>(19,097,678)</b>     |
| Business-type activities:             |                      |                      |                                    |                                  |                         |
| Sewer                                 | 5,254,598            | 6,330,452            | 707,961                            | -                                | 1,783,815               |
| Water                                 | 6,693,155            | 12,415,330           | 617,680                            | -                                | 6,339,855               |
| Parking system                        | 581,555              | 138,730              | 31,775                             | -                                | (411,050)               |
| <b>Total business-type activities</b> | <b>12,529,308</b>    | <b>18,884,512</b>    | <b>1,357,416</b>                   | <b>-</b>                         | <b>7,712,620</b>        |
| <b>Total primary government</b>       | <b>\$ 51,011,294</b> | <b>\$ 27,747,867</b> | <b>\$ 9,834,055</b>                | <b>\$ 2,044,314</b>              | <b>\$ (11,385,058)</b>  |
| <b>Component units</b>                |                      |                      |                                    |                                  |                         |
| Brownfield redevelopment authority    | \$ 1,394,786         | \$ -                 | \$ -                               | \$ -                             | \$ (1,394,786)          |
| Downtown development authority        | 218,383              | 102,807              | -                                  | -                                | (115,576)               |
| <b>Total component units</b>          | <b>\$ 1,613,169</b>  | <b>\$ 102,807</b>    | <b>\$ -</b>                        | <b>\$ -</b>                      | <b>\$ (1,510,362)</b>   |

continued...

**CITY OF JACKSON, MICHIGAN**

**Statement of Activities**

For the Fiscal Year Ended June 30, 2021

|  | Primary Government      |                          |                       | Component Units                    |                                |
|--|-------------------------|--------------------------|-----------------------|------------------------------------|--------------------------------|
|  | Governmental Activities | Business-type Activities | Total                 | Brownfield Redevelopment Authority | Downtown Development Authority |
| <b>Net revenues (expenses)</b>                               | \$ (19,097,678)         | \$ 7,712,620             | \$ (11,385,058)       | \$ (1,394,786)                     | \$ (115,576)                   |
| <b>General revenues</b>                                      |                         |                          |                       |                                    |                                |
| Property taxes   | 13,179,820              | -                        | 13,179,820            | 1,378,864                          | 89,075                         |
| Income taxes   | 9,217,674               | -                        | 9,217,674             | -                                  | -                              |
| Grants and contributions not restricted to specific purposes | 7,045,117               | -                        | 7,045,117             | 3,599                              | 14,330                         |
| Unrestricted interest earnings                               | 259,416                 | 77,735                   | 337,151               | 2,867                              | 613                            |
| Transfers - internal activities                              | 899,484                 | (899,484)                | -                     | -                                  | -                              |
| <b>Total general revenues and transfers</b>                  | <u>30,601,511</u>       | <u>(821,749)</u>         | <u>29,779,762</u>     | <u>1,385,330</u>                   | <u>104,018</u>                 |
| <b>Change in net position</b>                                | 11,503,833              | 6,890,871                | 18,394,704            | (9,456)                            | (11,558)                       |
| Net position, beginning 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>                 |
| <b>Net position, end of year</b>                             | <u>\$ 20,720,362</u>    | <u>\$ 98,295,719</u>     | <u>\$ 119,016,081</u> | <u>\$ 1,336,515</u>                | <u>\$ 168,421</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, 2021

|   | General              | Major Streets       | Special Assessment Capital Projects | Nonmajor Governmental Funds | Totals               |
|---|----------------------|---------------------|-------------------------------------|-----------------------------|----------------------|
| <b>Assets</b>   |                      |                     |                                     |                             |                      |
| Pooled cash and investments   | \$ 6,209,061         | \$ 2,876,003        | \$ 611,431                          | \$ 12,527,457               | \$ 22,223,952        |
| Accounts receivables, net   | 480,765              | 72,237              | -                                   | 142,474                     | 695,476              |
| Taxes receivable, net   | 2,160,893            | -                   | -                                   | -                           | 2,160,893            |
| Special assessment receivables  | -                    | -                   | 4,393,785                           | -                           | 4,393,785            |
| Due from other governments  | 918,173              | 570,131             | -                                   | 302,961                     | 1,791,265            |
| Due from other funds  | 2,073,870            | -                   | -                                   | 17,167                      | 2,091,037            |
| Inventories   | -                    | 308,010             | -                                   | 15,500                      | 323,510              |
| Prepaid items   | 28,847               | -                   | -                                   | -                           | 28,847               |
| Long-term advances to other funds   | 50,000               | -                   | -                                   | -                           | 50,000               |
| <b>Total assets</b>   | <b>\$ 11,921,609</b> | <b>\$ 3,826,381</b> | <b>\$ 5,005,216</b>                 | <b>\$ 13,005,559</b>        | <b>\$ 33,758,765</b> |
| <b>Liabilities</b>  |                      |                     |                                     |                             |                      |
| Negative equity in pooled cash and investments                            | \$ -                 | \$ -                | \$ -                                | \$ 2,510                    | \$ 2,510             |
| Accounts payable  | 471,090              | 698,761             | -                                   | 687,162                     | 1,857,013            |
| Accrued payroll   | 517,368              | 15,881              | -                                   | 115,251                     | 648,500              |
| Other liabilities   | 9,113                | -                   | 9                                   | 128,132                     | 137,254              |
| Due to other funds  | -                    | -                   | 2,073,870                           | 17,167                      | 2,091,037            |
| Long-term advances from other funds                                       | -                    | -                   | 419,367                             | 50,000                      | 469,367              |
| <b>Total liabilities</b>  | <b>997,571</b>       | <b>714,642</b>      | <b>2,493,246</b>                    | <b>1,000,222</b>            | <b>5,205,681</b>     |
| <b>Deferred inflows of resources</b>                                      |                      |                     |                                     |                             |                      |
| Unavailable revenue - Administrative Hearings Bureau                      | 267,196              | -                   | -                                   | -                           | 267,196              |
| Unavailable revenue - special assessment receivable                       | -                    | -                   | 4,393,785                           | -                           | 4,393,785            |
| <b>Total deferred inflows of resources</b>                                | <b>267,196</b>       | <b>-</b>            | <b>4,393,785</b>                    | <b>-</b>                    | <b>4,660,981</b>     |
| <b>Fund balances</b>  |                      |                     |                                     |                             |                      |
| Nonspendable  | 78,847               | 308,010             | -                                   | 3,501,671                   | 3,888,528            |
| Restricted  | 56,761               | 2,803,729           | -                                   | 6,674,916                   | 9,535,406            |
| Committed   | -                    | -                   | -                                   | 1,828,750                   | 1,828,750            |
| Unassigned (deficit)  | 10,521,234           | -                   | (1,881,815)                         | -                           | 8,639,419            |
| <b>Total fund balances (deficit)</b>                                      | <b>10,656,842</b>    | <b>3,111,739</b>    | <b>(1,881,815)</b>                  | <b>12,005,337</b>           | <b>23,892,103</b>    |
| <b>Total liabilities, deferred inflows of resources and fund balances</b> | <b>\$ 11,921,609</b> | <b>\$ 3,826,381</b> | <b>\$ 5,005,216</b>                 | <b>\$ 13,005,559</b>        | <b>\$ 33,758,765</b> |

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

# CITY OF JACKSON, MICHIGAN

## Reconciliation

Fund Balances of Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2021

**Fund balances - total governmental funds** \$ 23,892,103

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

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

|   |             |
|---|-------------|
| Capital assets not being depreciated                            | 4,357,667   |
| Capital assets being depreciated, net                           | 103,615,860 |
| Less capital assets accounted for in the internal service funds | (1,097,019) |

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 | 267,196   |
| Unavailable special assessments                        | 4,393,785 |

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                                  | (36,174,752) |
| Deferred outflows related to the net pension liability | 3,327,752    |
| Deferred inflows related to the net pension liability  | (14,084,537) |
| Net OPEB liability                                     | (18,079,098) |
| Deferred outflows related to the net OPEB liability    | 50,366       |
| Deferred inflows related to the net OPEB liability     | (602,684)    |

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       | 3,296,853 |
| Portion of the internal service funds net position attributed to business-type activities | 278,861   |

Certain liabilities and deferred outflows of resources, such as bonds payable, are not due and payable in the current period or do not represent current financial resources, and therefore are not reported in the governmental funds.

|  |              |
|--|--------------|
| Unamortized deferred charge on refunding                               | 642,750      |
| Bonds and installment contracts  | (50,534,179) |
| Less installment contracts accounted for in the internal service funds | 553,555      |
| Unamortized bond premium   | (1,377,495)  |
| Compensated absences   | (1,725,616)  |
| Accrued interest on long-term liabilities                              | (281,006)    |

**Net position of governmental activities** \$ 20,720,362

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, 2021

|   | General              | Major Streets       | Special Assessment Capital Projects | Nonmajor Governmental Funds | Totals               |
|---|----------------------|---------------------|-------------------------------------|-----------------------------|----------------------|
| <b>Revenues</b>                             |                      |                     |                                     |                             |                      |
| Property taxes                              | \$ 9,783,344         | \$ -                | \$ -                                | \$ 3,396,476                | \$ 13,179,820        |
| Income taxes                                | 9,217,674            | -                   | -                                   | -                           | 9,217,674            |
| Licenses and permits                        | 373,098              | -                   | -                                   | -                           | 373,098              |
| Intergovernmental                           | 6,636,974            | 4,899,406           | -                                   | 5,264,104                   | 16,800,484           |
| Charges for services                        | 1,240,254            | -                   | -                                   | 4,689,645                   | 5,929,899            |
| Fines and forfeits                          | 441,684              | -                   | -                                   | -                           | 441,684              |
| Special assessments                         | -                    | -                   | 633,416                             | -                           | 633,416              |
| Donations                                   | 254                  | -                   | -                                   | -                           | 254                  |
| Investment income                           | 120,140              | 5,005               | -                                   | 126,196                     | 251,341              |
| Miscellaneous                               | 1,591,010            | 338,793             | -                                   | 529,133                     | 2,458,936            |
| <b>Total revenues</b>                       | <b>29,404,432</b>    | <b>5,243,204</b>    | <b>633,416</b>                      | <b>14,005,554</b>           | <b>49,286,606</b>    |
| <b>Expenditures</b>                         |                      |                     |                                     |                             |                      |
| Current:                                    |                      |                     |                                     |                             |                      |
| Legislative                                 | 97,924               | -                   | -                                   | -                           | 97,924               |
| General government                          | 4,974,574            | -                   | -                                   | -                           | 4,974,574            |
| Public safety                               | 16,651,896           | -                   | -                                   | 1,017,593                   | 17,669,489           |
| Public works                                | 1,339,518            | 7,839,349           | -                                   | 1,985,237                   | 11,164,104           |
| Culture and recreation                      | 1,305,894            | -                   | -                                   | 1,238,792                   | 2,544,686            |
| Community enrichment and development        | 1,465,395            | -                   | -                                   | 5,266,281                   | 6,731,676            |
| Debt service:                               |                      |                     |                                     |                             |                      |
| Principal                                   | 58,745               | -                   | -                                   | 3,980,299                   | 4,039,044            |
| Interest and fiscal charges                 | 17,517               | -                   | -                                   | 3,122,281                   | 3,139,798            |
| Bond issuance costs                         | -                    | -                   | -                                   | 137,608                     | 137,608              |
| <b>Total expenditures</b>                   | <b>25,911,463</b>    | <b>7,839,349</b>    | <b>-</b>                            | <b>16,748,091</b>           | <b>50,498,903</b>    |
| Revenues over (under) expenditures          | 3,492,969            | (2,596,145)         | 633,416                             | (2,742,537)                 | (1,212,297)          |
| <b>Other financing sources (uses)</b>       |                      |                     |                                     |                             |                      |
| Sale of capital assets                      | 120,894              | -                   | -                                   | 497,850                     | 618,744              |
| Insurance recovery                          | 26,189               | -                   | -                                   | -                           | 26,189               |
| Issuance of long-term debt                  | -                    | -                   | -                                   | 10,150,000                  | 10,150,000           |
| Payment to refunding escrow agent           | -                    | -                   | -                                   | (8,769,759)                 | (8,769,759)          |
| Transfers in                                | 4,393                | 2,496,992           | 1,461,502                           | 6,145,819                   | 10,108,706           |
| Transfers out                               | (287,037)            | (619,897)           | (661,175)                           | (7,585,463)                 | (9,153,572)          |
| <b>Total other financing sources (uses)</b> | <b>(135,561)</b>     | <b>1,877,095</b>    | <b>800,327</b>                      | <b>438,447</b>              | <b>2,980,308</b>     |
| <b>Net change in fund balances</b>          | <b>3,357,408</b>     | <b>(719,050)</b>    | <b>1,433,743</b>                    | <b>(2,304,090)</b>          | <b>1,768,011</b>     |
| Fund balances (deficit), beginning of year  | 7,299,434            | 3,830,789           | (3,315,558)                         | 14,309,427                  | 22,124,092           |
| <b>Fund balances (deficit), end of year</b> | <b>\$ 10,656,842</b> | <b>\$ 3,111,739</b> | <b>\$ (1,881,815)</b>               | <b>\$ 12,005,337</b>        | <b>\$ 23,892,103</b> |

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

## CITY OF JACKSON, MICHIGAN

### Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Changes in Net Position of Governmental Activities  
For the Fiscal Year Ended June 30, 2021

**Net change in fund balances - total governmental funds** \$ 1,768,011

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

Governmental funds report capital outlays as expenditures. However, in the statement  
of activities, the cost of those assets is allocated over their estimated useful lives and  
reported as depreciation expense.

|                                      |             |
|--------------------------------------|-------------|
| Capital assets purchased/constructed | 9,894,135   |
| Loss on sale of capital assets       | (998,514)   |
| Proceeds from sale of capital assets | (618,744)   |
| Depreciation expense                 | (5,920,787) |

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 | (102,908) |
| Change in special assessments receivable             | (112,034) |
| Change in loans receivable                           | (3,938)   |

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 | 4,039,044    |
| Issuance of long-term debt                  | (10,150,000) |
| Payment to refunding escrow agent           | 8,769,759    |

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                  | 17,803    |
| Amortization of bond premium                                 | 151,526   |
| Amortization of deferred charge on bond refunding            | (86,690)  |
| Change in net OPEB liability and related deferred amounts    | 1,071,779 |
| Change in net pension liability and related deferred amounts | 4,358,897 |
| Change in the accrual of compensated absences                | 112,411   |

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 loss from governmental activities accounted for in<br>internal service funds | (879,013) |
| Net operating loss attributable to business-type activities                                | 230,137   |
| Interest revenue from governmental internal service funds                                  | 18,609    |
| Transfers out from governmental internal service funds                                     | (55,650)  |

**Change in net position of governmental activities** \$ 11,503,833

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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|  | 2021               |                   |                   |  |                   | 2020<br>Actual |
|--|--------------------|-------------------|-------------------|--|-------------------|----------------|
|  | Original<br>Budget | Final<br>Budget   | Actual            | Actual<br>Over (Under)<br>Final Budget |                   |                |
| <b>Revenues</b>  |                    |                   |                   |  |                   |                |
| Property taxes   | \$ 9,787,285       | \$ 9,825,261      | \$ 9,783,344      | \$ (41,917)                            | \$ 9,419,227      |                |
| Income taxes   | 7,300,000          | 7,300,000         | 9,217,674         | 1,917,674                              | 9,056,222         |                |
| Licenses and permits                                   | 246,025            | 233,455           | 373,098           | 139,643                                | 314,806           |                |
| Intergovernmental                                      | 5,072,560          | 6,362,573         | 6,636,974         | 274,401                                | 4,867,735         |                |
| Charges for services                                   | 1,280,511          | 1,245,163         | 1,240,254         | (4,909)                                | 1,542,890         |                |
| Fines and forfeits                                     | 578,400            | 200,300           | 441,684           | 241,384                                | 862,897           |                |
| Donations  | -                  | -                 | 254               | 254                                    | -                 |                |
| Investment income                                      | 208,000            | 199,000           | 120,140           | (78,860)                               | 194,980           |                |
| Miscellaneous  | 1,472,440          | 1,460,843         | 1,591,010         | 130,167                                | 130,769           |                |
| <b>Total revenues</b>                                  | <b>25,945,221</b>  | <b>26,826,595</b> | <b>29,404,432</b> | <b>2,577,837</b>                       | <b>26,389,526</b> |                |
| <b>Expenditures</b>                                    |                    |                   |                   |  |                   |                |
| Current:   |                    |                   |                   |  |                   |                |
| Legislative - City Council                             | 108,860            | 108,060           | 97,924            | (10,136)                               | 100,797           |                |
| General government:                                    |                    |                   |                   |  |                   |                |
| Charter commission                                     | 2,500              | 2,500             | 675               | (1,825)                                | 1,969             |                |
| City Manager   | 599,641            | 452,530           | 455,625           | 3,095                                  | 762,234           |                |
| Finance  | 458,828            | 469,621           | 465,125           | (4,496)                                | 445,225           |                |
| City Clerk   | 299,556            | 306,333           | 298,906           | (7,427)                                | 228,891           |                |
| Management information services                        | 323,775            | 390,174           | 332,055           | (58,119)                               | 300,867           |                |
| Purchasing   | 124,686            | 121,928           | 113,338           | (8,590)                                | 116,842           |                |
| City Treasurer   | 393,767            | 365,170           | 355,978           | (9,192)                                | 326,752           |                |
| City income tax administration                         | 202,557            | 190,390           | 165,599           | (24,791)                               | 191,442           |                |
| City Assessor  | 360,959            | 422,825           | 407,138           | (15,687)                               | 510,420           |                |
| City Clerk - Elections                                 | 130,312            | 148,175           | 141,794           | (6,381)                                | 111,295           |                |
| City hall and grounds                                  | 352,714            | 351,819           | 311,200           | (40,619)                               | 285,735           |                |
| City Attorney  | 632,522            | 623,514           | 585,318           | (38,196)                               | 600,977           |                |
| Personnel  | 328,950            | 232,566           | 198,736           | (33,830)                               | 324,953           |                |
| Unallocated  | 852,618            | 778,846           | 751,020           | (27,826)                               | 778,185           |                |
| Administrative hearings bureau                         | 415,945            | 169,115           | 92,505            | (76,610)                               | 657,339           |                |
| Cemeteries   | 305,875            | 303,850           | 299,562           | (4,288)                                | 284,176           |                |
| <b>Total general government</b>                        | <b>5,785,205</b>   | <b>5,329,356</b>  | <b>4,974,574</b>  | <b>(354,782)</b>                       | <b>5,927,302</b>  |                |
| Public safety:   |                    |                   |                   |  |                   |                |
| Police:  |                    |                   |                   |  |                   |                |
| General  | 10,498,221         | 10,038,446        | 9,887,158         | (151,288)                              | 10,030,167        |                |
| Office of Highway Safety program                       | 15,000             | 15,000            | 12,194            | (2,806)                                | 6,007             |                |
| Office of Highway Safety program - Consortium training | 30,000             | 27,020            | 27,019            | (1)                                    | 11,067            |                |
| In-service training                                    | 7,000              | 7,000             | 5,456             | (1,544)                                | 3,499             |                |
| Fire - suppression                                     | 4,522,629          | 4,740,515         | 4,668,733         | (71,782)                               | 4,105,570         |                |
| Police and fire - unallocated                          | 2,242,591          | 1,972,151         | 2,051,336         | 79,185                                 | 2,099,209         |                |
| <b>Total public safety</b>                             | <b>17,315,441</b>  | <b>16,800,132</b> | <b>16,651,896</b> | <b>(148,236)</b>                       | <b>16,255,519</b> |                |

continued...

# CITY OF JACKSON, MICHIGAN

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

Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|   | 2021                |                      |                      |  | 2020<br>Actual      |
|---|---------------------|----------------------|----------------------|--|---------------------|
|   | Original<br>Budget  | Final<br>Budget      | Actual               | Actual<br>Over (Under)<br>Final Budget |                     |
| <b>Expenditures (concluded)</b>                   |                     |                      |                      |  |                     |
| Current (concluded):                              |                     |                      |                      |  |                     |
| Public works:                                     |                     |                      |                      |  |                     |
| Sidewalk construction                             | \$ 37,704           | \$ 41,564            | \$ 20,075            | \$ (21,489)                            | \$ 23,945           |
| Drains at large                                   | 76,686              | 81,731               | 58,133               | (23,598)                               | 40,283              |
| Street lighting                                   | 571,111             | 574,876              | 538,619              | (36,257)                               | 533,002             |
| Weed control                                      | 99,940              | 98,969               | 81,985               | (16,984)                               | 94,862              |
| Grounds maintenance                               | 401,199             | 452,117              | 389,755              | (62,362)                               | 382,084             |
| Tax property maintenance                          | 224,045             | 229,118              | 212,164              | (16,954)                               | 365,056             |
| Civic affairs                                     | 73,986              | 92,717               | 60,376               | (32,341)                               | 63,001              |
| Reimbursements                                    | (15,000)            | (15,000)             | (21,589)             | 6,589                                  | (19,387)            |
| <b>Total public works</b>                         | <b>1,469,671</b>    | <b>1,556,092</b>     | <b>1,339,518</b>     | <b>(216,574)</b>                       | <b>1,482,846</b>    |
| Culture and recreation:                           |                     |                      |                      |  |                     |
| Forestry  | 474,392             | 541,019              | 362,921              | (178,098)                              | 464,564             |
| Parks and recreation administration               | 376,941             | 341,878              | 299,982              | (41,896)                               | 488,033             |
| Lt. Nixon Memorial pool                           | 92,550              | 25,133               | 13,748               | (11,385)                               | 68,232              |
| Parks and facilities maintenance                  | 655,296             | 624,604              | 619,514              | (5,090)                                | 668,429             |
| Historical district                               | 10,737              | 11,563               | 9,729                | (1,834)                                | 10,731              |
| <b>Total culture and recreation</b>               | <b>1,609,916</b>    | <b>1,544,197</b>     | <b>1,305,894</b>     | <b>(238,303)</b>                       | <b>1,699,989</b>    |
| Community enrichment and development:             |                     |                      |                      |  |                     |
| Planning  | 239,423             | 266,319              | 259,250              | (7,069)                                | 164,177             |
| Economic development                              | 115,000             | 139,500              | 140,216              | 716                                    | 422,583             |
| Diversity, equity and inclusion                   | -                   | 165,508              | 165,929              | 421                                    | -                   |
| Reimbursements                                    | -                   | 900,000              | 900,000              | -                                      | -                   |
| <b>Total community enrichment and development</b> | <b>354,423</b>      | <b>1,471,327</b>     | <b>1,465,395</b>     | <b>(5,932)</b>                         | <b>586,760</b>      |
| Debt service:                                     |                     |                      |                      |  |                     |
| Principal   | 46,919              | 58,745               | 58,745               | -                                      | 56,962              |
| Interest and fiscal charges                       | 17,517              | 17,517               | 17,517               | -                                      | 7,558               |
| <b>Total debt service</b>                         | <b>64,436</b>       | <b>76,262</b>        | <b>76,262</b>        | <b>-</b>                               | <b>64,520</b>       |
| <b>Total expenditures</b>                         | <b>26,707,952</b>   | <b>26,885,426</b>    | <b>25,911,463</b>    | <b>(973,963)</b>                       | <b>26,117,733</b>   |
| Revenues over (under) expenditures                | (762,731)           | (58,831)             | 3,492,969            | 3,551,800                              | 271,793             |
| <b>Other financing sources (uses)</b>             |                     |                      |                      |  |                     |
| Sale of capital assets                            | -                   | -                    | 120,894              | 120,894                                | 21,625              |
| Insurance recovery                                | 21,000              | 21,000               | 26,189               | 5,189                                  | 22,725              |
| Transfers in                                      | 47,000              | 3,453,778            | 4,393                | (3,449,385)                            | 79,133              |
| Transfers out                                     | (285,547)           | (287,037)            | (287,037)            | -                                      | (1,352,056)         |
| <b>Total other financing sources (uses)</b>       | <b>(217,547)</b>    | <b>3,187,741</b>     | <b>(135,561)</b>     | <b>(3,323,302)</b>                     | <b>(1,228,573)</b>  |
| <b>Net change in fund balance</b>                 | <b>(980,278)</b>    | <b>3,128,910</b>     | <b>3,357,408</b>     | <b>228,498</b>                         | <b>(956,780)</b>    |
| Fund balance, beginning of year                   | 7,299,434           | 7,299,434            | 7,299,434            | -                                      | 8,256,214           |
| <b>Fund balance, end of year</b>                  | <b>\$ 6,319,156</b> | <b>\$ 10,428,344</b> | <b>\$ 10,656,842</b> | <b>\$ 228,498</b>                      | <b>\$ 7,299,434</b> |

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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|   | 2021                |                     |                     |  | 2020<br>Actual      |
|---|---------------------|---------------------|---------------------|--|---------------------|
|   | Original<br>Budget  | Final<br>Budget     | Actual              | Actual<br>Over (Under)<br>Final Budget |                     |
| <b>Revenues</b>                             |                     |                     |                     |  |                     |
| Intergovernmental                           | \$ 6,293,987        | \$ 4,877,958        | \$ 4,899,406        | \$ 21,448                              | \$ 6,410,802        |
| Investment income                           | 6,000               | 1,500               | 5,005               | 3,505                                  | 11,719              |
| Miscellaneous                               | 245,714             | 265,406             | 338,793             | 73,387                                 | 277,220             |
| <b>Total revenues</b>                       | <u>6,545,701</u>    | <u>5,144,864</u>    | <u>5,243,204</u>    | <u>98,340</u>                          | <u>6,699,741</u>    |
| <b>Expenditures</b>                         |                     |                     |                     |  |                     |
| Public works:                               |                     |                     |                     |  |                     |
| Street construction                         | 3,876,567           | 3,731,464           | 3,701,024           | (30,440)                               | 3,004,329           |
| Street maintenance                          | 724,821             | 683,274             | 389,251             | (294,023)                              | 520,100             |
| Traffic services                            | 670,824             | 841,045             | 777,064             | (63,981)                               | 647,503             |
| Winter maintenance                          | 272,951             | 277,594             | 249,224             | (28,370)                               | 260,479             |
| Trunkline maintenance                       | 206,927             | 210,865             | 74,842              | (136,023)                              | 67,631              |
| State highway construction                  | 5,397,824           | 2,745,276           | 2,835,071           | 89,795                                 | 4,273,065           |
| Reimbursements                              | (238,579)           | (246,885)           | (187,127)           | 59,758                                 | (200,324)           |
| <b>Total expenditures</b>                   | <u>10,911,335</u>   | <u>8,242,633</u>    | <u>7,839,349</u>    | <u>(403,284)</u>                       | <u>8,572,783</u>    |
| Revenues under expenditures                 | <u>(4,365,634)</u>  | <u>(3,097,769)</u>  | <u>(2,596,145)</u>  | <u>501,624</u>                         | <u>(1,873,042)</u>  |
| <b>Other financing sources (uses)</b>       |                     |                     |                     |  |                     |
| Transfers in                                | 2,715,288           | 2,636,898           | 2,496,992           | (139,906)                              | 3,588,338           |
| Transfers out                               | (712,690)           | (619,897)           | (619,897)           | -                                      | (581,461)           |
| <b>Total other financing sources (uses)</b> | <u>2,002,598</u>    | <u>2,017,001</u>    | <u>1,877,095</u>    | <u>(139,906)</u>                       | <u>3,006,877</u>    |
| <b>Net change in fund balance</b>           | <u>(2,363,036)</u>  | <u>(1,080,768)</u>  | <u>(719,050)</u>    | <u>361,718</u>                         | <u>1,133,835</u>    |
| Fund balance, beginning of year             | <u>3,830,789</u>    | <u>3,830,789</u>    | <u>3,830,789</u>    | <u>-</u>                               | <u>2,696,954</u>    |
| <b>Fund balance, end of year</b>            | <u>\$ 1,467,753</u> | <u>\$ 2,750,021</u> | <u>\$ 3,111,739</u> | <u>\$ 361,718</u>                      | <u>\$ 3,830,789</u> |

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

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds

June 30, 2021

|  | Enterprise Funds - Business-type Activities |                      |                      |                     |                      | Governmental Activities |
|--|---|----------------------|----------------------|---------------------|----------------------|-------------------------|
|  | Sewage                                      | Water                | Parking Deck         | Nonmajor Funds      | Totals               | Internal Service        |
| <b>Assets</b>  |   |                      |                      |                     |                      |                         |
| Current assets:  |   |                      |                      |                     |                      |                         |
| Pooled cash and investments  | \$ 14,163,412                               | \$ 18,754,924        | \$ 481,614           | \$ 515,679          | \$ 33,915,629        | \$ 2,446,594            |
| Accounts receivable, net   | 1,608,885                                   | 2,985,468            | 72,576               | 290                 | 4,667,219            | 16,987                  |
| Inventories  | -   | 267,248              | -                    | -                   | 267,248              | -                       |
| Prepaid items  | -   | 905                  | -                    | -                   | 905                  | -                       |
| Restricted cash and cash equivalents -<br>Cash on hand with agents | -   | -                    | -                    | -                   | -                    | 46,000                  |
| <b>Total current assets</b>  | <b>15,772,297</b>                           | <b>22,008,545</b>    | <b>554,190</b>       | <b>515,969</b>      | <b>38,851,001</b>    | <b>2,509,581</b>        |
| Noncurrent assets:   |   |                      |                      |                     |                      |                         |
| Long-term advances   | -   | -                    | -                    | -                   | -                    | 419,367                 |
| Capital assets not being depreciated                               | 164,238                                     | 1,126,770            | 7,060,843            | 1,682,727           | 10,034,578           | -                       |
| Capital assets being depreciated, net                              | 20,613,799                                  | 36,477,360           | 8,414,173            | 2,889,407           | 68,394,739           | 1,097,019               |
| <b>Total noncurrent assets</b>                                     | <b>20,778,037</b>                           | <b>37,604,130</b>    | <b>15,475,016</b>    | <b>4,572,134</b>    | <b>78,429,317</b>    | <b>1,516,386</b>        |
| <b>Total assets</b>  | <b>36,550,334</b>                           | <b>59,612,675</b>    | <b>16,029,206</b>    | <b>5,088,103</b>    | <b>117,280,318</b>   | <b>4,025,967</b>        |
| <b>Deferred outflows of resources</b>                              |   |                      |                      |                     |                      |                         |
| Deferred pension amounts   | 23,069                                      | 41,060               | -                    | -                   | 64,129               | -                       |
| Deferred OPEB amounts  | 13,751                                      | 31,037               | -                    | -                   | 44,788               | -                       |
| <b>Total deferred outflows of resources</b>                        | <b>36,820</b>                               | <b>72,097</b>        | <b>-</b>             | <b>-</b>            | <b>108,917</b>       | <b>-</b>                |
| <b>Liabilities</b>   |   |                      |                      |                     |                      |                         |
| Current liabilities:   |   |                      |                      |                     |                      |                         |
| Accounts payable   | 236,318                                     | 682,843              | 2,500                | 1,470               | 923,131              | 75,135                  |
| Accrued payroll  | 49,425                                      | 79,629               | -                    | 1,215               | 130,269              | 26,020                  |
| Customer deposits  | -   | 220,100              | -                    | -                   | 220,100              | -                       |
| Unearned revenue   | -   | -                    | -                    | 3,135               | 3,135                | -                       |
| Current portion of:  |   |                      |                      |                     |                      |                         |
| Accrued compensated absences                                       | 5,801                                       | 20,150               | -                    | -                   | 25,951               | -                       |
| Installment purchase agreement                                     | -   | -                    | -                    | -                   | -                    | 142,349                 |
| Estimated claims payable   | -   | -                    | -                    | -                   | -                    | 74,404                  |
| <b>Total current liabilities</b>                                   | <b>291,544</b>                              | <b>1,002,722</b>     | <b>2,500</b>         | <b>5,820</b>        | <b>1,302,586</b>     | <b>317,908</b>          |
| Noncurrent liabilities:  |   |                      |                      |                     |                      |                         |
| Accrued compensated absences, net of current portion               | 73,184                                      | 188,571              | -                    | -                   | 261,755              | -                       |
| Installment purchase agreement, net of current portion             | -   | -                    | -                    | -                   | -                    | 411,206                 |
| Net pension liability  | 128,413                                     | 228,554              | -                    | -                   | 356,967              | -                       |
| Net OPEB liability   | 4,936,008                                   | 11,140,996           | -                    | -                   | 16,077,004           | -                       |
| <b>Total noncurrent liabilities</b>                                | <b>5,137,605</b>                            | <b>11,558,121</b>    | <b>-</b>             | <b>-</b>            | <b>16,695,726</b>    | <b>411,206</b>          |
| <b>Total liabilities</b>   | <b>5,429,149</b>                            | <b>12,560,843</b>    | <b>2,500</b>         | <b>5,820</b>        | <b>17,998,312</b>    | <b>729,114</b>          |
| <b>Deferred inflows of resources</b>                               |   |                      |                      |                     |                      |                         |
| Deferred pension amounts   | 100,868                                     | 179,531              | -                    | -                   | 280,399              | -                       |
| Deferred OPEB amounts  | 164,547                                     | 371,397              | -                    | -                   | 535,944              | -                       |
| <b>Total deferred inflows of resources</b>                         | <b>265,415</b>                              | <b>550,928</b>       | <b>-</b>             | <b>-</b>            | <b>816,343</b>       | <b>-</b>                |
| <b>Net position</b>  |   |                      |                      |                     |                      |                         |
| Net investment in capital assets                                   | 20,778,037                                  | 37,604,130           | 15,475,016           | 4,572,134           | 78,429,317           | 543,464                 |
| Unrestricted   | 10,114,553                                  | 8,968,871            | 551,690              | 510,149             | 20,145,263           | 2,753,389               |
| <b>Total net position</b>  | <b>\$ 30,892,590</b>                        | <b>\$ 46,573,001</b> | <b>\$ 16,026,706</b> | <b>\$ 5,082,283</b> | <b>\$ 98,574,580</b> | <b>\$ 3,296,853</b>     |

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

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## CITY OF JACKSON, MICHIGAN

### Reconciliation

Net Position of Enterprise Funds  
to Net Position of Business-type Activities  
June 30, 2021

**Net position - enterprise funds** \$ 98,574,580

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.

(278,861)

**Net position of business-type activities** \$ 98,295,719

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, 2021

|                                    | Enterprise Funds - Business-type Activities |                      |                      |                     |                      | Governmental<br>Activities |
|------------------------------------|---|----------------------|----------------------|---------------------|----------------------|----------------------------|
|                                    | Sewage                                      | Water                | Parking<br>Deck      | Nonmajor<br>Funds   | Totals               | Internal<br>Service        |
| <b>Operating revenues</b>          |   |                      |                      |                     |                      |                            |
| Charges for sales and services     | \$ 6,330,452                                | \$ 12,415,330        | \$ 6,435             | \$ 132,295          | \$ 18,884,512        | \$ 6,414,970               |
| Other                              | 127,936                                     | 537,039              | 33                   | 31,742              | 696,750              | 1,080,650                  |
| <b>Total operating revenues</b>    | <b>6,458,388</b>                            | <b>12,952,369</b>    | <b>6,468</b>         | <b>164,037</b>      | <b>19,581,262</b>    | <b>7,495,620</b>           |
| <b>Operating expenses</b>          |   |                      |                      |                     |                      |                            |
| Personnel services                 | 369,144                                     | 1,530,776            | -                    | 48,958              | 1,948,878            | 724,602                    |
| Administration                     | -   | -                    | -                    | -                   | -                    | 104,243                    |
| Materials and supplies             | 765,197                                     | 1,476,246            | -                    | -                   | 2,241,443            | 340,541                    |
| Contractual and other services     | 2,864,425                                   | 2,557,434            | 20,479               | 93,524              | 5,535,862            | 6,719,995                  |
| Benefit payments                   | -   | -                    | -                    | -                   | -                    | 253,720                    |
| Depreciation                       | 1,152,388                                   | 1,012,688            | 262,943              | 144,969             | 2,572,988            | 231,532                    |
| <b>Total operating expenses</b>    | <b>5,151,154</b>                            | <b>6,577,144</b>     | <b>283,422</b>       | <b>287,451</b>      | <b>12,299,171</b>    | <b>8,374,633</b>           |
| Operating income (loss)            | 1,307,234                                   | 6,375,225            | (276,954)            | (123,414)           | 7,282,091            | (879,013)                  |
| <b>Nonoperating revenues</b>       |   |                      |                      |                     |                      |                            |
| Intergovernmental                  | 580,025                                     | 80,641               | -                    | -                   | 660,666              | -                          |
| Investment income                  | 32,833                                      | 41,157               | 1,186                | 2,559               | 77,735               | 18,609                     |
| <b>Total nonoperating revenues</b> | <b>612,858</b>                              | <b>121,798</b>       | <b>1,186</b>         | <b>2,559</b>        | <b>738,401</b>       | <b>18,609</b>              |
| Income (loss) before transfers     | 1,920,092                                   | 6,497,023            | (275,768)            | (120,855)           | 8,020,492            | (860,404)                  |
| Transfers in                       | -   | -                    | -                    | 177,689             | 177,689              | -                          |
| Transfers out                      | (239,427)                                   | (632,864)            | -                    | (204,882)           | (1,077,173)          | (55,650)                   |
| <b>Change in net position</b>      | <b>1,680,665</b>                            | <b>5,864,159</b>     | <b>(275,768)</b>     | <b>(148,048)</b>    | <b>7,121,008</b>     | <b>(916,054)</b>           |
| Net position, beginning of year    | 29,211,925                                  | 40,708,842           | 16,302,474           | 5,230,331           | 91,453,572           | 4,212,907                  |
| <b>Net position, end of year</b>   | <b>\$ 30,892,590</b>                        | <b>\$ 46,573,001</b> | <b>\$ 16,026,706</b> | <b>\$ 5,082,283</b> | <b>\$ 98,574,580</b> | <b>\$ 3,296,853</b>        |

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

## CITY OF JACKSON, MICHIGAN

### Reconciliation

Change in Net Position of Enterprise Funds  
to Change in Net Position of Business-type Activities  
For the Fiscal Year Ended June 30, 2021

**Net change in net position - total enterprise funds** \$ 7,121,008

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 loss attributable to those funds is reported with business-type activities.

(230,137)

**Change in net position of business-type activities** \$ 6,890,871

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, 2021

|  | Enterprise Funds - Business-type Activities |                      |                   |                   |                      | Governmental<br>Activities |
|--|---|----------------------|-------------------|-------------------|----------------------|----------------------------|
|  | Sewage                                      | Water                | Parking<br>Deck   | Nonmajor<br>Funds | Totals               | Internal<br>Service        |
| <b>Cash flows from operating activities</b>                      |   |                      |                   |                   |                      |                            |
| Receipts from customers and users                                | \$ 6,249,319                                | \$ 12,444,551        | \$ 6,468          | \$ 280,941        | \$ 18,981,279        | \$ -                       |
| Receipts for interfund services provided                         | -   | -                    | -                 | -                 | -                    | 7,540,368                  |
| Payments to employees  | (1,313,413)                                 | (2,423,900)          | -                 | (48,958)          | (3,786,271)          | (717,180)                  |
| Payments to vendors and claimants                                | (3,935,962)                                 | (3,932,958)          | (53,166)          | (93,499)          | (8,015,585)          | (7,095,196)                |
| <b>Net cash provided by (used in) operating activities</b>       | <u>999,944</u>                              | <u>6,087,693</u>     | <u>(46,698)</u>   | <u>138,484</u>    | <u>7,179,423</u>     | <u>(272,008)</u>           |
| <b>Cash flows from noncapital financing activities</b>           |   |                      |                   |                   |                      |                            |
| Intergovernmental revenue  | 580,025                                     | 80,641               | -                 | -                 | 660,666              | -                          |
| <b>Cash flows from capital and related financing activities</b>  |   |                      |                   |                   |                      |                            |
| Purchase of capital assets                                       | (913,323)                                   | (3,481,588)          | -                 | -                 | (4,394,911)          | (146,460)                  |
| Principal paid on long-term debt                                 | -   | -                    | -                 | -                 | -                    | (138,531)                  |
| Advances to other funds  | -   | -                    | -                 | -                 | -                    | 243,789                    |
| Advances from other funds  | -   | -                    | -                 | -                 | -                    | (5,667)                    |
| <b>Net cash used in capital and related financing activities</b> | <u>(913,323)</u>                            | <u>(3,481,588)</u>   | <u>-</u>          | <u>-</u>          | <u>(4,394,911)</u>   | <u>(46,869)</u>            |
| <b>Cash flows from noncapital financing activities</b>           |   |                      |                   |                   |                      |                            |
| Transfers in   | -   | -                    | -                 | 177,689           | 177,689              | -                          |
| Transfers out  | (239,427)                                   | (632,864)            | -                 | (204,882)         | (1,077,173)          | (55,650)                   |
| <b>Net cash used in noncapital financing activities</b>          | <u>(239,427)</u>                            | <u>(632,864)</u>     | <u>-</u>          | <u>(27,193)</u>   | <u>(899,484)</u>     | <u>(55,650)</u>            |
| <b>Cash flows from investing activities</b>                      |   |                      |                   |                   |                      |                            |
| Interest received on investments                                 | 60,045                                      | 72,438               | 2,424             | 3,221             | 138,128              | 22,998                     |
| <b>Net change in cash and cash equivalents</b>                   | <u>487,264</u>                              | <u>2,126,320</u>     | <u>(44,274)</u>   | <u>114,512</u>    | <u>2,683,822</u>     | <u>(351,529)</u>           |
| Cash and cash equivalents, beginning of year                     | <u>13,676,148</u>                           | <u>16,628,604</u>    | <u>525,888</u>    | <u>401,167</u>    | <u>31,231,807</u>    | <u>2,844,123</u>           |
| <b>Cash and cash equivalents, end of year</b>                    | <u>\$ 14,163,412</u>                        | <u>\$ 18,754,924</u> | <u>\$ 481,614</u> | <u>\$ 515,679</u> | <u>\$ 33,915,629</u> | <u>\$ 2,492,594</u>        |
| <b>Classified on the statement of net position as:</b>           |   |                      |                   |                   |                      |                            |
| Pooled cash and investments                                      | \$ 14,163,412                               | \$ 18,754,924        | \$ 481,614        | \$ 515,679        | \$ 33,915,629        | \$ 2,446,594               |
| Restricted cash and cash equivalents                             | -   | -                    | -                 | -                 | -                    | 46,000                     |
|  | <u>\$ 14,163,412</u>                        | <u>\$ 18,754,924</u> | <u>\$ 481,614</u> | <u>\$ 515,679</u> | <u>\$ 33,915,629</u> | <u>\$ 2,492,594</u>        |

continued...

CITY OF JACKSON, MICHIGAN

**Statement of Cash Flows - Proprietary Funds**  
For the Fiscal Year Ended June 30, 2021

|  | Enterprise Funds - Business-type Activities |                     |                    |                   |                     | Governmental<br>Activities |
|--|---|---------------------|--------------------|-------------------|---------------------|----------------------------|
|  | Sewage                                      | Water               | Parking<br>Deck    | Nonmajor<br>Funds | Totals              | Internal<br>Service        |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>  |   |                     |                    |                   |                     |                            |
| Operating income (loss)  | \$ 1,307,234                                | \$ 6,375,225        | \$ (276,954)       | \$ (123,414)      | \$ 7,282,091        | \$ (879,013)               |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |   |                     |                    |                   |                     |                            |
| Depreciation   | 1,152,388                                   | 1,012,688           | 262,943            | 144,969           | 2,572,988           | 231,532                    |
| Change in operating assets and liabilities that provided (used) cash:                                    |   |                     |                    |                   |                     |                            |
| Accounts receivable, net   | (324,893)                                   | (509,773)           | (32,868)           | 116,762           | (750,772)           | 43,640                     |
| Due from other governments   | 115,824                                     | -                   | -                  | -                 | 115,824             | -                          |
| Due from other funds   | -   | -                   | -                  | 142               | 142                 | 1,108                      |
| Inventories  | -   | 7,762               | -                  | -                 | 7,762               | -                          |
| Prepaid items  | -   | (905)               | -                  | -                 | (905)               | 348,822                    |
| Deferred outflows of resources - pension   | 41,778                                      | 81,465              | -                  | -                 | 123,243             | -                          |
| Deferred outflows of resources - OPEB  | 35,486                                      | 69,595              | -                  | -                 | 105,081             | -                          |
| Accounts payable   | (306,340)                                   | 93,865              | 181                | (616)             | (212,910)           | (14,913)                   |
| Accrued payroll  | 8,803                                       | 11,924              | -                  | 641               | 21,368              | 7,422                      |
| Customer deposits  | -   | 1,955               | -                  | -                 | 1,955               | -                          |
| Estimate claims payable  | -   | -                   | -                  | -                 | -                   | (10,606)                   |
| Accrued compensated absences   | 5,536                                       | (9,826)             | -                  | -                 | (4,290)             | -                          |
| Net pension liability  | (119,527)                                   | (239,914)           | -                  | -                 | (359,441)           | -                          |
| Net OPEB liability   | (683,152)                                   | (343,657)           | -                  | -                 | (1,026,809)         | -                          |
| Deferred inflows of resources - pension  | 65,674                                      | 113,035             | -                  | -                 | 178,709             | -                          |
| Deferred inflows of resources - OPEB   | (298,867)                                   | (575,746)           | -                  | -                 | (874,613)           | -                          |
| <b>Net cash provided by (used in) operating activities</b>   | <b>\$ 999,944</b>                           | <b>\$ 6,087,693</b> | <b>\$ (46,698)</b> | <b>\$ 138,484</b> | <b>\$ 7,179,423</b> | <b>\$ (272,008)</b>        |

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, 2021

|  | Pension and<br>Other Employee<br>Benefits<br>Trust Funds | Custodial<br>Funds |
|--|--|--------------------|
| <b>Assets</b>                                      |  |                    |
| Pooled cash and investments                        | \$ 392,876   | \$ 87,028          |
| Investments, at fair value:                        |  |                    |
| U.S. treasuries                                    | 3,081,884  | -                  |
| Municipal bonds                                    | 125,199  | -                  |
| Corporate bonds:                                   |  |                    |
| Domestic bonds                                     | 5,313,892  | -                  |
| Domestic mutual funds                              | 23,935,534   | -                  |
| Equities:  |  |                    |
| Domestic stocks                                    | 10,798,749   | -                  |
| Domestic mutual funds                              | 45,921,591   | -                  |
| International mutual funds                         | 19,189,626   | -                  |
| Money market funds                                 | 7,054,302  | -                  |
| Receivables -                                      |  |                    |
| Interest, dividends, and other                     | 123,568  | -                  |
| <b>Total assets</b>                                | <u>115,937,221</u>                                       | <u>87,028</u>      |
| <b>Liabilities</b>                                 |  |                    |
| Due to other governments                           | -  | 18,407             |
| Refunds payable and other liabilities              | 931,976  | 68,621             |
| <b>Total liabilities</b>                           | <u>931,976</u>   | <u>87,028</u>      |
| <b>Net position</b>                                |  |                    |
| Restricted for pension and other employee benefits | <u>\$ 115,005,245</u>                                    | <u>\$ -</u>        |

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

# CITY OF JACKSON, MICHIGAN

## Statement of Changes in Fiduciary Net Position - Fiduciary Funds

For the Fiscal Year Ended June 30, 2021

|   | Pension and<br>Other Employee<br>Benefits<br>Trust Funds | Custodial<br>Funds |
|---|--|--------------------|
| <b>Additions</b>                              |  |                    |
| Contributions:                                |  |                    |
| Employer                                      | \$ 9,902,812   | \$ -               |
| Plan members                                  | 1,226,281  | -                  |
| Total contributions                           | <u>11,129,093</u>  | <u>-</u>           |
| Investment income:                            |  |                    |
| Net appreciation in fair value of investments | 24,095,057   | -                  |
| Interest                                      | 344,087  | -                  |
| Dividends                                     | 882,449  | -                  |
| Total investment income                       | <u>25,321,593</u>  | <u>-</u>           |
| Less investment expense                       | <u>332,437</u>   | <u>-</u>           |
| Net investment income                         | 24,989,156   | -                  |
| Taxes collected for other governments         | -  | 25,276,629         |
| Funds collected for employees                 | <u>-</u>   | <u>93,173</u>      |
| <b>Total additions</b>                        | <u>36,118,249</u>  | <u>25,369,802</u>  |
| <b>Deductions</b>                             |  |                    |
| Benefits                                      | 13,773,772   | -                  |
| Refunds of contributions                      | 271,016  | -                  |
| Administrative expense                        | 133,083  | -                  |
| Payments of taxes to other governments        | -  | 25,276,629         |
| Payments of funds to employees                | <u>-</u>   | <u>93,173</u>      |
| <b>Total deductions</b>                       | <u>14,177,871</u>  | <u>25,369,802</u>  |
| <b>Change in net position</b>                 | 21,940,378   | -                  |
| <b>Net position -</b>                         |  |                    |
| Beginning of year                             | <u>93,064,867</u>  | <u>-</u>           |
| <b>End of year</b>                            | <u>\$ 115,005,245</u>                                    | <u>\$ -</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.

#### *Fiduciary Component Units*

**City of Jackson Employees Retirement System** – The City of Jackson Employees Retirement System was established by City Ordinance which provided that the general administration and responsibility for the operation of the Employees Retirement System is vested in a thirteen member Board of Trustees, the majority of whom are appointed by the City Council or serve on the Board due to their positions held in the City and four members who are elected by active members of the Employees Retirement System. The Employees Retirement System is a defined benefit plan that covers all eligible employees of the City of Jackson, except police officers and firefighters that are members of the City of Jackson Act 345 Police and Fire Retirement System. Funding for the Employees Retirement System is provided by the City and active employees. The Employees Retirement System is included in these statements as a fiduciary fund.

**City of Jackson Policemen’s and Firemen’s Pension Fund** – The City of Jackson Policemen’s and Firemen’s Pension Fund was established by Charter Amendment which provided that the general administration and responsibility for the operation of the Policemen’s and Firemen’s Pension Fund is vested in a five member Board of Trustees. Three of the members serve on the Board due to their positions held in the City. Two members (one each from the police department and fire department) are elected to serve by members of the City of Jackson Act 345 Police and Fire Retirement System. This plan closed to new entrants on June 30, 1973 and shares its Board with the City of Jackson Act 345 Police and Fire Retirement System. Funding for the Policemen’s and Firemen’s Pension Fund is primarily provided by the City. The Policemen’s and Firemen’s Pension Fund is included in these statements as a fiduciary fund.

**City of Jackson Act 345 Police and Fire Retirement System** – The City of Jackson Act 345 Police and Fire Retirement System was established by the State of Michigan and adopted by the City of Jackson which provided that the general administration and responsibility for the operation of the Act 345 Police and Fire Retirement System is vested in a five member Board of trustees. Three of the members serve on the Board due to their positions held in the City. Two members (one each from the police department and fire department) are elected to serve by active members of the Act 345 Police and Fire Retirement System. This plan shares its Board with the City of Jackson Policemen’s and Firemen’s Pension Fund. The Act 345 Police and Fire Retirement System is a defined benefit plan that covers all eligible employees hired after June 30, 1973. Funding for the Act 345 Police and Fire Retirement System is provided by the City via a tax levy and employee contributions. The Act 345 Police and Fire Retirement System is included in these statements as a fiduciary fund.

**City of Jackson Public Employee Health Care Fund** – The City of Jackson Public Employee Health Care Fund was adopted and established by City Council resolution which provided for the Michigan Employee’s Retirement System to act as Retiree Health Funding Vehicle (RHFV) Investment Fiduciary and Trustee and the City’s Finance Director to act as its coordinator. The Public Employee Health Care Fund is an investment fund to provide postemployment healthcare benefits to eligible full-time employees hired prior to 2012. Funding for the Public Employee Health Care fund is not required in advance. The Public Employee Health Care fund is included in these statements as a fiduciary fund.

## Notes to Financial Statements

### 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*. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

## CITY OF JACKSON, MICHIGAN

### Notes to Financial Statements

*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.

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.

## CITY OF JACKSON, MICHIGAN

### Notes to Financial Statements

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 *custodial funds* account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Custodial funds account for property tax collections and employee cafeteria reimbursements.

#### **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.

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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### *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 \$25,000 (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.

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 |

### Notes to Financial Statements

#### *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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### *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.

## 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 program/function level for all other special revenue 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2021, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

|   | Total<br>Appropriations | Amount of<br>Expenditures | Budget Variance |
|---|-------------------------|---------------------------|-----------------|
| <b>General fund</b>                     |                         |                           |                 |
| Current:                                |                         |                           |                 |
| General government -                    |                         |                           |                 |
| City Manager                            | \$ 452,530              | \$ 455,625                | \$ 3,095        |
| Public safety -                         |                         |                           |                 |
| Police and fire - unallocated           | 1,972,151               | 2,051,336                 | 79,185          |
| Community enrichment and development:   |                         |                           |                 |
| Economic development                    | 139,500                 | 140,216                   | 716             |
| Diversity, equity and inclusion         | 165,508                 | 165,929                   | 421             |
| <b>Special revenue funds -</b>          |                         |                           |                 |
| Public Improvement Special Revenue Fund | 1,392,702               | 1,427,562                 | 34,860          |

### 4. FUND DEFICITS

At June 30, 2021, the special assessment capital projects fund had a fund deficit of \$1,881,815. This deficit will be eliminated as deferred special assessments become due.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 5. DEPOSITS AND INVESTMENTS

*Summary of Deposit and Investment Balances.* Following is a reconciliation of deposit and investment balances as of June 30, 2021:

|   | Primary<br>Government | Component<br>Units  | Total                 |
|---|-----------------------|---------------------|-----------------------|
| <b>Statement of Net Position</b>  |                       |                     |                       |
| Pooled cash and investments   | \$ 55,097,494         | \$ 1,579,098        | \$ 56,676,592         |
| Restricted cash:  |                       |                     |                       |
| Cash on hand with agents  | 46,000                | -                   | 46,000                |
| Pooled cash and investments   | 3,486,171             | -                   | 3,486,171             |
| <b>Statement of Fiduciary Net Position</b>  |                       |                     |                       |
| Pooled cash and investments   | 479,904               | -                   | 479,904               |
| Investments – pension and other employee benefits                                     | 115,420,777           | -                   | 115,420,777           |
| <b>Total</b>  | <b>\$ 174,530,346</b> | <b>\$ 1,579,098</b> | <b>\$ 176,109,444</b> |
| <b>Deposits and investments:</b>  |                       |                     |                       |
| Bank deposits (checking, savings, money market accounts, and certificates of deposit) |                       |                     | \$ 59,024,330         |
| Investments in securities and mutual funds:   |                       |                     |                       |
| Cash and investment pool  |                       |                     | 1,602,642             |
| Pension and other employee benefits trust funds                                       |                       |                     | 115,420,777           |
| Cash on hand with agents  |                       |                     | 46,000                |
| Cash on hand  |                       |                     | 15,695                |
| <b>Total</b>  |                       |                     | <b>\$ 176,109,444</b> |

#### Deposits and Investments – Cash and Investment Pool

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. As of June 30, 2021, \$45,346,388 of the City's total bank balance of \$59,169,624 (total book balance was \$59,024,330) 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, 2021:

|                                |                            |
|--------------------------------|----------------------------|
| Michigan CLASS Investment Fund | \$ 1,584,106               |
| Domestic equities              | <u>18,536</u>              |
| <b>Total</b>                   | <u><u>\$ 1,602,642</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, 2021, 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, 2021, 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, 2021, 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, 2021, the recurring fair value measurements for the City's investments in the domestic equities 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 \$1,584,106. 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, 2021:

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

|                            |              |
|----------------------------|--------------|
| U.S. treasuries            | \$ 3,081,884 |
| Municipal bonds            | 125,199      |
| Corporate bonds:           |              |
| Domestic bonds             | 5,313,892    |
| Domestic mutual funds      | 23,935,534   |
| Equities:                  |              |
| Domestic stocks            | 10,798,749   |
| Domestic mutual funds      | 45,921,591   |
| International mutual funds | 19,189,626   |
| Money market funds         | 7,054,302    |

|                          |                              |
|--------------------------|------------------------------|
| <b>Total investments</b> | <b><u>\$ 115,420,777</u></b> |
|--------------------------|------------------------------|

*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  | \$ 1,214,386        |
| N/A     | AA+  | 353,187             |
| N/A     | AA   | 40,905              |
| N/A     | A-   | 263,968             |
| N/A     | BBB+ | 743,682             |
| N/A     | BBB  | 1,114,808           |
| N/A     | BBB- | 1,173,329           |
| N/A     | BB+  | 43,475              |
| Aaa     | N/A  | 491,351             |
| Totals  |      | <u>\$ 5,439,091</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, 2021, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

*Interest Rate Risk.* As of June 30, 2021, 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           | \$ 3,081,884        | \$ -  | \$ 2,206,227        | \$ 875,657          | \$ -              |
| Municipal bonds           | 125,199             | -   | 40,905              | 84,294              | -                 |
| Domestic corporate bonds: |                     |   |                     |                     |                   |
| Asset backed securities   | 2,058,924           | -   | 1,316,661           | -                   | 742,263           |
| Corporate bonds           | 3,254,968           | -   | 1,884,355           | 1,216,151           | 154,462           |
|                           | <u>\$ 8,520,975</u> | <u>\$ -</u>                                 | <u>\$ 5,448,148</u> | <u>\$ 2,176,102</u> | <u>\$ 896,725</u> |

The pension and other employee benefits trust funds' investment policies do not address interest rate risk.

## CITY OF JACKSON, MICHIGAN

### Notes to Financial Statements

*Fair Value Measurements.* The pension and other employee benefits trust funds categorize 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, 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, 2021:

|                            | Level 1              | Level 2              | Level 3     | Total                 |
|----------------------------|----------------------|----------------------|-------------|-----------------------|
| U.S. treasuries            | \$ -                 | \$ 3,081,884         | \$ -        | \$ 3,081,884          |
| Municipal bonds            | -                    | 125,199              | -           | 125,199               |
| Corporate bonds:           |                      |                      |             |                       |
| Domestic bonds             | -                    | 5,313,892            | -           | 5,313,892             |
| Domestic mutual funds      | -                    | 23,935,534           | -           | 23,935,534            |
| Equities:                  |                      |                      |             |                       |
| Domestic stocks            | 10,798,749           | -                    | -           | 10,798,749            |
| Domestic mutual funds      | 45,921,591           | -                    | -           | 45,921,591            |
| International mutual funds | 19,189,626           | -                    | -           | 19,189,626            |
| Money market funds         | 7,054,302            | -                    | -           | 7,054,302             |
| <b>Total investments</b>   | <b>\$ 82,964,268</b> | <b>\$ 32,456,509</b> | <b>\$ -</b> | <b>\$ 115,420,777</b> |

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:

|  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Component<br/>Units</b> |
|--|------------------------------------|-------------------------------------|----------------------------|
| Accounts receivable                                    | \$ 4,338,515                       | \$ 4,684,040                        | \$ -                       |
| Allowance for uncollectible amounts                    | (3,626,052)                        | (16,821)                            | -                          |
| Taxes receivable                                       | 2,274,494                          | -                                   | -                          |
| Allowance for uncollectible amounts                    | (113,601)                          | -                                   | -                          |
| Notes receivable                                       | -                                  | -                                   | 61,412                     |
| Special assessment receivables                         | 4,393,785                          | -                                   | -                          |
| Due from other governments                             | 1,791,265                          | -                                   | -                          |
|  | <u>\$ 9,058,406</u>                | <u>\$ 4,667,219</u>                 | <u>\$ 61,412</u>           |
| Amount not expected to be<br>collected within one year | <u>\$ 3,465,686</u>                | <u>\$ -</u>                         | <u>\$ 55,632</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, 2021, was as follows:

|  | Beginning<br>Balance  | Increases           | Decreases           | Transfers          | Ending<br>Balance     |
|--|-----------------------|---------------------|---------------------|--------------------|-----------------------|
| <b>Governmental activities</b>                     |                       |                     |                     |                    |                       |
| Capital assets not being depreciated:              |                       |                     |                     |                    |                       |
| Land   | \$ 2,395,280          | \$ -                | \$ -                | \$ -               | \$ 2,395,280          |
| Construction in progress                           | 4,637,563             | -                   | -                   | (2,675,176)        | 1,962,387             |
|  | <u>7,032,843</u>      | <u>-</u>            | <u>-</u>            | <u>(2,675,176)</u> | <u>4,357,667</u>      |
| Capital assets being depreciated:                  |                       |                     |                     |                    |                       |
| Infrastructure                                     | 188,326,489           | 8,445,071           | -                   | -                  | 196,771,560           |
| Land improvements                                  | 15,799,320            | 38,366              | -                   | -                  | 15,837,686            |
| Buildings and improvements                         | 17,206,598            | 48,516              | 1,617,258           | 1,568,742          | 17,206,598            |
| Park and recreation facilities                     | 11,760,966            | 1,327,466           | -                   | 1,106,434          | 14,194,866            |
| Machinery and equipment                            | 16,284,463            | 181,176             | 1,043,047           | -                  | 15,422,592            |
|  | <u>249,377,836</u>    | <u>10,040,595</u>   | <u>2,660,305</u>    | <u>2,675,176</u>   | <u>259,433,302</u>    |
| Less accumulated depreciation for:                 |                       |                     |                     |                    |                       |
| Infrastructure                                     | 118,178,117           | 4,786,039           | -                   | -                  | 122,964,156           |
| Land improvements                                  | 5,042,849             | 316,755             | -                   | -                  | 5,359,604             |
| Buildings and improvements                         | 7,652,187             | 289,617             | -                   | -                  | 7,941,804             |
| Park and recreation facilities                     | 6,120,999             | 219,852             | -                   | -                  | 6,340,851             |
| Machinery and equipment                            | 13,714,018            | 540,056             | 1,043,047           | -                  | 13,211,027            |
|  | <u>150,708,170</u>    | <u>6,152,319</u>    | <u>1,043,047</u>    | <u>-</u>           | <u>155,817,442</u>    |
| Total capital assets being depreciated, net        | <u>98,669,666</u>     | <u>3,888,276</u>    | <u>1,617,258</u>    | <u>2,675,176</u>   | <u>103,615,860</u>    |
| <b>Governmental activities capital assets, net</b> | <u>\$ 105,702,509</u> | <u>\$ 3,888,276</u> | <u>\$ 1,617,258</u> | <u>\$ -</u>        | <u>\$ 107,973,527</u> |

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

|   | Beginning<br>Balance | Increases           | Decreases   | Transfers          | Ending<br>Balance    |
|---|----------------------|---------------------|-------------|--------------------|----------------------|
| <b>Business-type activities</b>                     |                      |                     |             |                    |                      |
| Capital assets not being depreciated:               |                      |                     |             |                    |                      |
| Land  | \$ 8,956,886         | \$ -                | \$ -        | \$ -               | \$ 8,956,886         |
| Construction in progress                            | 4,734,040            | 1,077,692           | -           | (4,734,040)        | 1,077,692            |
|   | <u>13,690,926</u>    | <u>1,077,692</u>    | <u>-</u>    | <u>(4,734,040)</u> | <u>10,034,578</u>    |
| Capital assets being depreciated:                   |                      |                     |             |                    |                      |
| Systems   | 97,963,531           | 2,830,469           | -           | 876,252            | 101,670,252          |
| Land improvements                                   | 5,832,493            | -                   | -           | -                  | 5,832,493            |
| Buildings and improvements                          | 11,867,683           | 243,371             | -           | 1,933,376          | 14,044,430           |
| Machinery and equipment                             | 15,332,799           | 243,379             | -           | 1,924,412          | 17,500,590           |
|   | <u>130,996,506</u>   | <u>3,317,219</u>    | <u>-</u>    | <u>4,734,040</u>   | <u>139,047,765</u>   |
| Less accumulated depreciation for:                  |                      |                     |             |                    |                      |
| Systems   | 50,902,131           | 1,593,839           | -           | -                  | 52,495,970           |
| Land improvements                                   | 1,717,142            | 180,427             | -           | -                  | 1,897,569            |
| Buildings and improvements                          | 4,211,474            | 275,440             | -           | -                  | 4,486,914            |
| Machinery and equipment                             | 11,249,291           | 523,282             | -           | -                  | 11,772,573           |
|   | <u>68,080,038</u>    | <u>2,572,988</u>    | <u>-</u>    | <u>-</u>           | <u>70,653,026</u>    |
| Total capital assets being depreciated, net         | <u>62,916,468</u>    | <u>744,231</u>      | <u>-</u>    | <u>4,734,040</u>   | <u>68,394,739</u>    |
| <b>Business-type activities capital assets, net</b> | <u>\$ 76,607,394</u> | <u>\$ 1,821,923</u> | <u>\$ -</u> | <u>\$ -</u>        | <u>\$ 78,429,317</u> |

## CITY OF JACKSON, MICHIGAN

### Notes to Financial Statements

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

|  |                     |
|--|---------------------|
| <b>Governmental activities</b>   |                     |
| General government   | \$ 240,813          |
| Public safety  | 308,521             |
| Public works, including depreciation of general infrastructure assets  | 4,852,811           |
| Culture and recreation   | 241,194             |
| Community enrichment and development   | 277,448             |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>231,532</u>      |
| <b>Total depreciation expense - governmental activities</b>  | <u>\$ 6,152,319</u> |
| <b>Business-type activities</b>  |                     |
| Sewage   | \$ 1,152,388        |
| Water  | 1,012,688           |
| Parking deck   | 262,943             |
| Nonmajor enterprise funds  | <u>144,969</u>      |
| <b>Total depreciation expense - business-type activities</b>   | <u>\$ 2,572,988</u> |

There were no outstanding construction commitments at June 30, 2021.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following at year end:

|                   | Governmental<br>Activities | Business-type<br>Activities | Component<br>Units |
|-------------------|----------------------------|-----------------------------|--------------------|
| Accounts payable  | \$ 1,932,148               | \$ 923,131                  | \$ 3,542           |
| Accrued payroll   | 674,520                    | 130,269                     | 4,156              |
| Other liabilities | 211,658                    | -                           | -                  |
| Customer deposits | -                          | 220,100                     | -                  |
|                   | <u>\$ 2,818,326</u>        | <u>\$ 1,273,500</u>         | <u>\$ 7,698</u>    |

### 9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2021, amounts due from and due to other funds were as follows:

| Receivable funds            | Payable Funds                                |                                   |                     |
|-----------------------------|--|-----------------------------------|---------------------|
|                             | Special<br>Assessment<br>Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total               |
| General fund                | \$ 2,073,870                                 | \$ -                              | \$ 2,073,870        |
| Nonmajor governmental funds | -  | 17,167                            | 17,167              |
|                             | <u>\$ 2,073,870</u>                          | <u>\$ 17,167</u>                  | <u>\$ 2,091,037</u> |

At June 30, 2021, long-term advances between funds were as follows:

| Receivable funds       | Payable Funds                                |                                   |                   |
|------------------------|--|-----------------------------------|-------------------|
|                        | Special<br>Assessment<br>Capital<br>Projects | Nonmajor<br>Governmental<br>Funds | Total             |
| General fund           | \$ -   | \$ 50,000                         | \$ 50,000         |
| Internal service funds | 419,367                                      | -                                 | 419,367           |
|                        | <u>\$ 419,367</u>                            | <u>\$ 50,000</u>                  | <u>\$ 469,367</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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

The advance from the internal service funds was used to provide cash for the special assessment capital projects fund. Additionally, an advance from the general fund was used to provide cash for the community development block grant fund.

For the year ended June 30, 2021, interfund transfers consisted of the following:

| Transfers Out                            | Transfers In    |                     |  |                             |
|--|-----------------|---------------------|--|-----------------------------|
|  | General Fund    | Major Streets Fund  | Special Assessments Capital Projects Funds | Nonmajor Governmental Funds |
| General fund                             | \$ -            | \$ -                | \$ -                                       | \$ 287,037                  |
| Major streets fund                       | -               | -                   | -  | 619,897                     |
| Special assessment capital projects fund | -               | 141,384             | -  | 519,791                     |
| Nonmajor governmental funds              | 4,393           | 2,355,608           | 1,461,502                                  | 3,586,271                   |
| Sewage                                   | -               | -                   | -  | 239,427                     |
| Water                                    | -               | -                   | -  | 632,864                     |
| Nonmajor enterprise funds                | -               | -                   | -  | 204,882                     |
| Internal service funds                   | -               | -                   | -  | 55,650                      |
|  | <u>\$ 4,393</u> | <u>\$ 2,496,992</u> | <u>\$ 1,461,502</u>                        | <u>\$ 6,145,819</u>         |

| Transfers Out                            | Transfers In              |                      |
|--|---------------------------|----------------------|
|  | Nonmajor Enterprise Funds | Total                |
| General fund                             | \$ -                      | \$ 287,037           |
| Major streets fund                       | -                         | 619,897              |
| Special assessment capital projects fund | -                         | 661,175              |
| Nonmajor governmental funds              | 177,689                   | 7,585,463            |
| Sewage                                   | -                         | 239,427              |
| Water                                    | -                         | 632,864              |
| Nonmajor enterprise funds                | -                         | 204,882              |
| Internal service funds                   | -                         | 55,650               |
|  | <u>\$ 177,689</u>         | <u>\$ 10,286,395</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 \$70,107,577.

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<br>Matures | Interest Rates | Original<br>Amount   | Amount               |
|--|------------------------|----------------|----------------------|----------------------|
| <b>Governmental activities</b>             |                        |                |                      |                      |
| 2001 downtown development                  | 2026                   | 3.70%-5.75%    | \$ 17,998,577        | \$ 3,976,560         |
| 2016 capital improvement                   | 2026                   | 0.75%-2.25%    | 1,300,000            | 689,000              |
| 2017 transportation bond                   | 2031                   | 2.41%          | 8,970,000            | 6,695,000            |
| 2017 brownfield refunding                  | 2030                   | 2.64%          | 9,080,000            | 8,360,000            |
| 2018 capital improvement                   | 2033                   | 2.50% - 5.00%  | 14,890,000           | 12,515,000           |
| 2019 downtown development<br>refunding     | 2030                   | 3.02%          | 5,715,000            | 5,650,000            |
| 2020 capital improvement                   | 2030                   | 2.06%          | 2,004,000            | 1,822,000            |
| 2020 special assessment                    | 2031                   | 1.50%          | 1,496,000            | 1,496,000            |
| 2021 general obligation refunding          | 2027                   | 0.99%          | 4,382,000            | 4,382,000            |
| 2021 brownfield redevelopment<br>refunding | 2031                   | 1.79%          | 4,272,000            | 4,272,000            |
|  |                        |                | <u>\$ 70,107,577</u> | <u>\$ 49,857,560</u> |

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

| Year      | Governmental Activities |                      |
|-----------|-------------------------|----------------------|
|           | Principal               | Interest             |
| 2022      | \$ 4,267,697            | \$ 3,144,116         |
| 2023      | 4,353,765               | 3,198,778            |
| 2024      | 4,474,730               | 3,261,128            |
| 2025      | 5,162,033               | 3,331,400            |
| 2026      | 5,363,335               | 3,377,318            |
| 2027-2031 | 23,621,000              | 2,638,212            |
| 2032-2033 | 2,615,000               | 197,750              |
|           | <u>\$ 49,857,560</u>    | <u>\$ 19,148,702</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            |
|---|---------------------|----------------|---------------------|-------------------|
| <b>Governmental activities</b>                  |                     |                |                     |                   |
| 2016 Lease Purchase Agreement - Fire Truck      | 2023                | 5.00%          | \$ 459,493          | \$ 123,064        |
| 2019 Lease Purchase Agreement - Street Sweeper  | 2025                | 3.99%          | 265,000             | 182,460           |
| 2020 Lease Purchase Agreement - Leaf Collectors | 2025                | 1.93%          | 459,446             | 371,095           |
|   |                     |                | <u>\$ 1,183,939</u> | <u>\$ 676,619</u> |

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

| Year | Governmental Activities |                  |
|------|-------------------------|------------------|
|      | Principal               | Interest         |
| 2022 | \$ 202,933              | \$ 17,344        |
| 2023 | 208,690                 | 11,586           |
| 2024 | 150,190                 | 5,651            |
| 2025 | 114,806                 | 2,003            |
|      | <u>\$ 676,619</u>       | <u>\$ 36,584</u> |

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for the year ended June 30, 2021, was as follows:

|   | Beginning Balance    | Additions            | Reductions           | Ending Balance       | Due Within One Year |
|---|----------------------|----------------------|----------------------|----------------------|---------------------|
| <b>Primary Government</b>   |                      |                      |                      |                      |                     |
| <b>Governmental activities</b>  |                      |                      |                      |                      |                     |
| General obligation bonds  | \$ 52,312,859        | \$ 10,150,000        | \$ 12,605,299        | \$ 49,857,560        | \$ 4,267,697        |
| Notes from direct borrowings/<br>placements -<br>Installment purchase<br>agreements | 873,895              | -                    | 197,276              | 676,619              | 202,933             |
| Compensated absences  | 1,838,027            | 904,890              | 1,017,301            | 1,725,616            | 172,562             |
| Deferred amounts for -<br>Issuance premium  | 1,784,761            | -                    | 407,266              | 1,377,495            | 114,791             |
|   | <u>\$ 56,809,542</u> | <u>\$ 11,054,890</u> | <u>\$ 14,227,142</u> | <u>\$ 53,637,290</u> | <u>\$ 4,757,983</u> |
| <b>Business-type activities</b>   |                      |                      |                      |                      |                     |
| Compensated absences  | <u>\$ 291,996</u>    | <u>\$ 210,242</u>    | <u>\$ 214,532</u>    | <u>\$ 287,706</u>    | <u>\$ 25,951</u>    |

Additions to the general obligation bonds includes the following:

|   |                      |
|---|----------------------|
| Issuance of the 2020 special assessment bonds                 | \$ 1,496,000         |
| Issuance of the 2021 general obligation refunding bonds       | 4,382,000            |
| Issuance of the 2021 brownfield redevelopment refunding bonds | <u>4,272,000</u>     |
| Total general obligation bonds additions                      | <u>\$ 10,150,000</u> |

Reductions from the general obligation bonds includes the following:

|  |                      |
|--|----------------------|
| Refunding of the 2012 brownfield redevelopment refunding bonds | \$ 4,220,000         |
| Refunding of the 2013 general obligation refunding bonds       | 4,405,000            |
| Regularly scheduled principal payments                         | <u>3,980,299</u>     |
| Total general obligation bonds reductions                      | <u>\$ 12,605,299</u> |

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

### **Refunded and Defeased Debt**

On December 19, 2019, the City issued \$5,715,000 of 2019 downtown development refunding bonds with interest of 3.02% to advance refund \$5,395,000 of outstanding 2011 downtown development refunding bonds. As a result, the bonds were considered defeased at the time of the refunding and the liability was removed from the statement of net position. On June 1, 2021, the defeased bonds were called and redeemed.

On March 24, 2021, the City issued \$4,382,000 of 2021 general obligation refunding bonds with interest of 0.99% to advance refund \$4,405,000 of outstanding 2013 general obligation refunding bonds. As a result, the bonds were considered defeased at the time of the refunding and the liability was removed from the statement of net position. The refunding resulted in a savings of \$343,692 and an economic gain of \$332,440. On May 1, 2021, the defeased bonds were called and redeemed.

## CITY OF JACKSON, MICHIGAN

### Notes to Financial Statements

On March 24, 2021, the City issued \$4,272,000 of 2021 brownfield redevelopment refunding bonds with interest of 1.79% to advance refund \$4,220,000 of outstanding 2012 brownfield redevelopment refunding bonds. As a result, the bonds were considered defeased at the time of the refunding and the liability was removed from the statement of net position. The refunding resulted in a savings of \$458,494 and an economic gain of \$416,441. On June 1, 2021, the defeased bonds were called and redeemed.

#### 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, 2021, the net appreciation on investments of donor-restricted endowments was \$4,651 and there was an overall decrease in fund balance of \$10,404. 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 \$1,147,544.

***Cemetery Perpetual Maintenance Permanent Trust Fund.*** For the year ended June 30, 2021, the net appreciation on investments of donor-restricted endowments was \$4,393 and there was an overall increase in fund balance of \$36,513. 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 \$2,034,305.

***Lloyd E. Mount Endowment Permanent Trust Fund.*** For the year ended June 30, 2021, the net appreciation on investments of donor-restricted endowments was \$1,362 and there was an overall decrease in fund balance of \$4,327. 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 \$304,322.

# 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, 2021, 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, 2021, 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, 2021 and 2020, are as follows:

|  | 2021             | 2020             |
|--|------------------|------------------|
| Claims liability at beginning of fiscal year | \$ 85,010        | \$ 169,318       |
| Claims and changes in estimates              | 180,355          | 12,474           |
| Claims payments                              | <u>(190,961)</u> | <u>(96,782)</u>  |
| Claims liability at June 30                  | <u>\$ 74,404</u> | <u>\$ 85,010</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, 2020 levy was assessed and valued at approximately \$636 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, 1.0000 for City hall debt, 9.6100 for Act 345 Pension, 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 2021 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 \$22,100 in reduced tax revenues for 2021.

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 \$37,400 in reduced City tax revenues for 2021.

#### 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, 2020 valuation date, system membership consisted of the following:

|   | Employees'<br>Retirement<br>System | Policemen's<br>and Firemen's<br>Pension Fund | Policemen's<br>and Firemen's<br>Pension - Act<br>345 Fund |
|---|------------------------------------|--|---|
| Retirees and beneficiaries receiving benefits                       | 194                                | 15   | 171   |
| Terminated plan members entitled to, but not yet receiving benefits | 23                                 | -  | 4   |
| Active plan members   | 148                                | -  | 66  |
|   | <u>365</u>                         | <u>15</u>                                    | <u>241</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'<br>Retirement<br>System | Policemen's<br>and Firemen's<br>Pension Fund | Policemen's<br>and Firemen's<br>Pension - Act<br>345 Fund |
|-----------------------|------------------------------------|--|---|
| Domestic fixed income | 30.00%                             | 40.00%                                       | 40.00%  |
| Domestic equity       | 45.00%                             | 40.00%                                       | 35.00%  |
| International equity  | 20.00%                             | 20.00%                                       | 20.00%  |
| Real estate           | 5.00%                              | -  | 5.00%   |
|                       | <u>100.00%</u>                     | <u>100.00%</u>                               | <u>100.00%</u>  |

### 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, 2021 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, 2021, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 28.98%, 27.30% and 27.40% 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 thirteen members, four are elected to four-year terms (with no more than one from any one department), four are appointed by the City Manager, one is a citizen appointed by the City Council, one is a city council member appointed by the City Council and the remaining four 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, 2020 (rolled forward to June 30, 2021) 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 single discount rate was based on an expected rate of return on pension plan investments of 6.85%. 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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at June 30, 2020                                     | \$ 55,709,829                     | \$ 39,166,667                         | \$ 16,543,162                         |
| Changes for the year:   |                                   |                                       |                                       |
| Service cost  | 815,383                           | -                                     | 815,383                               |
| Interest  | 3,715,953                         | -                                     | 3,715,953                             |
| Differences between expected and actual experience            | 50,831                            | -                                     | 50,831                                |
| Employer contributions  | -                                 | 1,068,745                             | (1,068,745)                           |
| Employee contributions  | -                                 | 740,817                               | (740,817)                             |
| Net investment income   | -                                 | 10,680,602                            | (10,680,602)                          |
| Benefit payments, including refunds of employee contributions | (3,740,072)                       | (3,740,072)                           | -                                     |
| Administrative expense  | -                                 | (39,183)                              | 39,183                                |
| Net changes   | 842,095                           | 8,710,909                             | (7,868,814)                           |
| <b>Balances at June 30, 2021</b>                              | <b>\$ 56,551,924</b>              | <b>\$ 47,877,576</b>                  | <b>\$ 8,674,348</b>                   |

# 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%<br>Decrease<br>(5.85%) | Current<br>Single<br>Discount Rate<br>(6.85%) | 1%<br>Increase<br>(7.85%) |
|----------------------------|---------------------------|---|---------------------------|
| Plan net pension liability | \$ 14,707,127             | \$ 8,674,348                                  | \$ 2,281,290              |

*Pension expense and deferred outflows and inflows of resources related to pensions.* For the year ended June 30, 2021, the City recognized pension expense of \$433,836. At June 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|---|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience                                   | \$ 39,401                            | \$ 410,267                          | \$ (370,866)  |
| Changes in assumptions  | 1,518,970                            | 890,857                             | 628,113   |
| Net difference between projected and actual earnings<br>on pension plan investments | -                                    | 5,512,617                           | (5,512,617)   |
| <b>Total</b>  | <u>\$ 1,558,371</u>                  | <u>\$ 6,813,741</u>                 | <u>\$ (5,255,370)</u>                                 |

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

| Year Ended<br>June 30, | Amortization          |
|------------------------|-----------------------|
| 2022                   | \$ (836,175)          |
| 2023                   | (1,453,131)           |
| 2024                   | (1,358,144)           |
| 2025                   | (1,607,920)           |
|                        | <u>\$ (5,255,370)</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, 2020 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, 2020 (rolled forward to June 30, 2021) 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:

|   | <b>Total Pension<br/>Liability<br/>(a)</b> | <b>Plan Fiduciary<br/>Net Position<br/>(b)</b> | <b>Net Pension<br/>Liability<br/>(a) - (b)</b> |
|---|--|--|--|
| Balances at June 30, 2020                                     | \$ 6,589,865                               | \$ 3,311,403                                   | \$ 3,278,462                                   |
| Changes for the year:   |  |  |  |
| Interest  | 375,164                                    | -  | 375,164  |
| Differences between expected and actual experience            | (821,567)                                  | -  | (821,567)                                      |
| Employer contributions  | -  | 524,841  | (524,841)                                      |
| Net investment income   | -  | 845,488  | (845,488)                                      |
| Benefit payments, including refunds of employee contributions | (674,274)                                  | (674,274)                                      | -  |
| Administrative expense  | -  | (10,450)                                       | 10,450   |
| Net changes   | <u>(1,120,677)</u>                         | <u>685,605</u>                                 | <u>(1,806,282)</u>                             |
| <b>Balances at June 30, 2021</b>                              | <u>\$ 5,469,188</u>                        | <u>\$ 3,997,008</u>                            | <u>\$ 1,472,180</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:

|                            | <b>1%<br/>Decrease<br/>(5.0%)</b> | <b>Current<br/>Single<br/>Discount Rate<br/>(6.0%)</b> | <b>1%<br/>Increase<br/>(7.0%)</b> |
|----------------------------|-----------------------------------|--|-----------------------------------|
| Plan net pension liability | \$ 1,866,809                      | \$ 1,472,180   | \$ 1,124,266                      |

*Pension expense and deferred inflows of resources related to pensions.* For the year ended June 30, 2021, the City recognized pension expense of \$840,908. At June 30, 2021, the City reported deferred inflows of resources related to pensions from the following sources:

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred<br/>Inflows of<br/>Resources</b> | <b>Net Deferred<br/>Outflows<br/>(Inflows) of<br/>Resources</b> |
|--|---|--|---|
| Net difference between projected and actual earnings on pension plan investments | \$ -  | \$ 504,931                                   | \$ (504,931)  |

**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<br>June 30, | Amortization        |
|------------------------|---------------------|
| 2022                   | \$ (161,400)        |
| 2023                   | (105,912)           |
| 2024                   | (107,298)           |
| 2025                   | <u>(130,321)</u>    |
|                        | <u>\$ (504,931)</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, 2020 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, 2020 (rolled forward to June 30, 2021) 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 | 6.0%   |
| 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.       |

## 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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| Balances at June 30, 2020  | \$ 85,281,628                     | \$ 46,605,620                         | \$ 38,676,008                         |
| Changes for the year:  |                                   |                                       |                                       |
| Service cost   | 1,030,158                         | -                                     | 1,030,158                             |
| Interest   | 4,930,684                         | -                                     | 4,930,684                             |
| Differences between expected and<br>actual experience            | 570,805                           | -                                     | 570,805                               |
| Employer contributions   | -                                 | 5,916,061                             | (5,916,061)                           |
| Employee contributions   | -                                 | 485,464                               | (485,464)                             |
| Net investment income  | -                                 | 12,479,372                            | (12,479,372)                          |
| Benefit payments, including refunds of<br>employee contributions | (7,237,277)                       | (7,237,277)                           | -                                     |
| Administrative expense   | -                                 | (58,433)                              | 58,433                                |
| Net changes  | (705,630)                         | 11,585,187                            | (12,290,817)                          |
| <b>Balances at June 30, 2021</b>                                 | <b>\$ 84,575,998</b>              | <b>\$ 58,190,807</b>                  | <b>\$ 26,385,191</b>                  |

*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%<br>Decrease<br>(5.0%) | Current<br>Single<br>Discount Rate<br>(6.0%) | 1%<br>Increase<br>(7.0%) |
|----------------------------|--------------------------|--|--------------------------|
| Plan net pension liability | \$ 35,123,531            | \$ 26,385,191                                | \$ 16,963,876            |

## 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, 2021, the City recognized pension expense of \$3,500,333. At June 30, 2021, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|---|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience                                   | \$ 658,749                           | \$ -                                | \$ 658,749  |
| Changes in assumptions  | 1,174,761                            | -                                   | 1,174,761   |
| Net difference between projected and actual earnings<br>on pension plan investments | -                                    | 7,046,264                           | (7,046,264)   |
| <b>Total</b>  | <u>\$ 1,833,510</u>                  | <u>\$ 7,046,264</u>                 | <u>\$ (5,212,754)</u>                                 |

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<br>June 30, | Amortization          |
|------------------------|-----------------------|
| 2022                   | \$ (418,761)          |
| 2023                   | (1,219,609)           |
| 2024                   | (1,632,411)           |
| 2025                   | <u>(1,941,973)</u>    |
|                        | <u>\$ (5,212,754)</u> |

*Payable to the Pension Plans.* At June 30, 2021, the City had no amounts payable for contributions to the Pension Plans.

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

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 18. OTHER 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.

*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>               |
| <b>Total membership</b>   | <b><u><u>336</u></u></b> |

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

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

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### Investments

As permitted under the Public Employees Health Care Funds Public Act 149 of 1999, the City Council established a Public Employee Health Care Fund by adoption of a resolution on September 8, 2008. That resolution provides for the Michigan Employee's Retirement System (MERS) to act as Retiree Health Funding Vehicle (RHFV) Investment Fiduciary and Trustee. The City funds the RHFV Trust sub-fund to provide for health care benefits for eligible employees that qualify for such benefits as approved by the City Council and applicable collective bargaining agreements. The resolution also directs the Finance Director of the City to be its RHFV coordinator, which gives that person the authority to direct payment of fund monies to eligible employees, make investment allocations of the sub trust fund within MERS-approved portfolios and, in general, act on behalf of the City as it relates to the administrative duties relating to the fund. The City invests in the MERS Total Market Portfolio which is a diversified portfolio with the objective of providing current income and capital appreciation while minimizing the volatility of capital markets. Annualized performance for the fiscal year ended June 30, 2021 was 28.19% compared to the custom benchmark return of 26.44%.

| Asset Class         | Target Allocation |
|---------------------|-------------------|
| Global Fixed Income | 25.0%             |
| Global equity       | 55.0%             |
| Private markets     | 20.0%             |
|                     | 100.0%            |

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, 2021 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 28.19%.

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

## CITY OF JACKSON, MICHIGAN

### Notes to Financial Statements

*Actuarial Assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2019 (rolled forward to June 30, 2021), using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

|                             |   |
|-----------------------------|---|
| Inflation                   | 2.50%   |
| Salary increases            | 3.00% to 7.00% for General Group, including inflation;<br>3.00% to 12.00% for Police/Fire Group, including<br>inflation |
| Investment rate of return   | 5.00%, net of investment expenses, including inflation  |
| Healthcare cost trend rates | 8.25% in 2020, grading to 3.50% in 2032   |

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-2014 Healthy Annuitant, Disabled Annuitant, and Employees tables adjusted for mortality improvement using projected scale MP-2018 from 2006 on a fully generational basis.

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, 2019.

# 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<br>Liability<br>(a) | Plan Fiduciary<br>Net Position<br>(b) | Net OPEB<br>Liability<br>(a) - (b) |
|---|--------------------------------|---------------------------------------|------------------------------------|
| Balances at June 30, 2020                                     | \$ 39,435,597                  | \$ 3,981,177                          | \$ 35,454,420                      |
| Changes for the year:   |                                |                                       |                                    |
| Service cost  | 277,432                        | -                                     | 277,432                            |
| Interest  | 1,918,887                      | -                                     | 1,918,887                          |
| Differences between expected and actual experience            | (142,795)                      | -                                     | (142,795)                          |
| Employer contributions  | -                              | 2,393,165                             | (2,393,165)                        |
| Net investment income   | -                              | 983,694                               | (983,694)                          |
| Benefit payments, including refunds of employee contributions | (2,393,165)                    | (2,393,165)                           | -                                  |
| Administrative expense  | -                              | (25,017)                              | 25,017                             |
| Net changes   | <u>(339,641)</u>               | <u>958,677</u>                        | <u>(1,298,318)</u>                 |
| <b>Balances at June 30, 2021</b>                              | <b><u>\$ 39,095,956</u></b>    | <b><u>\$ 4,939,854</u></b>            | <b><u>\$ 34,156,102</u></b>        |

*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<br>(4.0%) | Current Discount<br>Rate (5.0%) | 1% Increase<br>(6.0%) |
|-------------------------|-----------------------|---------------------------------|-----------------------|
| Plan net OPEB liability | \$ 38,669,123         | \$ 34,156,102                   | \$ 30,882,208         |

*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<br>(7.25% graded<br>down to 2.5%) | Current<br>Healthcare Cost<br>Trend Rate<br>(8.25% graded<br>down to 3.5%) | 1% Increase<br>(9.25% graded<br>down to 4.5%) |
|-------------------------|---|--|---|
| Plan net OPEB liability | \$ 31,954,471                                 | \$ 34,156,102  | \$ 37,294,908                                 |

# 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, 2021, the City recognized OPEB expense of \$(474,955). The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

|   | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources | Net Deferred<br>Outflows<br>(Inflows) of<br>Resources |
|---|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience                             | \$ -                                 | \$ 575,174                          | \$ (575,174)  |
| Changes in assumptions  | 95,154                               | -                                   | 95,154  |
| Net difference between projected and actual earnings on OPEB plan investments | -                                    | 563,454                             | (563,454)   |
|   | <u>\$ 95,154</u>                     | <u>\$ 1,138,628</u>                 | <u>\$ (1,043,474)</u>                                 |

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

| Year Ended<br>June 30, | Amortization          |
|------------------------|-----------------------|
| 2022                   | \$ (578,879)          |
| 2023                   | (166,696)             |
| 2024                   | (140,847)             |
| 2025                   | <u>(157,052)</u>      |
| <b>Total</b>           | <u>\$ (1,043,474)</u> |

*Payable to the OPEB Plan.* At June 30, 2021, 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:

|   | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> |
|---|------------------------------------|-------------------------------------|
| Capital assets:                         |                                    |                                     |
| Capital assets not being depreciated    | \$ 4,357,667                       | \$ 10,034,578                       |
| Capital assets being depreciated, net   | <u>103,615,860</u>                 | <u>68,394,739</u>                   |
|   | <u>107,973,527</u>                 | <u>78,429,317</u>                   |
| Long-term liabilities:                  |                                    |                                     |
| Due within one year                     | 4,757,983                          | 25,951                              |
| Due in more than one year               | 48,879,307                         | 261,755                             |
| Less unexpended bond proceeds           | (7,949)                            | -                                   |
|   | <u>53,629,341</u>                  | <u>287,706</u>                      |
| Less compensated absences               | (1,725,616)                        | (287,706)                           |
| Less deferred charge on bond refunding  | (642,750)                          | -                                   |
|   | <u>51,260,975</u>                  | <u>-</u>                            |
| <b>Net investment in capital assets</b> | <u><u>\$ 56,712,552</u></u>        | <u><u>\$ 78,429,317</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, 2021:

|                             | General              | Major Streets       | Special Assessments<br>Capital Projects | Nonmajor Funds       | Total                |
|-----------------------------|----------------------|---------------------|---|----------------------|----------------------|
| <b>Nonspendable</b>         |                      |                     |   |                      |                      |
| Inventories                 | \$ -                 | \$ 308,010          | \$ -                                    | \$ 15,500            | \$ 323,510           |
| Prepaid items               | 28,847               | -                   | -                                       | -                    | 28,847               |
| Perpetual care              | -                    | -                   | -                                       | 2,034,305            | 2,034,305            |
| Endowment                   | -                    | -                   | -                                       | 1,451,866            | 1,451,866            |
| Advances                    | 50,000               | -                   | -                                       | -                    | 50,000               |
|                             | <u>78,847</u>        | <u>308,010</u>      | <u>-</u>                                | <u>3,501,671</u>     | <u>3,888,528</u>     |
| <b>Restricted</b>           |                      |                     |   |                      |                      |
| Highways and streets        | -                    | 2,803,729           | -                                       | 1,746,884            | 4,550,613            |
| Public improvements         | -                    | -                   | -                                       | 870,310              | 870,310              |
| Public safety               | -                    | -                   | -                                       | 27,707               | 27,707               |
| Act 345 Pension             | 56,761               | -                   | -                                       | -                    | 56,761               |
| Downtown development        | -                    | -                   | -                                       | 3,895,004            | 3,895,004            |
| Debt service                | -                    | -                   | -                                       | 135,011              | 135,011              |
|                             | <u>56,761</u>        | <u>2,803,729</u>    | <u>-</u>                                | <u>6,674,916</u>     | <u>9,535,406</u>     |
| <b>Committed</b>            |                      |                     |   |                      |                      |
| Culture and recreation      | -                    | -                   | -                                       | 429,975              | 429,975              |
| Public safety               | -                    | -                   | -                                       | 1,327,640            | 1,327,640            |
| Capital projects            | -                    | -                   | -                                       | 71,135               | 71,135               |
|                             | <u>-</u>             | <u>-</u>            | <u>-</u>                                | <u>1,828,750</u>     | <u>1,828,750</u>     |
| <b>Unassigned (deficit)</b> | <u>10,521,234</u>    | <u>-</u>            | <u>(1,881,815)</u>                      | <u>-</u>             | <u>8,639,419</u>     |
| <b>Total fund balance</b>   | <u>\$ 10,656,842</u> | <u>\$ 3,111,739</u> | <u>\$ (1,881,815)</u>                   | <u>\$ 12,005,337</u> | <u>\$ 23,892,103</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, 2021

|  | Employees'<br>Retirement<br>System | Policemen's<br>and Firemen's<br>Pension Fund | Policemen's<br>and Firemen's<br>Pension - Act<br>345 Fund | Retiree<br>Health<br>Care | Total                 |
|--|------------------------------------|--|---|---------------------------|-----------------------|
| <b>Assets</b>  |                                    |  |   |                           |                       |
| Pooled cash and investments  | \$ 360,303                         | \$ -   | \$ -  | \$ 32,573                 | \$ 392,876            |
| Investments, at fair value:  |                                    |  |   |                           |                       |
| U.S. treasuries  | -                                  | -  | 3,081,884   | -                         | 3,081,884             |
| Municipal bonds  | -                                  | -  | 125,199   | -                         | 125,199               |
| Corporate bonds:   |                                    |  |   |                           |                       |
| Domestic bonds   | -                                  | -  | 5,313,892   | -                         | 5,313,892             |
| Domestic mutual funds  | 12,706,878                         | 1,439,677                                    | 9,788,979   | -                         | 23,935,534            |
| Equities:  |                                    |  |   |                           |                       |
| Domestic stocks  | 7,066,464                          | 215,962                                      | 3,516,323   | -                         | 10,798,749            |
| Domestic mutual funds  | 19,856,279                         | 1,439,982                                    | 24,625,330  | -                         | 45,921,591            |
| International mutual funds   | 7,464,829                          | 836,750                                      | 10,888,047  | -                         | 19,189,626            |
| Money market funds   | 435,890                            | 64,626                                       | 1,646,505   | 4,907,281                 | 7,054,302             |
| Total cash and investments   | 47,890,643                         | 3,996,997                                    | 58,986,159  | 4,939,854                 | 115,813,653           |
| Receivables -  |                                    |  |   |                           |                       |
| Interest, dividends, and other   | 2,118                              | 11   | 121,439   | -                         | 123,568               |
| <b>Total assets</b>  | 47,892,761                         | 3,997,008                                    | 59,107,598  | 4,939,854                 | 115,937,221           |
| <b>Liabilities</b>   |                                    |  |   |                           |                       |
| Refunds payable and other liabilities                                      | 15,185                             | -  | 916,791   | -                         | 931,976               |
| <b>Net position restricted for<br/>pension and other employee benefits</b> | <u>\$ 47,877,576</u>               | <u>\$ 3,997,008</u>                          | <u>\$ 58,190,807</u>                                      | <u>\$ 4,939,854</u>       | <u>\$ 115,005,245</u> |

**CITY OF JACKSON, MICHIGAN**

**Notes to Financial Statements**

**Statement of Changes in Plan Net Position - Year Ended June 30, 2021**

|   | <b>Employees’ Retirement System</b> | <b>Policemen’s and Firemen’s Pension Fund</b> | <b>Policemen’s and Firemen’s Pension - Act 345 Fund</b> | <b>Retiree Health Care</b> | <b>Total</b>          |
|---|-------------------------------------|---|---|----------------------------|-----------------------|
| <b>Additions</b>                              |                                     |   |   |                            |                       |
| Contributions:                                |                                     |   |   |                            |                       |
| Employer                                      | \$ 1,068,745                        | \$ 524,841                                    | \$ 5,916,061  | \$ 2,393,165               | \$ 9,902,812          |
| Plan members                                  | 740,817                             | -   | 485,464   | -                          | 1,226,281             |
| Total contributions                           | <u>1,809,562</u>                    | <u>524,841</u>                                | <u>6,401,525</u>  | <u>2,393,165</u>           | <u>11,129,093</u>     |
| Investment income:                            |                                     |   |   |                            |                       |
| Net appreciation in fair value of investments | 10,659,541                          | 790,365                                       | 11,661,457  | 983,694                    | 24,095,057            |
| Interest                                      | 69,769                              | 75  | 274,243   | -                          | 344,087               |
| Dividends                                     | 154,193                             | 68,170  | 660,086   | -                          | 882,449               |
| Total investment income                       | <u>10,883,503</u>                   | <u>858,610</u>                                | <u>12,595,786</u>                                       | <u>983,694</u>             | <u>25,321,593</u>     |
| Less investment expense                       | <u>202,901</u>                      | <u>13,122</u>                                 | <u>116,414</u>  | <u>-</u>                   | <u>332,437</u>        |
| Net investment income                         | <u>10,680,602</u>                   | <u>845,488</u>                                | <u>12,479,372</u>                                       | <u>983,694</u>             | <u>24,989,156</u>     |
| <b>Total additions</b>                        | <u>12,490,164</u>                   | <u>1,370,329</u>                              | <u>18,880,897</u>                                       | <u>3,376,859</u>           | <u>36,118,249</u>     |
| <b>Deductions</b>                             |                                     |   |   |                            |                       |
| Benefits                                      | 3,696,842                           | 674,274                                       | 7,009,491   | 2,393,165                  | 13,773,772            |
| Refunds of contributions                      | 43,230                              | -   | 227,786   | -                          | 271,016               |
| Administrative expense                        | 39,183                              | 10,450  | 58,433  | 25,017                     | 133,083               |
| <b>Total deductions</b>                       | <u>3,779,255</u>                    | <u>684,724</u>                                | <u>7,295,710</u>  | <u>2,418,182</u>           | <u>14,177,871</u>     |
| <b>Net change in net position</b>             | <u>8,710,909</u>                    | <u>685,605</u>                                | <u>11,585,187</u>                                       | <u>958,677</u>             | <u>21,940,378</u>     |
| <b>Net position -</b>                         |                                     |   |   |                            |                       |
| Beginning 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>     |
| <b>End of year</b>                            | <u>\$ 47,877,576</u>                | <u>\$ 3,997,008</u>                           | <u>\$ 58,190,807</u>                                    | <u>\$ 4,939,854</u>        | <u>\$ 115,005,245</u> |

**22. CORONAVIRUS (COVID-19)**

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. While the pandemic has resulted in an increase in the demands on the City for providing emergency services to its citizens, the Federal Government has also provided significant resources to help mitigate the impacts of COVID-19. The City directly received over \$1.1 million during 2021 from various funding sources to be used to respond to the impacts of the COVID-19 pandemic through the CARES Act and other funding sources. This funding was used to provide relief in multiple areas such as vaccination programs, personal protection equipment (PPE) programs, small business grants, housing assistance and food and transportation assistance among others.



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## **REQUIRED SUPPLEMENTARY INFORMATION**

## CITY OF JACKSON, MICHIGAN

### Required Supplementary Information

#### Employees' Retirement System

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

|  | Fiscal Year Ended June 30, |                      |                      |                      |
|--|----------------------------|----------------------|----------------------|----------------------|
|  | 2021                       | 2020                 | 2019                 | 2018                 |
| <b>Change in total pension liability</b>                                   |                            |                      |                      |                      |
| Service cost   | \$ 815,383                 | \$ 830,367           | \$ 1,016,463         | \$ 692,095           |
| Interest   | 3,715,953                  | 3,703,106            | 3,319,364            | 3,550,091            |
| Changes of benefit terms   | -                          | -                    | 133,677              | -                    |
| Differences between expected and actual experience                         | 50,831                     | (595,688)            | (320,658)            | (7,660)              |
| Changes of assumptions   | -                          | -                    | (3,223,348)          | 9,152,938            |
| Benefit payments, including refunds of member contributions                | (3,740,072)                | (3,745,423)          | (3,867,034)          | (3,833,908)          |
| <b>Net change in total pension liability</b>                               | <u>842,095</u>             | <u>192,362</u>       | <u>(2,941,536)</u>   | <u>9,553,556</u>     |
| <b>Total pension liability, beginning</b>                                  | <u>55,709,829</u>          | <u>55,517,467</u>    | <u>58,459,003</u>    | <u>48,905,447</u>    |
| <b>Total pension liability, ending (a)</b>                                 | <u>56,551,924</u>          | <u>55,709,829</u>    | <u>55,517,467</u>    | <u>58,459,003</u>    |
| <b>Change in plan fiduciary net position</b>                               |                            |                      |                      |                      |
| Contributions - employer   | 1,068,745                  | 1,058,427            | 835,542              | 821,020              |
| Contributions - employee   | 740,817                    | 728,393              | 659,685              | 712,503              |
| Net investment income  | 10,680,602                 | 1,225,172            | 2,066,425            | 3,456,637            |
| Benefit payments, including refunds of member contributions                | (3,740,072)                | (3,745,423)          | (3,867,034)          | (3,833,908)          |
| Administrative expense   | (39,183)                   | (48,142)             | (45,654)             | (41,788)             |
| <b>Net change in plan fiduciary net position</b>                           | <u>8,710,909</u>           | <u>(781,573)</u>     | <u>(351,036)</u>     | <u>1,114,464</u>     |
| <b>Plan fiduciary net position, beginning</b>                              | <u>39,166,667</u>          | <u>39,948,240</u>    | <u>40,299,276</u>    | <u>39,184,812</u>    |
| <b>Plan fiduciary net position, ending (b)</b>                             | <u>47,877,576</u>          | <u>39,166,667</u>    | <u>39,948,240</u>    | <u>40,299,276</u>    |
| <b>City's net pension liability, ending (a)-(b)</b>                        | <u>\$ 8,674,348</u>        | <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 | 84.66%                     | 70.30%               | 71.96%               | 68.94%               |
| Covered payroll  | \$ 8,758,144               | \$ 8,676,772         | \$ 8,345,344         | \$ 7,758,909         |
| City's net pension liability as a percentage of covered payroll            | 99.04%                     | 190.66%              | 186.56%              | 234.05%              |

See notes to required supplementary information.



| <b>Fiscal Year Ended June 30,</b> |                      |                      |                      |
|-----------------------------------|----------------------|----------------------|----------------------|
| <b>2017</b>                       | <b>2016</b>          | <b>2015</b>          | <b>2014</b>          |
| \$ 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)          |
| <u>(226,794)</u>                  | <u>(93,838)</u>      | <u>(95,161)</u>      | <u>(214,364)</u>     |
| 2,026,866                         | (1,121,855)          | (94,253)             | 3,808,875            |
| <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

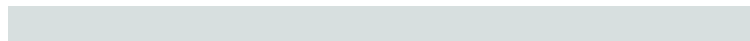
### Required Supplementary Information

Police and Fire Pension Plan

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

|  | Fiscal Year Ended June 30, |                     |                     |                     |
|--|----------------------------|---------------------|---------------------|---------------------|
|  | 2021                       | 2020                | 2019                | 2018                |
| <b>Change in total pension liability</b>                                   |                            |                     |                     |                     |
| Interest   | \$ 375,164                 | \$ 398,411          | \$ 403,369          | \$ 429,493          |
| Differences between expected and actual experience                         | (821,567)                  | (80,185)            | 95,117              | (87,297)            |
| Changes of assumptions   | -                          | -                   | 173,597             | -                   |
| Benefit payments, including refunds of member contributions                | (674,274)                  | (737,101)           | (772,316)           | (782,877)           |
| <b>Net change in total pension liability</b>                               | <u>(1,120,677)</u>         | <u>(418,875)</u>    | <u>(100,233)</u>    | <u>(440,681)</u>    |
| <b>Total pension liability, beginning</b>                                  | <u>6,589,865</u>           | <u>7,008,740</u>    | <u>7,108,973</u>    | <u>7,549,654</u>    |
| <b>Total pension liability, ending (a)</b>                                 | <u>5,469,188</u>           | <u>6,589,865</u>    | <u>7,008,740</u>    | <u>7,108,973</u>    |
| <b>Change in plan fiduciary net position</b>                               |                            |                     |                     |                     |
| Contributions - employer   | 524,841                    | 543,093             | 506,251             | 567,276             |
| Net investment income (loss)   | 845,488                    | 84,702              | 195,665             | 467,070             |
| Benefit payments, including refunds of member contributions                | (674,274)                  | (737,101)           | (772,316)           | (782,877)           |
| Administrative expense   | (10,450)                   | (13,137)            | (10,424)            | (10,076)            |
| <b>Net change in plan fiduciary net position</b>                           | <u>685,605</u>             | <u>(122,443)</u>    | <u>(80,824)</u>     | <u>241,393</u>      |
| <b>Plan fiduciary net position, beginning</b>                              | <u>3,311,403</u>           | <u>3,433,846</u>    | <u>3,514,670</u>    | <u>3,273,277</u>    |
| <b>Plan fiduciary net position, ending (b)</b>                             | <u>3,997,008</u>           | <u>3,311,403</u>    | <u>3,433,846</u>    | <u>3,514,670</u>    |
| <b>City's net pension liability, ending (a)-(b)</b>                        | <u>\$ 1,472,180</u>        | <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 | 73.08%                     | 50.25%              | 48.99%              | 49.44%              |
| Covered payroll  | N/A                        | N/A                 | N/A                 | N/A                 |
| City's net pension liability as a percentage of covered payroll            | N/A                        | N/A                 | N/A                 | N/A                 |

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             | -                   |
| <u>(812,379)</u>           | <u>(814,750)</u>    | <u>(845,636)</u>    | <u>(921,176)</u>    |
| <u>(317,291)</u>           | <u>(257,852)</u>    | <u>(180,733)</u>    | <u>(380,153)</u>    |
| <u>7,866,945</u>           | <u>8,124,797</u>    | <u>8,305,530</u>    | <u>8,685,683</u>    |
| <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)           |
| <u>(30,765)</u>            | <u>-</u>            | <u>-</u>            | <u>(35,868)</u>     |
| <u>205,010</u>             | <u>(403,968)</u>    | <u>(118,532)</u>    | <u>308,760</u>      |
| <u>3,068,267</u>           | <u>3,472,235</u>    | <u>3,590,767</u>    | <u>3,282,007</u>    |
| <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% |
| N/A    | N/A    | N/A    | N/A    |
| N/A    | N/A    | N/A    | N/A    |

## CITY OF JACKSON, MICHIGAN

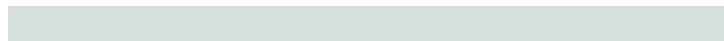
### Required Supplementary Information

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, |                      |                      |                      |
|---|----------------------------|----------------------|----------------------|----------------------|
|   | 2021                       | 2020                 | 2019                 | 2018                 |
| <b>Change in total pension liability</b>                                      |                            |                      |                      |                      |
| Service cost  | \$ 1,030,158               | \$ 1,103,384         | \$ 856,511           | \$ 911,249           |
| Interest  | 4,930,684                  | 4,813,775            | 4,911,204            | 4,873,412            |
| Differences between expected<br>and actual experience                         | 570,805                    | 657,259              | 359,507              | 146,242              |
| Changes of assumptions  | -                          | 1,961,168            | 6,732,162            | -                    |
| Benefit payments, including refunds<br>of member contributions                | (7,237,277)                | (5,863,709)          | (5,159,919)          | (5,527,374)          |
| <b>Net change in total pension liability</b>                                  | <u>(705,630)</u>           | <u>2,671,877</u>     | <u>7,699,465</u>     | <u>403,529</u>       |
| <b>Total pension liability, beginning</b>                                     | <u>85,281,628</u>          | <u>82,609,751</u>    | <u>74,910,286</u>    | <u>74,506,757</u>    |
| <b>Total pension liability, ending (a)</b>                                    | <u>84,575,998</u>          | <u>85,281,628</u>    | <u>82,609,751</u>    | <u>74,910,286</u>    |
| <b>Change in plan fiduciary net position</b>                                  |                            |                      |                      |                      |
| Contributions - employer  | 5,916,061                  | 5,559,682            | 4,422,430            | 4,219,714            |
| Contributions - employee  | 485,464                    | 514,402              | 507,173              | 498,083              |
| Net investment income (loss)  | 12,479,372                 | 1,318,109            | 2,328,889            | 4,355,776            |
| Benefit payments, including refunds<br>of member contributions                | (7,237,277)                | (5,863,709)          | (5,159,919)          | (5,527,374)          |
| Administrative expense  | (58,433)                   | (44,012)             | (51,741)             | (71,180)             |
| <b>Net change in plan fiduciary net position</b>                              | <u>11,585,187</u>          | <u>1,484,472</u>     | <u>2,046,832</u>     | <u>3,475,019</u>     |
| <b>Plan fiduciary net position, beginning</b>                                 | <u>46,605,620</u>          | <u>45,121,148</u>    | <u>43,074,316</u>    | <u>39,599,297</u>    |
| <b>Plan fiduciary net position, ending (b)</b>                                | <u>58,190,807</u>          | <u>46,605,620</u>    | <u>45,121,148</u>    | <u>43,074,316</u>    |
| <b>City's net pension liability, ending (a)-(b)</b>                           | <u>\$ 26,385,191</u>       | <u>\$ 38,676,008</u> | <u>\$ 37,488,603</u> | <u>\$ 31,835,970</u> |
| Plan fiduciary net position as a percentage<br>of the total pension liability | 68.80%                     | 54.65%               | 54.62%               | 57.50%               |
| Covered payroll   | \$ 5,340,374               | \$ 5,340,680         | \$ 5,029,427         | \$ 4,829,089         |
| City's net pension liability as a<br>percentage of covered payroll            | 494.07%                    | 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% |
|--------|--------|--------|--------|

|              |              |              |              |
|--------------|--------------|--------------|--------------|
| \$ 4,622,259 | \$ 4,782,487 | \$ 5,148,271 | \$ 5,124,768 |
|--------------|--------------|--------------|--------------|

|         |         |         |         |
|---------|---------|---------|---------|
| 755.20% | 837.10% | 651.68% | 645.58% |
|---------|---------|---------|---------|

# CITY OF JACKSON, MICHIGAN

## Required Supplementary Information

### Schedule of the Net Pension Liability

| Fiscal Year Ended June 30,                                   | Total Pension Liability | Plan Net Position | Net Pension Liability | Plan Net Position as Percentage of Total Pension Liability | Covered Payroll | Net Pension Liability as Percentage of Covered Payroll |
|--|-------------------------|-------------------|-----------------------|--|-----------------|--|
| <b>Employees' Retirement System (ERS)</b>                    |                         |                   |                       |  |                 |  |
| 2021   | \$ 56,551,924           | \$ 47,877,576     | \$ 8,674,348          | 84.66%   | \$ 8,758,144    | 99.04%   |
| 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%  |
| <b>Policemen's and Firemen's Pension (PFP)</b>               |                         |                   |                       |  |                 |  |
| 2021   | \$ 5,469,188            | \$ 3,997,008      | \$ 1,472,180          | 73.08%   | N/A             | N/A  |
| 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  |
| <b>Policemen's and Firemen's Pension - Act 345 (Act 345)</b> |                         |                   |                       |  |                 |  |
| 2021   | \$ 84,575,998           | \$ 58,190,807     | \$ 26,385,191         | 68.80%   | \$ 5,340,374    | 494.07%  |
| 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 |
|--|-------------------------------------|---------------------|----------------------------------|-----------------|--|
| <b>Employees' Retirement System (ERS)</b>                    |                                     |                     |                                  |                 |  |
| 6/30/2021  | \$ 1,068,745                        | \$ 1,068,745        | \$ -                             | \$ 8,758,144    | 12.20%   |
| 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%   |
| <b>Policemen's and Firemen's Pension (PFP)</b>               |                                     |                     |                                  |                 |  |
| 6/30/2021  | \$ 524,841                          | \$ 524,841          | \$ -                             | N/A             | N/A  |
| 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  |
| <b>Policemen's and Firemen's Pension - Act 345 (Act 345)</b> |                                     |                     |                                  |                 |  |
| 6/30/2021  | \$ 5,916,061                        | \$ 5,916,061        | \$ -                             | \$ 5,340,374    | 110.78%  |
| 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<br>Year<br>Ended                     | Annual Money-<br>Weighted Rate<br>of Return, Net<br>of Investment<br>Expense |
|---|--|
| Employees' Retirement System                |  |
| 6/30/2021                                   | 28.98%   |
| 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           |  |
| 6/30/2021                                   | 27.30%   |
| 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 |  |
| 6/30/2021                                   | 27.40%   |
| 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, |                      |                      |                      |                      |
|---|----------------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2021                       | 2020                 | 2019                 | 2018                 | 2017                 |
| <b>Change in total OPEB liability</b>                                   |                            |                      |                      |                      |                      |
| Service cost  | \$ 277,432                 | \$ 331,315           | \$ 346,426           | \$ 555,506           | \$ 665,665           |
| Interest  | 1,918,887                  | 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                      | (142,795)                  | (1,912,117)          | -                    | (2,570,525)          | -                    |
| Changes of assumptions  | -                          | -                    | 481,638              | (6,161,265)          | -                    |
| Benefit payments, including refunds of member contributions             | (2,393,165)                | (2,341,514)          | (2,513,271)          | (2,821,992)          | (2,629,714)          |
| <b>Net change in total OPEB liability</b>                               | <u>(339,641)</u>           | <u>(1,905,515)</u>   | <u>312,074</u>       | <u>(16,246,976)</u>  | <u>810,143</u>       |
| <b>Total OPEB liability, beginning</b>                                  | <u>39,435,597</u>          | <u>41,341,112</u>    | <u>41,029,038</u>    | <u>57,276,014</u>    | <u>56,465,871</u>    |
| <b>Total OPEB liability, ending (a)</b>                                 | <u>39,095,956</u>          | <u>39,435,597</u>    | <u>41,341,112</u>    | <u>41,029,038</u>    | <u>57,276,014</u>    |
| <b>Change in plan fiduciary net position</b>                            |                            |                      |                      |                      |                      |
| Contributions - employer  | 2,393,165                  | 2,654,014            | 3,763,271            | 4,071,992            | 2,629,714            |
| Net investment income   | 983,694                    | 105,140              | 91,192               | 100,268              | 112,584              |
| Benefit payments, including refunds of member contributions             | (2,393,165)                | (2,341,514)          | (2,513,271)          | (2,821,992)          | (2,629,714)          |
| Administrative expense  | (25,017)                   | (6,722)              | (23,850)             | (15,500)             | (2,121)              |
| <b>Net change in plan fiduciary net position</b>                        | <u>958,677</u>             | <u>410,918</u>       | <u>1,317,342</u>     | <u>1,334,768</u>     | <u>110,463</u>       |
| <b>Plan fiduciary net position, beginning</b>                           | <u>3,981,177</u>           | <u>3,570,259</u>     | <u>2,252,917</u>     | <u>918,149</u>       | <u>807,686</u>       |
| <b>Plan fiduciary net position, ending (b)</b>                          | <u>4,939,854</u>           | <u>3,981,177</u>     | <u>3,570,259</u>     | <u>2,252,917</u>     | <u>918,149</u>       |
| <b>City's net OPEB liability, ending (a)-(b)</b>                        | <u>\$ 34,156,102</u>       | <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 | 12.64%                     | 10.10%               | 8.64%                | 5.49%                | 1.60%                |
| Covered payroll   | \$ 6,305,280               | \$ 6,554,194         | \$ 7,315,330         | \$ 7,819,428         | \$ 10,131,529        |
| City's net OPEB liability as a percentage of covered payroll            | 541.71%                    | 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 |
|----------------------------|-------------------------------------|--|----------------------------------|-----------------|--|
| 2021                       | \$ 2,692,498                        | \$ 2,393,165   | \$ 299,333                       | \$ 6,305,280    | 38.0%  |
| 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<br>Ended<br>June 30, | Annual Money-Weighted Rate<br>of Return, Net of Investment<br>Expense |
|----------------------------------|---|
| 2021                             | 28.19%  |
| 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. These schedules are 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.
- 2017:
  - Changes in benefit provisions (retirement eligibility and final average compensation) are reflected in the current valuation. There were gains due to retiree mortality, lower than expected salary increases, and investment earnings. All other experience was close to expected.
- 2016:
  - There were gains on retiree mortality, investment earnings, and active member turnover. All other experience was close to expected.

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.
- 2016:
  - There were gains on retiree mortality, investment earnings, and active member turnover. All other experience was close to expected.

## CITY OF JACKSON, MICHIGAN

### Notes to Required Supplementary Information

#### *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
  
- 2016:
  - Actuarial gains occurred on mortality, lower than expected cost-of-living adjustments, and slightly higher than expected investment returns on an Actuarial Value basis. The liability to the plan also reduced from the prior valuation as a result of raising the long-term investment rate of return (net of expenses) from 7.0% to 7.5%.

#### *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
  
- 2017:
  - The Board approved a change to the Amortization Policy at the April 12, 2016 Board Meeting.
  
- 2016:
  - The long-term investment rate of return compounded annually net of expenses has been reduced from 7.25% to 6.75%. This change was adopted by the Board based on the April 22, 2015 supplemental valuation.

# CITY OF JACKSON, MICHIGAN

## Notes to Required Supplementary Information

### *Notes to Schedule of City Contributions*

|                |  |
|----------------|--|
| Valuation date | June 30, 2020 (and rolled forward to June 30, 2021, 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     | 26 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     | 7 years beginning with the fiscal year ending 2022  |
| Act 345 | 9 years closed for 6/30/2015 active UAAL; 5 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 | 1.92% |

### 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. These schedules are being built prospectively. Ultimately, 10 years of data will be presented.

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

- 2018:
  - There were changes to the eligibility and cost sharing provisions of the plan. This change had a downward effect on contribution rates.

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, 2021, 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 2020, grading to 3.5% in 2032   |
| 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   |

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

**CITY OF JACKSON, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Governmental Funds  
June 30, 2021

|   | Special<br>Revenue  | Debt<br>Service   | Capital<br>Projects | Permanent           | Totals               |
|---|---------------------|-------------------|---------------------|---------------------|----------------------|
| <b>Assets</b>                                     |                     |                   |                     |                     |                      |
| Pooled cash and investments                       | \$ 4,938,881        | \$ 132,893        | \$ 3,969,512        | \$ 3,486,171        | \$ 12,527,457        |
| Accounts receivable, net                          | 138,874             | 3,600             | -                   | -                   | 142,474              |
| Due from other governments                        | 302,961             | -                 | -                   | -                   | 302,961              |
| Due from other funds                              | 17,167              | -                 | -                   | -                   | 17,167               |
| Inventories                                       | 15,500              | -                 | -                   | -                   | 15,500               |
| <b>Total assets</b>                               | <u>\$ 5,413,383</u> | <u>\$ 136,493</u> | <u>\$ 3,969,512</u> | <u>\$ 3,486,171</u> | <u>\$ 13,005,559</u> |
| <b>Liabilities</b>                                |                     |                   |                     |                     |                      |
| Negative equity in pooled cash<br>and investments | \$ 1,528            | \$ 982            | \$ -                | \$ -                | \$ 2,510             |
| Accounts payable                                  | 683,289             | 500               | 3,373               | -                   | 687,162              |
| Accrued payroll                                   | 115,251             | -                 | -                   | -                   | 115,251              |
| Other liabilities                                 | 128,132             | -                 | -                   | -                   | 128,132              |
| Due to other funds                                | 17,167              | -                 | -                   | -                   | 17,167               |
| Long-term advance from other funds                | 50,000              | -                 | -                   | -                   | 50,000               |
| <b>Total liabilities</b>                          | <u>995,367</u>      | <u>1,482</u>      | <u>3,373</u>        | <u>-</u>            | <u>1,000,222</u>     |
| <b>Fund balances</b>                              |                     |                   |                     |                     |                      |
| Nonspendable                                      | 15,500              | -                 | -                   | 3,486,171           | 3,501,671            |
| Restricted  | 2,644,901           | 135,011           | 3,895,004           | -                   | 6,674,916            |
| Committed   | 1,757,615           | -                 | 71,135              | -                   | 1,828,750            |
| <b>Total fund balances</b>                        | <u>4,418,016</u>    | <u>135,011</u>    | <u>3,966,139</u>    | <u>3,486,171</u>    | <u>12,005,337</u>    |
| <b>Total liabilities and fund balances</b>        | <u>\$ 5,413,383</u> | <u>\$ 136,493</u> | <u>\$ 3,969,512</u> | <u>\$ 3,486,171</u> | <u>\$ 13,005,559</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, 2021

|   | Special<br>Revenue  | Debt<br>Service   | Capital<br>Projects | Permanent           | Totals               |
|---|---------------------|-------------------|---------------------|---------------------|----------------------|
| <b>Revenues</b>                             |                     |                   |                     |                     |                      |
| Property taxes                              | \$ 1,109,447        | \$ 788,365        | \$ 1,498,664        | \$ -                | \$ 3,396,476         |
| Intergovernmental                           | 3,804,502           | 1,302,333         | 157,269             | -                   | 5,264,104            |
| Charges for services                        | 3,153,132           | -                 | 1,500,000           | 36,513              | 4,689,645            |
| Investment income                           | 15,697              | 1,347             | 98,746              | 10,406              | 126,196              |
| Miscellaneous                               | 455,016             | -                 | 74,117              | -                   | 529,133              |
| <b>Total revenues</b>                       | <b>8,537,794</b>    | <b>2,092,045</b>  | <b>3,328,796</b>    | <b>46,919</b>       | <b>14,005,554</b>    |
| <b>Expenditures</b>                         |                     |                   |                     |                     |                      |
| Current:                                    |                     |                   |                     |                     |                      |
| Public safety                               | 1,017,593           | -                 | -                   | -                   | 1,017,593            |
| Public works                                | 1,985,237           | -                 | -                   | -                   | 1,985,237            |
| Culture and recreation                      | 1,238,792           | -                 | -                   | -                   | 1,238,792            |
| Community enrichment and development        | 4,141,031           | -                 | 1,125,250           | -                   | 5,266,281            |
| Debt service:                               |                     |                   |                     |                     |                      |
| Principal retirement                        | -                   | 3,980,299         | -                   | -                   | 3,980,299            |
| Interest and fiscal charges                 | -                   | 3,122,281         | -                   | -                   | 3,122,281            |
| Bond issuance costs                         | -                   | 103,109           | 34,499              | -                   | 137,608              |
| <b>Total expenditures</b>                   | <b>8,382,653</b>    | <b>7,205,689</b>  | <b>1,159,749</b>    | <b>-</b>            | <b>16,748,091</b>    |
| Revenues over (under) expenditures          | 155,141             | (5,113,644)       | 2,169,047           | 46,919              | (2,742,537)          |
| <b>Other financing sources (uses)</b>       |                     |                   |                     |                     |                      |
| Sale of capital assets                      | 497,850             | -                 | -                   | -                   | 497,850              |
| Issuance of long-term debt                  | -                   | 8,654,000         | 1,496,000           | -                   | 10,150,000           |
| Payment to refunding escrow agent           | -                   | (8,769,759)       | -                   | -                   | (8,769,759)          |
| Transfers in                                | 553,908             | 5,449,936         | 141,975             | -                   | 6,145,819            |
| Transfers out                               | (1,242,719)         | (207,767)         | (6,109,840)         | (25,137)            | (7,585,463)          |
| <b>Total other financing sources (uses)</b> | <b>(190,961)</b>    | <b>5,126,410</b>  | <b>(4,471,865)</b>  | <b>(25,137)</b>     | <b>438,447</b>       |
| <b>Net change in fund balances</b>          | <b>(35,820)</b>     | <b>12,766</b>     | <b>(2,302,818)</b>  | <b>21,782</b>       | <b>(2,304,090)</b>   |
| Fund balances, beginning of year            | 4,453,836           | 122,245           | 6,268,957           | 3,464,389           | 14,309,427           |
| <b>Fund balances, end of year</b>           | <b>\$ 4,418,016</b> | <b>\$ 135,011</b> | <b>\$ 3,966,139</b> | <b>\$ 3,486,171</b> | <b>\$ 12,005,337</b> |

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## CITY OF JACKSON, MICHIGAN

### Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

**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.

**Project Safe Neighborhood Grant Fund** - This fund is used to account for the expenditures related to the Project Safe Neighborhoods - Initiative Grant entered into with the U.S. Department of Justice, Bureau of Justice Assistance. The term of the Grant is October 1, 2020 through September 30, 2023.

**CITY OF JACKSON, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Special Revenue Funds  
June 30, 2021

|  | Local Street        | Ella W. Sharp Park Operating | Public Improvement | Building Department | Building Demolitions |
|--|---------------------|------------------------------|--------------------|---------------------|----------------------|
| <b>Assets</b>                                  |                     |                              |                    |                     |                      |
| Pooled cash and investments                    | \$ 1,723,353        | \$ 188,555                   | \$ 645,429         | \$ 667,476          | \$ 208,301           |
| Accounts receivables, net                      | -                   | -                            | -                  | -                   | 14,017               |
| Due from other governments                     | 174,218             | -                            | -                  | -                   | -                    |
| Due from other funds                           | -                   | -                            | -                  | -                   | -                    |
| Inventories                                    | -                   | 15,500                       | -                  | -                   | -                    |
| <b>Total assets</b>                            | <u>\$ 1,897,571</u> | <u>\$ 204,055</u>            | <u>\$ 645,429</u>  | <u>\$ 667,476</u>   | <u>\$ 222,318</u>    |
| <b>Liabilities</b>                             |                     |                              |                    |                     |                      |
| Negative equity in pooled cash and investments | \$ -                | \$ -                         | \$ -               | \$ -                | \$ -                 |
| Accounts payable                               | 139,497             | 19,387                       | 159,644            | 14,385              | 65,516               |
| Accrued payroll                                | 11,190              | 26,729                       | -                  | 13,727              | -                    |
| Other liabilities                              | -                   | -                            | -                  | 59,006              | -                    |
| Due to other funds                             | -                   | -                            | -                  | 5                   | -                    |
| Long-term advance from other funds             | -                   | -                            | -                  | -                   | -                    |
| <b>Total liabilities</b>                       | <u>150,687</u>      | <u>46,116</u>                | <u>159,644</u>     | <u>87,123</u>       | <u>65,516</u>        |
| <b>Fund balances</b>                           |                     |                              |                    |                     |                      |
| Nonspendable for - Inventories                 | -                   | 15,500                       | -                  | -                   | -                    |
| Restricted for:                                |                     |                              |                    |                     |                      |
| Highways and streets                           | 1,746,884           | -                            | -                  | -                   | -                    |
| Public improvements                            | -                   | -                            | 485,785            | -                   | -                    |
| Public safety                                  | -                   | -                            | -                  | -                   | -                    |
| Committed for:                                 |                     |                              |                    |                     |                      |
| Culture and recreation                         | -                   | 142,439                      | -                  | -                   | -                    |
| Public safety                                  | -                   | -                            | -                  | 580,353             | 156,802              |
| <b>Total fund balances</b>                     | <u>1,746,884</u>    | <u>157,939</u>               | <u>485,785</u>     | <u>580,353</u>      | <u>156,802</u>       |
| <b>Total liabilities and fund balances</b>     | <u>\$ 1,897,571</u> | <u>\$ 204,055</u>            | <u>\$ 645,429</u>  | <u>\$ 667,476</u>   | <u>\$ 222,318</u>    |

| Drug Law Enforcement | Recreation Activity | Community Development Block Grant | Community Development Home Grant | Housing Code Enforcement | Recreation Millage |
|----------------------|---------------------|-----------------------------------|----------------------------------|--------------------------|--------------------|
| \$ 27,707            | \$ 290,448          | \$ 223,531                        | \$ 31,217                        | \$ 46,886                | \$ 413,965         |
| -                    | -                   | 390                               | -                                | 124,467                  | -                  |
| -                    | -                   | 57,525                            | 52,662                           | -                        | -                  |
| -                    | -                   | 17,167                            | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | -                        | -                  |
| <u>\$ 27,707</u>     | <u>\$ 290,448</u>   | <u>\$ 298,613</u>                 | <u>\$ 83,879</u>                 | <u>\$ 171,353</u>        | <u>\$ 413,965</u>  |
| \$ -                 | \$ -                | \$ -                              | \$ -                             | \$ -                     | \$ -               |
| -                    | 303                 | 169,367                           | 83,879                           | 3,370                    | 2,980              |
| -                    | 2,609               | 10,120                            | -                                | 24,416                   | 26,460             |
| -                    | -                   | 69,126                            | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | 17,162                   | -                  |
| -                    | -                   | 50,000                            | -                                | -                        | -                  |
| -                    | 2,912               | 298,613                           | 83,879                           | 44,948                   | 29,440             |
| -                    | -                   | -                                 | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | -                        | 384,525            |
| 27,707               | -                   | -                                 | -                                | -                        | -                  |
| -                    | 287,536             | -                                 | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | 126,405                  | -                  |
| <u>27,707</u>        | <u>287,536</u>      | <u>-</u>                          | <u>-</u>                         | <u>126,405</u>           | <u>384,525</u>     |
| <u>\$ 27,707</u>     | <u>\$ 290,448</u>   | <u>\$ 298,613</u>                 | <u>\$ 83,879</u>                 | <u>\$ 171,353</u>        | <u>\$ 413,965</u>  |

continued...

**CITY OF JACKSON, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Special Revenue Funds  
June 30, 2021

|   | <b>Cortland<br/>Street<br/>Redevelopment<br/>Projects Fund</b> | <b>Lead Hazard<br/>Control<br/>Grant</b> | <b>Byrne/JAG<br/>Programs</b> | <b>CESF<br/>Program</b> | <b>Project<br/>Safe<br/>Neighborhood<br/>Grant</b> | <b>Totals</b>       |
|---|--|--|-------------------------------|-------------------------|--|---------------------|
| <b>Assets</b>                                     |  |  |                               |                         |  |                     |
| Pooled cash and investments                       | \$ 465,692   | \$ -                                     | \$ -                          | \$ -                    | \$ 6,321   | \$ 4,938,881        |
| Accounts receivables, net                         | -  | -  | -                             | -                       | -  | 138,874             |
| Due from other governments                        | -  | -  | 13,750                        | 1,528                   | 3,278  | 302,961             |
| Due from other funds                              | -  | -  | -                             | -                       | -  | 17,167              |
| Inventories                                       | -  | -  | -                             | -                       | -  | 15,500              |
| <b>Total assets</b>                               | <b>\$ 465,692</b>  | <b>\$ -</b>                              | <b>\$ 13,750</b>              | <b>\$ 1,528</b>         | <b>\$ 9,599</b>                                    | <b>\$ 5,413,383</b> |
| <b>Liabilities</b>                                |  |  |                               |                         |  |                     |
| Negative equity in pooled cash<br>and investments | \$ -   | \$ -                                     | \$ -                          | \$ 1,528                | \$ -   | \$ 1,528            |
| Accounts payable                                  | 1,612  | -  | 13,750                        | -                       | 9,599  | 683,289             |
| Accrued payroll                                   | -  | -  | -                             | -                       | -  | 115,251             |
| Other liabilities                                 | -  | -  | -                             | -                       | -  | 128,132             |
| Due to other funds                                | -  | -  | -                             | -                       | -  | 17,167              |
| Long-term advance from other funds                | -  | -  | -                             | -                       | -  | 50,000              |
| <b>Total liabilities</b>                          | <b>1,612</b>   | <b>-</b>                                 | <b>13,750</b>                 | <b>1,528</b>            | <b>9,599</b>                                       | <b>995,367</b>      |
| <b>Fund balances</b>                              |  |  |                               |                         |  |                     |
| Nonspendable for -<br>Inventories                 | -  | -  | -                             | -                       | -  | 15,500              |
| Restricted for:                                   |  |  |                               |                         |  |                     |
| Highways and streets                              | -  | -  | -                             | -                       | -  | 1,746,884           |
| Public improvements                               | -  | -  | -                             | -                       | -  | 870,310             |
| Public safety                                     | -  | -  | -                             | -                       | -  | 27,707              |
| Committed for:                                    |  |  |                               |                         |  |                     |
| Culture and recreation                            | -  | -  | -                             | -                       | -  | 429,975             |
| Public safety                                     | 464,080  | -  | -                             | -                       | -  | 1,327,640           |
| <b>Total fund balances</b>                        | <b>464,080</b>   | <b>-</b>                                 | <b>-</b>                      | <b>-</b>                | <b>-</b>   | <b>4,418,016</b>    |
| <b>Total liabilities and fund balances</b>        | <b>\$ 465,692</b>  | <b>\$ -</b>                              | <b>\$ 13,750</b>              | <b>\$ 1,528</b>         | <b>\$ 9,599</b>                                    | <b>\$ 5,413,383</b> |

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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, 2021

|   | Local Street        | Ella W. Sharp Park Operating | Public Improvement | Building Department | Building Demolitions |
|---|---------------------|------------------------------|--------------------|---------------------|----------------------|
| <b>Revenues</b>                             |                     |                              |                    |                     |                      |
| Property taxes                              | \$ -                | \$ -                         | \$ 1,109,447       | \$ -                | \$ -                 |
| Intergovernmental                           | 1,063,987           | -                            | 89,979             | -                   | -                    |
| Charges for services                        | -                   | 710,120                      | -                  | 534,242             | 163,315              |
| Investment income                           | 3,975               | 128                          | 3,293              | 2,502               | 699                  |
| Miscellaneous                               | 70,227              | -                            | -                  | 27,398              | 398                  |
| <b>Total revenues</b>                       | <b>1,138,189</b>    | <b>710,248</b>               | <b>1,202,719</b>   | <b>564,142</b>      | <b>164,412</b>       |
| <b>Expenditures</b>                         |                     |                              |                    |                     |                      |
| Current:                                    |                     |                              |                    |                     |                      |
| Public safety                               | -                   | -                            | -                  | 450,274             | 466,413              |
| Public works                                | 1,985,237           | -                            | -                  | -                   | -                    |
| Culture and recreation                      | -                   | 765,857                      | -                  | -                   | -                    |
| Community enrichment and development        | -                   | -                            | 288,667            | -                   | -                    |
| <b>Total expenditures</b>                   | <b>1,985,237</b>    | <b>765,857</b>               | <b>288,667</b>     | <b>450,274</b>      | <b>466,413</b>       |
| Revenues over (under) expenditures          | (847,048)           | (55,609)                     | 914,052            | 113,868             | (302,001)            |
| <b>Other financing sources (uses)</b>       |                     |                              |                    |                     |                      |
| Sale of capital assets                      | -                   | -                            | -                  | -                   | -                    |
| Transfers in                                | 362,174             | 170,744                      | -                  | -                   | -                    |
| Transfers out                               | (103,824)           | -                            | (1,138,895)        | -                   | -                    |
| <b>Total other financing sources (uses)</b> | <b>258,350</b>      | <b>170,744</b>               | <b>(1,138,895)</b> | <b>-</b>            | <b>-</b>             |
| <b>Net change in fund balances</b>          | <b>(588,698)</b>    | <b>115,135</b>               | <b>(224,843)</b>   | <b>113,868</b>      | <b>(302,001)</b>     |
| Fund balances, beginning of year            | 2,335,582           | 42,804                       | 710,628            | 466,485             | 458,803              |
| <b>Fund balances, end of year</b>           | <b>\$ 1,746,884</b> | <b>\$ 157,939</b>            | <b>\$ 485,785</b>  | <b>\$ 580,353</b>   | <b>\$ 156,802</b>    |

| Drug Law Enforcement | Recreation Activity | Community Development Block Grant | Community Development Home Grant | Housing Code Enforcement | Recreation Millage |
|----------------------|---------------------|-----------------------------------|----------------------------------|--------------------------|--------------------|
| \$ -                 | \$ -                | \$ -                              | \$ -                             | \$ -                     | \$ -               |
| -                    | -                   | 2,371,135                         | 217,213                          | -                        | -                  |
| -                    | 86,435              | -                                 | -                                | 1,050,160                | 608,860            |
| 68                   | 647                 | -                                 | -                                | 3,874                    | 443                |
| 14,299               | 4,770               | 157,167                           | 37,702                           | 100,681                  | 41,374             |
| 14,367               | 91,852              | 2,528,302                         | 254,915                          | 1,154,715                | 650,677            |
| 17,728               | -                   | -                                 | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | -                        | -                  |
| -                    | 75,583              | -                                 | -                                | -                        | 397,352            |
| -                    | -                   | 2,528,302                         | 254,915                          | 1,029,309                | -                  |
| 17,728               | 75,583              | 2,528,302                         | 254,915                          | 1,029,309                | 397,352            |
| (3,361)              | 16,269              | -                                 | -                                | 125,406                  | 253,325            |
| -                    | -                   | -                                 | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | -                        | -                  |
| -                    | -                   | -                                 | -                                | -                        | -                  |
| (3,361)              | 16,269              | -                                 | -                                | 125,406                  | 253,325            |
| 31,068               | 271,267             | -                                 | -                                | 999                      | 131,200            |
| \$ 27,707            | \$ 287,536          | \$ -                              | \$ -                             | \$ 126,405               | \$ 384,525         |

continued...

**CITY OF JACKSON, MICHIGAN**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2021

|   | <b>Cortland<br/>Street<br/>Redevelopment<br/>Projects Fund</b> | <b>Lead Hazard<br/>Control<br/>Grant</b> | <b>Byrne/JAG<br/>Programs</b> | <b>CESF<br/>Program</b> | <b>Project<br/>Safe<br/>Neighborhood<br/>Grant</b> | <b>Totals</b>       |
|---|--|--|-------------------------------|-------------------------|--|---------------------|
| <b>Revenues</b>                             |  |  |                               |                         |  |                     |
| Property taxes                              | \$ -   | \$ -                                     | \$ -                          | \$ -                    | \$ -   | \$ 1,109,447        |
| Intergovernmental                           | -  | -  | 47,173                        | 1,528                   | 13,487   | 3,804,502           |
| Charges for services                        | -  | -  | -                             | -                       | -  | 3,153,132           |
| Investment income                           | 68   | -  | -                             | -                       | -  | 15,697              |
| Miscellaneous                               | 1,000  | -  | -                             | -                       | -  | 455,016             |
| <b>Total revenues</b>                       | <b>1,068</b>   | <b>-</b>                                 | <b>47,173</b>                 | <b>1,528</b>            | <b>13,487</b>                                      | <b>8,537,794</b>    |
| <b>Expenditures</b>                         |  |  |                               |                         |  |                     |
| Current:                                    |  |  |                               |                         |  |                     |
| Public safety                               | -  | 20,990                                   | 47,173                        | 1,528                   | 13,487   | 1,017,593           |
| Public works                                | -  | -  | -                             | -                       | -  | 1,985,237           |
| Culture and recreation                      | -  | -  | -                             | -                       | -  | 1,238,792           |
| Community enrichment and<br>development     | 39,838   | -  | -                             | -                       | -  | 4,141,031           |
| <b>Total expenditures</b>                   | <b>39,838</b>  | <b>20,990</b>                            | <b>47,173</b>                 | <b>1,528</b>            | <b>13,487</b>                                      | <b>8,382,653</b>    |
| Revenues over (under) expenditures          | (38,770)   | (20,990)                                 | -                             | -                       | -  | 155,141             |
| <b>Other financing sources (uses)</b>       |  |  |                               |                         |  |                     |
| Sale of capital assets                      | 497,850  | -  | -                             | -                       | -  | 497,850             |
| Transfers in                                | -  | 20,990                                   | -                             | -                       | -  | 553,908             |
| Transfers out                               | -  | -  | -                             | -                       | -  | (1,242,719)         |
| <b>Total other financing sources (uses)</b> | <b>497,850</b>   | <b>20,990</b>                            | <b>-</b>                      | <b>-</b>                | <b>-</b>   | <b>(190,961)</b>    |
| <b>Net change in fund balances</b>          | <b>459,080</b>   | <b>-</b>                                 | <b>-</b>                      | <b>-</b>                | <b>-</b>   | <b>(35,820)</b>     |
| Fund balances, beginning of year            | 5,000  | -  | -                             | -                       | -  | 4,453,836           |
| <b>Fund balances, end of year</b>           | <b>\$ 464,080</b>  | <b>\$ -</b>                              | <b>\$ -</b>                   | <b>\$ -</b>             | <b>\$ -</b>  | <b>\$ 4,418,016</b> |

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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                       | 2021               |                     |  | 2020<br>Actual      |
|---------------------------------------|--------------------|---------------------|--|---------------------|
|                                       | Amended<br>Budget  | Actual              | Actual<br>Over (Under)<br>Final Budget |                     |
| <b>Revenues</b>                       |                    |                     |  |                     |
| Intergovernmental                     | \$ 775,000         | \$ 1,063,987        | \$ 288,987                             | \$ 967,179          |
| Investment income                     | 1,500              | 3,975               | 2,475                                  | 25,536              |
| Miscellaneous                         | 21,473             | 70,227              | 48,754                                 | -                   |
| <b>Total revenues</b>                 | <b>797,973</b>     | <b>1,138,189</b>    | <b>340,216</b>                         | <b>992,715</b>      |
| <b>Expenditures</b>                   |                    |                     |  |                     |
| Current - public works:               |                    |                     |  |                     |
| Street construction                   | 2,701,279          | 2,214,678           | (486,601)                              | 1,622,850           |
| Street maintenance                    | 584,374            | 426,990             | (157,384)                              | 429,293             |
| Traffic services                      | 2,477              | 633                 | (1,844)                                | 728                 |
| Winter maintenance                    | 153,030            | 131,670             | (21,360)                               | 102,557             |
| Reimbursements                        | (782,184)          | (788,734)           | (6,550)                                | (297,460)           |
| <b>Total expenditures</b>             | <b>2,658,976</b>   | <b>1,985,237</b>    | <b>(673,739)</b>                       | <b>1,857,968</b>    |
| Revenues over (under) expenditures    | (1,861,003)        | (847,048)           | 1,013,955                              | (865,253)           |
| <b>Other financing sources (uses)</b> |                    |                     |  |                     |
| Transfers in                          | 265,030            | 362,174             | 97,144                                 | 353,016             |
| Transfers out                         | (103,824)          | (103,824)           | -                                      | (103,417)           |
| <b>Total other financing sources</b>  | <b>161,206</b>     | <b>258,350</b>      | <b>97,144</b>                          | <b>249,599</b>      |
| <b>Net change in fund balance</b>     | <b>(1,699,797)</b> | <b>(588,698)</b>    | <b>1,111,099</b>                       | <b>(615,654)</b>    |
| Fund balance, beginning of year       | 2,335,582          | 2,335,582           | -                                      | 2,951,236           |
| <b>Fund balance, end of year</b>      | <b>\$ 635,785</b>  | <b>\$ 1,746,884</b> | <b>\$ 1,111,099</b>                    | <b>\$ 2,335,582</b> |

## CITY OF JACKSON, MICHIGAN

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

Ella W. Sharp Park Special Revenue Operating Fund

For the Fiscal Year Ended June 30, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                      | 2021              |                   |  | 2020<br>Actual   |
|--------------------------------------|-------------------|-------------------|--|------------------|
|                                      | Amended<br>Budget | Actual            | Actual<br>Over (Under)<br>Final Budget |                  |
| <b>Revenues</b>                      |                   |                   |  |                  |
| Charges for services                 | \$ 655,000        | \$ 710,120        | \$ 55,120                              | \$ 469,264       |
| Investment income                    | 100               | 128               | 28                                     | 237              |
| <b>Total revenues</b>                | <u>655,100</u>    | <u>710,248</u>    | <u>55,148</u>                          | <u>469,501</u>   |
| <b>Expenditures</b>                  |                   |                   |  |                  |
| Current - culture and recreation:    |                   |                   |  |                  |
| Personnel services                   | 315,867           | 307,678           | (8,189)                                | 234,989          |
| Materials and supplies               | 193,250           | 193,487           | 237                                    | 173,665          |
| Contractual and other services       | 319,353           | 264,692           | (54,661)                               | 258,878          |
| <b>Total expenditures</b>            | <u>828,470</u>    | <u>765,857</u>    | <u>(62,613)</u>                        | <u>667,532</u>   |
| Revenues over (under) expenditures   | <u>(173,370)</u>  | <u>(55,609)</u>   | <u>117,761</u>                         | <u>(198,031)</u> |
| <b>Other financing sources</b>       |                   |                   |  |                  |
| Insurance recovery                   | -                 | -                 | -                                      | 4,184            |
| Transfers in                         | 173,100           | 170,744           | (2,356)                                | 208,354          |
| <b>Total other financing sources</b> | <u>173,100</u>    | <u>170,744</u>    | <u>(2,356)</u>                         | <u>212,538</u>   |
| <b>Net change in fund balance</b>    | (270)             | 115,135           | 115,405                                | 14,507           |
| Fund balance, beginning of year      | 42,804            | 42,804            | -                                      | 28,297           |
| <b>Fund balance, end of year</b>     | <u>\$ 42,534</u>  | <u>\$ 157,939</u> | <u>\$ 115,405</u>                      | <u>\$ 42,804</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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|   | 2021                     |                          |  | 2020<br>Actual           |
|---|--------------------------|--------------------------|--|--------------------------|
|   | Amended<br>Budget        | Actual                   | Actual<br>Over (Under)<br>Final Budget |                          |
| <b>Revenues</b>                                   |                          |                          |  |                          |
| Property taxes                                    | \$ 1,118,000             | \$ 1,109,447             | \$ (8,553)                             | \$ 1,089,937             |
| Intergovernmental                                 | 37,432                   | 89,979                   | 52,547                                 | 96,437                   |
| Investment income                                 | 10,000                   | 3,293                    | (6,707)                                | 15,503                   |
| <b>Total revenues</b>                             | <u>1,165,432</u>         | <u>1,202,719</u>         | <u>37,287</u>                          | <u>1,201,877</u>         |
| <b>Expenditures</b>                               |                          |                          |  |                          |
| Current - community enrichment<br>and development | <u>249,925</u>           | <u>288,667</u>           | <u>38,742</u>                          | <u>-</u>                 |
| Revenues over expenditures                        | 915,507                  | 914,052                  | (1,455)                                | 1,201,877                |
| <b>Other financing uses</b>                       |                          |                          |  |                          |
| Transfers out                                     | <u>(1,142,777)</u>       | <u>(1,138,895)</u>       | <u>(3,882)</u>                         | <u>(851,489)</u>         |
| <b>Net change in fund balance</b>                 | <u>(227,270)</u>         | <u>(224,843)</u>         | <u>2,427</u>                           | <u>350,388</u>           |
| Fund balance, beginning of year                   | <u>710,628</u>           | <u>710,628</u>           | <u>-</u>                               | <u>360,240</u>           |
| <b>Fund balance, end of year</b>                  | <u><u>\$ 483,358</u></u> | <u><u>\$ 485,785</u></u> | <u><u>\$ 2,427</u></u>                 | <u><u>\$ 710,628</u></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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |                   |  | 2020<br>Actual    |
|-----------------------------------|-------------------|-------------------|--|-------------------|
|                                   | Amended<br>Budget | Actual            | Actual<br>Over (Under)<br>Final Budget |                   |
| <b>Revenues</b>                   |                   |                   |  |                   |
| Charges for services              | \$ 512,500        | \$ 534,242        | \$ 21,742                              | \$ 584,746        |
| Investment income                 | 2,000             | 2,502             | 502                                    | 8,007             |
| Miscellaneous                     | 27,398            | 27,398            | -                                      | -                 |
| <b>Total revenues</b>             | <b>541,898</b>    | <b>564,142</b>    | <b>22,244</b>                          | <b>592,753</b>    |
| <b>Expenditures</b>               |                   |                   |  |                   |
| Current - public safety:          |                   |                   |  |                   |
| Personnel services                | 433,612           | 390,330           | (43,282)                               | 383,710           |
| Materials and supplies            | 11,400            | 8,796             | (2,604)                                | 11,560            |
| Contractual and other services    | 74,730            | 51,148            | (23,582)                               | 49,402            |
| <b>Total expenditures</b>         | <b>519,742</b>    | <b>450,274</b>    | <b>(69,468)</b>                        | <b>444,672</b>    |
| Revenues over expenditures        | 22,156            | 113,868           | 91,712                                 | 148,081           |
| <b>Other financing uses</b>       |                   |                   |  |                   |
| Transfers out                     | (225,000)         | -                 | (225,000)                              | (166,000)         |
| <b>Net change in fund balance</b> | <b>(202,844)</b>  | <b>113,868</b>    | <b>316,712</b>                         | <b>(17,919)</b>   |
| Fund balance, beginning of year   | 466,485           | 466,485           | -                                      | 484,404           |
| <b>Fund balance, end of year</b>  | <b>\$ 263,641</b> | <b>\$ 580,353</b> | <b>\$ 316,712</b>                      | <b>\$ 466,485</b> |

**CITY OF JACKSON, MICHIGAN**

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

Building Demolitions Special Revenue Fund

For the Fiscal Year Ended June 30, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|   | 2021              |                   |  | 2020<br>Actual    |
|---|-------------------|-------------------|--|-------------------|
|   | Amended<br>Budget | Actual            | Actual<br>Over (Under)<br>Final Budget |                   |
| <b>Revenues</b>   |                   |                   |  |                   |
| Charges for services  | \$ 149,805        | \$ 163,315        | \$ 13,510                              | \$ 116,168        |
| Investment income   | 1,000             | 699               | (301)                                  | 673               |
| Miscellaneous   | 500               | 398               | (102)                                  | 555               |
| <b>Total revenues</b>                                       | 151,305           | 164,412           | 13,107                                 | 117,396           |
| <b>Expenditures</b>   |                   |                   |  |                   |
| Current - public safety -<br>Contractual and other services | 549,828           | 466,413           | (83,415)                               | 319,995           |
| <b>Net change in fund balance</b>                           | (398,523)         | (302,001)         | 96,522                                 | (202,599)         |
| Fund balance, beginning of year                             | 458,803           | 458,803           | -                                      | 661,402           |
| <b>Fund balance, end of year</b>                            | <u>\$ 60,280</u>  | <u>\$ 156,802</u> | <u>\$ 96,522</u>                       | <u>\$ 458,803</u> |

**CITY OF JACKSON, MICHIGAN**

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

Drug Law Enforcement Special Revenue Fund

For the Fiscal Year Ended June 30, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |                  |  | 2020<br>Actual   |
|-----------------------------------|-------------------|------------------|--|------------------|
|                                   | Amended<br>Budget | Actual           | Actual<br>Over (Under)<br>Final Budget |                  |
| <b>Revenues</b>                   |                   |                  |  |                  |
| Investment income                 | \$ 70             | \$ 68            | \$ (2)                                 | \$ 422           |
| Miscellaneous                     | 8,310             | 14,299           | 5,989                                  | 23,906           |
| <b>Total revenues</b>             | <u>8,380</u>      | <u>14,367</u>    | <u>5,987</u>                           | <u>24,328</u>    |
| <b>Expenditures</b>               |                   |                  |  |                  |
| Current - public safety:          |                   |                  |  |                  |
| Personnel services                | 17,319            | 17,311           | (8)                                    | 16,507           |
| Materials and supplies            | 494               | 402              | (92)                                   | 540              |
| Contractual and other services    | 45                | 15               | (30)                                   | 5,189            |
| <b>Total expenditures</b>         | <u>17,858</u>     | <u>17,728</u>    | <u>(130)</u>                           | <u>22,236</u>    |
| <b>Net change in fund balance</b> | (9,478)           | (3,361)          | 6,117                                  | 2,092            |
| Fund balance, beginning of year   | <u>31,068</u>     | <u>31,068</u>    | -                                      | <u>28,976</u>    |
| <b>Fund balance, end of year</b>  | <u>\$ 21,590</u>  | <u>\$ 27,707</u> | <u>\$ 6,117</u>                        | <u>\$ 31,068</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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |                   |  | 2020<br>Actual    |
|-----------------------------------|-------------------|-------------------|--|-------------------|
|                                   | Amended<br>Budget | Actual            | Actual<br>Over (Under)<br>Final Budget |                   |
| <b>Revenues</b>                   |                   |                   |  |                   |
| Charges for services              | \$ 72,000         | \$ 86,435         | \$ 14,435                              | \$ 162,916        |
| Investment income                 | 2,500             | 647               | (1,853)                                | 3,469             |
| Miscellaneous                     | 4,770             | 4,770             | -                                      | -                 |
| <b>Total revenues</b>             | <u>79,270</u>     | <u>91,852</u>     | <u>12,582</u>                          | <u>166,385</u>    |
| <b>Expenditures</b>               |                   |                   |  |                   |
| Current - culture and recreation: |                   |                   |  |                   |
| Personnel services                | 32,571            | 31,766            | (805)                                  | 36,869            |
| Materials and supplies            | 25,000            | 27,082            | 2,082                                  | 23,932            |
| Contractual and other services    | 19,823            | 16,735            | (3,088)                                | 98,449            |
| <b>Total expenditures</b>         | <u>77,394</u>     | <u>75,583</u>     | <u>(1,811)</u>                         | <u>159,250</u>    |
| <b>Net change in fund balance</b> | 1,876             | 16,269            | 14,393                                 | 7,135             |
| Fund balance, beginning of year   | <u>271,267</u>    | <u>271,267</u>    | -                                      | <u>264,132</u>    |
| <b>Fund balance, end of year</b>  | <u>\$ 273,143</u> | <u>\$ 287,536</u> | <u>\$ 14,393</u>                       | <u>\$ 271,267</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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|  | 2021              |                  |  | 2020<br>Actual   |
|--|-------------------|------------------|--|------------------|
|  | Amended<br>Budget | Actual           | Actual<br>Over (Under)<br>Final Budget |                  |
| <b>Revenues</b>                          |                   |                  |  |                  |
| Intergovernmental                        | \$ 4,034,381      | \$ 2,371,135     | \$ (1,663,246)                         | \$ 918,994       |
| Miscellaneous                            | 19,963            | 157,167          | 137,204                                | 148,324          |
| <b>Total revenues</b>                    | <u>4,054,344</u>  | <u>2,528,302</u> | <u>(1,526,042)</u>                     | <u>1,067,318</u> |
| <b>Expenditures</b>                      |                   |                  |  |                  |
| Current -                                |                   |                  |  |                  |
| Community enrichment and<br>development: |                   |                  |  |                  |
| Rehabilitation                           | 528,052           | 261,156          | (266,896)                              | 130,888          |
| Rehabilitation loans                     | -                 | -                | -                                      | 270              |
| Administration                           | 273,560           | 184,513          | (89,047)                               | 108,926          |
| Public services                          | 533,471           | 170,199          | (363,272)                              | 21,713           |
| Culture and recreation                   | 611,349           | 538,457          | (72,892)                               | 78,558           |
| Street construction                      | 1,324,610         | 928,648          | (395,962)                              | 577,082          |
| Public facility demolition               | 783,302           | 445,329          | (337,973)                              | 149,881          |
| <b>Total expenditures</b>                | <u>4,054,344</u>  | <u>2,528,302</u> | <u>(1,526,042)</u>                     | <u>1,067,318</u> |
| <b>Net change in fund balance</b>        | -                 | -                | -                                      | -                |
| Fund balance, beginning of year          | -                 | -                | -                                      | -                |
| <b>Fund balance, end of year</b>         | <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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|  | 2021              |                |  | 2020<br>Actual |
|--|-------------------|----------------|--|----------------|
|  | Amended<br>Budget | Actual         | Actual<br>Over (Under)<br>Final Budget |                |
| <b>Revenues</b>                                    |                   |                |  |                |
| Intergovernmental                                  | \$ 1,233,996      | \$ 217,213     | \$ (1,016,783)                         | \$ 171,584     |
| Miscellaneous                                      | 131,639           | 37,702         | (93,937)                               | 9,023          |
| <b>Total revenues</b>                              | <u>1,365,635</u>  | <u>254,915</u> | <u>(1,110,720)</u>                     | <u>180,607</u> |
| <b>Expenditures</b>                                |                   |                |  |                |
| Current - community enrichment<br>and development: |                   |                |  |                |
| Rehabilitation assistance                          | -                 | -              | -                                      | 11,478         |
| Community housing development<br>organizations     | 1,184,875         | 254,915        | (929,960)                              | 169,129        |
| <b>Total expenditures</b>                          | <u>1,184,875</u>  | <u>254,915</u> | <u>(929,960)</u>                       | <u>180,607</u> |
| <b>Net change in fund balance</b>                  | 180,760           | -              | (180,760)                              | -              |
| Fund balance, beginning of year                    | -                 | -              | -                                      | -              |
| <b>Fund balance, end of year</b>                   | <u>\$ 180,760</u> | <u>\$ -</u>    | <u>\$ (180,760)</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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                      | 2021              |                   |  | 2020<br>Actual |
|--------------------------------------|-------------------|-------------------|--|----------------|
|                                      | Amended<br>Budget | Actual            | Actual<br>Over (Under)<br>Final Budget |                |
| <b>Revenues</b>                      |                   |                   |  |                |
| Charges for services                 | \$ 842,500        | \$ 1,050,160      | \$ 207,660                             | \$ 734,555     |
| Investment income                    | 3,500             | 3,874             | 374                                    | 5,077          |
| Miscellaneous                        | 95,549            | 100,681           | 5,132                                  | 49,908         |
| <b>Total revenues</b>                | 941,549           | 1,154,715         | 213,166                                | 789,540        |
| <b>Expenditures</b>                  |                   |                   |  |                |
| Current -                            |                   |                   |  |                |
| Community enrichment and development | 1,134,259         | 1,029,309         | (104,950)                              | 1,000,227      |
| Revenues over (under) expenditures   | (192,710)         | 125,406           | 318,116                                | (210,687)      |
| <b>Other financing sources</b>       |                   |                   |  |                |
| Transfers in                         | 225,000           | -                 | (225,000)                              | 166,000        |
| <b>Net change in fund balance</b>    | 32,290            | 125,406           | 93,116                                 | (44,687)       |
| Fund balance, beginning of year      | 999               | 999               | -                                      | 45,686         |
| <b>Fund balance, end of year</b>     | <u>\$ 33,289</u>  | <u>\$ 126,405</u> | <u>\$ 93,116</u>                       | <u>\$ 999</u>  |

**CITY OF JACKSON, MICHIGAN**

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

Recreation Millage Special Revenue Fund

For the Fiscal Year Ended June 30, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |                   |  | 2020<br>Actual    |
|-----------------------------------|-------------------|-------------------|--|-------------------|
|                                   | Amended<br>Budget | Actual            | Actual<br>Over (Under)<br>Final Budget |                   |
| <b>Revenues</b>                   |                   |                   |  |                   |
| Charges for services              | \$ 630,228        | \$ 608,860        | \$ (21,368)                            | \$ 630,229        |
| Investment income                 | 500               | 443               | (57)                                   | 509               |
| Miscellaneous                     | 41,374            | 41,374            | -                                      | -                 |
| <b>Total revenues</b>             | <u>672,102</u>    | <u>650,677</u>    | <u>(21,425)</u>                        | <u>630,738</u>    |
| <b>Expenditures</b>               |                   |                   |  |                   |
| Current - culture and recreation: |                   |                   |  |                   |
| Personnel services                | 336,778           | 309,624           | (27,154)                               | 444,319           |
| Materials and supplies            | 160,000           | 71,176            | (88,824)                               | 157,699           |
| Contractual and other services    | 32,000            | 16,552            | (15,448)                               | 14,511            |
| <b>Total expenditures</b>         | <u>528,778</u>    | <u>397,352</u>    | <u>(131,426)</u>                       | <u>616,529</u>    |
| <b>Net change in fund balance</b> | 143,324           | 253,325           | 110,001                                | 14,209            |
| Fund balance, beginning of year   | <u>131,200</u>    | <u>131,200</u>    | -                                      | <u>116,991</u>    |
| <b>Fund balance, end of year</b>  | <u>\$ 274,524</u> | <u>\$ 384,525</u> | <u>\$ 110,001</u>                      | <u>\$ 131,200</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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|  | 2021              |            | Actual<br>Over (Under)<br>Final Budget | 2020<br>Actual |
|--|-------------------|------------|--|----------------|
|  | Amended<br>Budget | Actual     |  |                |
| <b>Revenues</b>  |                   |            |  |                |
| Investment income  | \$ -              | \$ 68      | \$ 68                                  | \$ -           |
| Miscellaneous  | 1,000             | 1,000      | -                                      | -              |
| <b>Total revenues</b>  | 1,000             | 1,068      | 68                                     | -              |
| <b>Expenditures</b>  |                   |            |  |                |
| Current -  |                   |            |  |                |
| Community enrichment and development -<br>Economic development | 44,327            | 39,838     | (4,489)                                | 1,073,881      |
| Revenues over (under) expenditures                             | (43,327)          | (38,770)   | 4,557                                  | (1,073,881)    |
| <b>Other financing sources</b>                                 |                   |            |  |                |
| Sale of capital assets   | 497,850           | 497,850    | -                                      | -              |
| Transfers in   | -                 | -          | -                                      | 1,073,881      |
| <b>Total other financing sources</b>                           | 497,850           | 497,850    | -                                      | 1,073,881      |
| <b>Net change in fund balance</b>                              | 454,523           | 459,080    | 4,557                                  | -              |
| Fund balance, beginning of year                                | 5,000             | 5,000      | -                                      | 5,000          |
| <b>Fund balance, end of year</b>                               | \$ 459,523        | \$ 464,080 | \$ 4,557                               | \$ 5,000       |

**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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |          |  | 2020<br>Actual |
|-----------------------------------|-------------------|----------|--|----------------|
|                                   | Amended<br>Budget | Actual   | Actual<br>Over (Under)<br>Final Budget |                |
| <b>Revenues</b>                   |                   |          |  |                |
| Intergovernmental revenue         | \$ -              | \$ -     | \$ -                                   | \$ 106,924     |
| <b>Expenditures</b>               |                   |          |  |                |
| Current - public safety -         |                   |          |  |                |
| Personnel services                | -                 | -        | -                                      | 41,610         |
| Materials and supplies            | -                 | -        | -                                      | 1,950          |
| Contractual and other services    | 20,990            | 20,990   | -                                      | 114,138        |
| <b>Total expenditures</b>         | 20,990            | 20,990   | -                                      | 157,698        |
| Revenues under expenditures       | (20,990)          | (20,990) | -                                      | (50,774)       |
| <b>Other financing sources</b>    |                   |          |  |                |
| Transfers in                      | 20,990            | 20,990   | -                                      | 50,774         |
| <b>Net change in fund balance</b> | -                 | -        | -                                      | -              |
| Fund balance, beginning of year   | -                 | -        | -                                      | -              |
| <b>Fund balance, end of year</b>  | \$ -              | \$ -     | \$ -                                   | \$ -           |

**CITY OF JACKSON, MICHIGAN**

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

Byrne/JAG Program Special Revenue Fund

For the Fiscal Year Ended June 30, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |             |  | 2020<br>Actual |
|-----------------------------------|-------------------|-------------|--|----------------|
|                                   | Amended<br>Budget | Actual      | Actual<br>Over (Under)<br>Final Budget |                |
| <b>Revenues</b>                   |                   |             |  |                |
| Intergovernmental revenue         | \$ 53,082         | \$ 47,173   | \$ (5,909)                             | \$ 84,405      |
| <b>Expenditures</b>               |                   |             |  |                |
| Current - public safety -         |                   |             |  |                |
| Contractual and other services    | 53,082            | 47,173      | (5,909)                                | 84,405         |
| <b>Net change in fund balance</b> | -                 | -           | -                                      | -              |
| Fund balance, beginning of year   | -                 | -           | -                                      | -              |
| <b>Fund balance, end of year</b>  | <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, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |          |  | 2020<br>Actual |
|-----------------------------------|-------------------|----------|--|----------------|
|                                   | Amended<br>Budget | Actual   | Actual<br>Over (Under)<br>Final Budget |                |
| <b>Revenues</b>                   |                   |          |  |                |
| Intergovernmental revenue         | \$ 6,890          | \$ 1,528 | \$ (5,362)                             | \$ 93,522      |
| <b>Expenditures</b>               |                   |          |  |                |
| Current - public safety:          |                   |          |  |                |
| Personnel services                | -                 | -        | -                                      | 75,290         |
| Contractual and other services    | 6,890             | 1,528    | (5,362)                                | 18,232         |
| <b>Total expenditures</b>         | 6,890             | 1,528    | (5,362)                                | 93,522         |
| <b>Net change in fund balance</b> | -                 | -        | -                                      | -              |
| Fund balance, beginning of year   | -                 | -        | -                                      | -              |
| <b>Fund balance, end of year</b>  | \$ -              | \$ -     | \$ -                                   | \$ -           |

**CITY OF JACKSON, MICHIGAN**

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

Project Safe Neighborhood Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2021

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2020

|                                   | 2021              |           |  | 2020<br>Actual |
|-----------------------------------|-------------------|-----------|--|----------------|
|                                   | Amended<br>Budget | Actual    | Actual<br>Over (Under)<br>Final Budget |                |
| <b>Revenues</b>                   |                   |           |  |                |
| Intergovernmental revenue         | \$ 45,000         | \$ 13,487 | \$ (31,513)                            | \$ -           |
| <b>Expenditures</b>               |                   |           |  |                |
| Current - public safety:          |                   |           |  |                |
| Personnel services                | -                 | 3,888     | 3,888                                  | -              |
| Community enrichment              | 45,000            | 9,599     | (35,401)                               | -              |
| <b>Total expenditures</b>         | 45,000            | 13,487    | (31,513)                               | -              |
| <b>Net change in fund balance</b> | -                 | -         | -                                      | -              |
| Fund balance, beginning of year   | -                 | -         | -                                      | -              |
| <b>Fund balance, end of year</b>  | \$ -              | \$ -      | \$ -                                   | \$ -           |

## 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.

**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.

**2020 Capital Improvement Bonds Debt Service Fund** - This fund is used to record principal and interest payments on the \$2.0 million City of Jackson 2020 Capital Improvement Bonds, dated May 28, 2020. These Bonds were issued to provide funds to pay the cost of renovations to the City Martin Luther King Center and related bond issuance costs.

**Special Assessment Debt Service Fund** - This Fund is used to account for the collection of special assessments that have been pledged and for the subsequent payment of the related debt service.

**2021 City Hall Refunding Debt Service Fund** - This fund is used to record principal and interest payments on the \$4.382 million City of Jackson 2021 Unlimited Tax General Obligation (City Hall) Refunding Bonds, dated March 24, 2021. These Bonds were issued to refinance the 2013 Unlimited Tax General Obligation (City Hall) Refunding Bonds and paying the costs incidental to the issuance of the Bonds.

**2021 Brownfield Refunding Debt Service Fund** - This fund is used to record principal and interest payments on the \$4.272 million City of Jackson Brownfield Redevelopment Authority Tax Increment Refunding Bonds, Series 2021, dated March 24, 2021. These Bonds were issued for the purpose refunding the Authority's Tax Increment Bonds, Series 2012, dated March 14, 2012 (the "Prior Bonds"), consisting of bonds maturing June 1, 2022 through June 1, 2024, and June 1, 2030 through June 16, 2031, inclusive, and paying the costs incidental to the issuance of the Bonds.

**CITY OF JACKSON, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Debt Service Funds

June 30, 2021

|   | 2012<br>Brownfield<br>Refunding | 2001<br>DDA TIF | 2013<br>City Hall<br>Refunding | 2016 Capital<br>Improvement<br>Bonds | 2017<br>Brownfield<br>Refunding |
|---|---------------------------------|-----------------|--------------------------------|--------------------------------------|---------------------------------|
| <b>Assets</b>                                     |                                 |                 |                                |                                      |                                 |
| Pooled cash and investments                       | \$ -                            | \$ 637          | \$ -                           | \$ 500                               | \$ 1,900                        |
| Accounts receivables, net                         | -                               | -               | -                              | -                                    | -                               |
| <b>Total assets</b>                               | <u>\$ -</u>                     | <u>\$ 637</u>   | <u>\$ -</u>                    | <u>\$ 500</u>                        | <u>\$ 1,900</u>                 |
| <b>Liabilities</b>                                |                                 |                 |                                |                                      |                                 |
| Negative equity in pooled cash<br>and investments | \$ -                            | \$ -            | \$ -                           | \$ -                                 | \$ -                            |
| Accounts payable                                  | -                               | -               | -                              | 500                                  | -                               |
| <b>Total liabilities</b>                          | -                               | -               | -                              | 500                                  | -                               |
| <b>Fund balances</b>                              |                                 |                 |                                |                                      |                                 |
| Restricted for debt service                       | -                               | 637             | -                              | -                                    | 1,900                           |
| <b>Total liabilities and fund balances</b>        | <u>\$ -</u>                     | <u>\$ 637</u>   | <u>\$ -</u>                    | <u>\$ 500</u>                        | <u>\$ 1,900</u>                 |

| 2017 Michigan<br>Transportation<br>Bonds | 2019<br>DDA<br>Refunding | 2020 Capital<br>Improvement<br>Bonds | Special<br>Assessment | 2021<br>City Hall<br>Refunding | 2021<br>Brownfield<br>Refunding | Totals            |
|--|--------------------------|--------------------------------------|-----------------------|--------------------------------|---------------------------------|-------------------|
| \$ -                                     | \$ 211                   | \$ -                                 | \$ -                  | \$ 129,645                     | \$ -                            | \$ 132,893        |
| -  | -                        | -                                    | -                     | 2,000                          | 1,600                           | 3,600             |
| <u>\$ -</u>                              | <u>\$ 211</u>            | <u>\$ -</u>                          | <u>\$ -</u>           | <u>\$ 131,645</u>              | <u>\$ 1,600</u>                 | <u>\$ 136,493</u> |
| \$ -                                     | \$ -                     | \$ -                                 | \$ -                  | \$ -                           | \$ 982                          | \$ 982            |
| -  | -                        | -                                    | -                     | -                              | -                               | 500               |
| -  | -                        | -                                    | -                     | -                              | 982                             | 1,482             |
| -  | 211                      | -                                    | -                     | 131,645                        | 618                             | 135,011           |
| <u>\$ -</u>                              | <u>\$ 211</u>            | <u>\$ -</u>                          | <u>\$ -</u>           | <u>\$ 131,645</u>              | <u>\$ 1,600</u>                 | <u>\$ 136,493</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, 2021

|   | 2012<br>Brownfield<br>Refunding | 2001<br>DDA TIF    | 2013<br>City Hall<br>Refunding | 2016 Capital<br>Improvement<br>Bonds | 2017<br>Brownfield<br>Refunding |
|---|---------------------------------|--------------------|--------------------------------|--------------------------------------|---------------------------------|
| <b>Revenues</b>                             |                                 |                    |                                |                                      |                                 |
| Property taxes                              | \$ -                            | \$ -               | \$ 785,386                     | \$ -                                 | \$ -                            |
| Intergovernmental                           | 703,356                         | -                  | 38,490                         | -                                    | 420,852                         |
| Investment income                           | -                               | -                  | 1,347                          | -                                    | -                               |
| <b>Total revenues</b>                       | <u>703,356</u>                  | <u>-</u>           | <u>825,223</u>                 | <u>-</u>                             | <u>420,852</u>                  |
| <b>Expenditures</b>                         |                                 |                    |                                |                                      |                                 |
| Debt service:                               |                                 |                    |                                |                                      |                                 |
| Principal retirement                        | 605,000                         | 810,299            | 640,000                        | 928,000                              | 195,000                         |
| Interest and fiscal charges                 | 102,885                         | 1,650,451          | 91,674                         | 652,186                              | 225,852                         |
| Bond issuance costs                         | -                               | -                  | -                              | -                                    | -                               |
| <b>Total expenditures</b>                   | <u>707,885</u>                  | <u>2,460,750</u>   | <u>731,674</u>                 | <u>1,580,186</u>                     | <u>420,852</u>                  |
| Revenues over (under) expenditures          | <u>(4,529)</u>                  | <u>(2,460,750)</u> | <u>93,549</u>                  | <u>(1,580,186)</u>                   | <u>-</u>                        |
| <b>Other financing sources (uses)</b>       |                                 |                    |                                |                                      |                                 |
| Issuance of long-term debt                  | -                               | -                  | -                              | -                                    | -                               |
| Payment to refunding escrow agent           | -                               | -                  | -                              | -                                    | -                               |
| Transfers in                                | -                               | 2,460,750          | -                              | 1,580,186                            | -                               |
| Transfers out                               | -                               | -                  | (207,767)                      | -                                    | -                               |
| <b>Total other financing sources (uses)</b> | <u>-</u>                        | <u>2,460,750</u>   | <u>(207,767)</u>               | <u>1,580,186</u>                     | <u>-</u>                        |
| <b>Net change in fund balances</b>          | <u>(4,529)</u>                  | <u>-</u>           | <u>(114,218)</u>               | <u>-</u>                             | <u>-</u>                        |
| Fund balances, beginning of year            | <u>4,529</u>                    | <u>637</u>         | <u>114,218</u>                 | <u>-</u>                             | <u>1,900</u>                    |
| <b>Fund balances, end of year</b>           | <u>\$ -</u>                     | <u>\$ 637</u>      | <u>\$ -</u>                    | <u>\$ -</u>                          | <u>\$ 1,900</u>                 |

| 2017 Michigan<br>Transportation<br>Bonds | 2019<br>DDA<br>Refunding | 2020 Capital<br>Improvement<br>Bonds | Special<br>Assessment | 2021<br>City Hall<br>Refunding | 2021<br>Brownfield<br>Refunding | Totals      |
|--|--------------------------|--------------------------------------|-----------------------|--------------------------------|---------------------------------|-------------|
| \$ -                                     | \$ -                     | \$ -                                 | \$ -                  | \$ 2,979                       | \$ -                            | \$ 788,365  |
| -  | -                        | -                                    | -                     | 60,951                         | 78,684                          | 1,302,333   |
| -  | -                        | -                                    | -                     | -                              | -                               | 1,347       |
| -  | -                        | -                                    | -                     | 63,930                         | 78,684                          | 2,092,045   |
| 585,000                                  | 35,000                   | 182,000                              | -                     | -                              | -                               | 3,980,299   |
| 175,448                                  | 171,687                  | 41,626                               | 10,472                | -                              | -                               | 3,122,281   |
| -  | 750                      | -                                    | -                     | 50,977                         | 51,382                          | 103,109     |
| 760,448                                  | 207,437                  | 223,626                              | 10,472                | 50,977                         | 51,382                          | 7,205,689   |
| (760,448)                                | (207,437)                | (223,626)                            | (10,472)              | 12,953                         | 27,302                          | (5,113,644) |
| -  | -                        | -                                    | -                     | 4,382,000                      | 4,272,000                       | 8,654,000   |
| -  | -                        | -                                    | -                     | (4,471,075)                    | (4,298,684)                     | (8,769,759) |
| 760,448                                  | 206,687                  | 223,626                              | 10,472                | 207,767                        | -                               | 5,449,936   |
| -  | -                        | -                                    | -                     | -                              | -                               | (207,767)   |
| 760,448                                  | 206,687                  | 223,626                              | 10,472                | 118,692                        | (26,684)                        | 5,126,410   |
| -  | (750)                    | -                                    | -                     | 131,645                        | 618                             | 12,766      |
| -  | 961                      | -                                    | -                     | -                              | -                               | 122,245     |
| \$ -                                     | \$ 211                   | \$ -                                 | \$ -                  | \$ 131,645                     | \$ 618                          | \$ 135,011  |

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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, 2021

|  | <b>Capital<br/>Projects</b> | <b>2017 Michigan<br/>Transportation<br/>Bonds<br/>Construction</b> | <b>2018 Capital<br/>Improvements<br/>Bonds<br/>Construction</b> | <b>Downtown<br/>Development<br/>Authority<br/>Project</b> | <b>2020 Capital<br/>Improvements<br/>Bonds<br/>Construction</b> | <b>Totals</b>       |
|--|-----------------------------|--|---|---|---|---------------------|
| <b>Assets</b>                              |                             |  |   |   |   |                     |
| Pooled cash and investments                | \$ 74,508                   | \$ -   | \$ -  | \$ 3,887,055  | \$ 7,949  | \$ 3,969,512        |
| <b>Liabilities</b>                         |                             |  |   |   |   |                     |
| Accounts payable                           | \$ 3,373                    | \$ -   | \$ -  | \$ -  | \$ -  | \$ 3,373            |
| <b>Fund balances</b>                       |                             |  |   |   |   |                     |
| Restricted for downtown development        | -                           | -  | -   | 3,887,055   | 7,949   | 3,895,004           |
| Committed for capital projects             | 71,135                      | -  | -   | -   | -   | 71,135              |
| <b>Total fund balances</b>                 | <b>71,135</b>               | <b>-</b>   | <b>-</b>  | <b>3,887,055</b>  | <b>7,949</b>  | <b>3,966,139</b>    |
| <b>Total liabilities and fund balances</b> | <b>\$ 74,508</b>            | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ 3,887,055</b>                                       | <b>\$ 7,949</b>   | <b>\$ 3,969,512</b> |

**CITY OF JACKSON, MICHIGAN**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Capital Projects Funds

For the Fiscal Year Ended June 30, 2021

|   | Capital<br>Projects | 2017 Michigan<br>Transportation<br>Bonds<br>Construction | 2018 Capital<br>Improvements<br>Bonds<br>Construction | Downtown<br>Development<br>Authority<br>Project | 2020 Capital<br>Improvements<br>Bonds<br>Construction | Totals              |
|---|---------------------|--|---|---|---|---------------------|
| <b>Revenues</b>                             |                     |  |   |   |   |                     |
| Property taxes                              | \$ -                | \$ -   | \$ -  | \$ 1,498,664                                    | \$ -  | \$ 1,498,664        |
| Intergovernmental                           | -                   | -  | -   | 157,269   | -   | 157,269             |
| Charges for services                        | -                   | -  | -   | 1,500,000                                       | -   | 1,500,000           |
| Investment income                           | 37                  | 1,600  | 87,135  | 9,418   | 556   | 98,746              |
| Miscellaneous                               | 70,278              | -  | -   | -   | 3,839   | 74,117              |
| <b>Total revenues</b>                       | <b>70,315</b>       | <b>1,600</b>   | <b>87,135</b>   | <b>3,165,351</b>                                | <b>4,395</b>  | <b>3,328,796</b>    |
| <b>Expenditures</b>                         |                     |  |   |   |   |                     |
| Current:                                    |                     |  |   |   |   |                     |
| Community enrichment and development        | 206,239             | -  | -   | -   | 919,011   | 1,125,250           |
| Debt service -<br>Bond issuance costs       | -                   | -  | -   | -   | 34,499  | 34,499              |
| <b>Total expenditures</b>                   | <b>206,239</b>      | <b>-</b>   | <b>-</b>  | <b>-</b>  | <b>953,510</b>  | <b>1,159,749</b>    |
| Revenues over (under) expenditures          | (135,924)           | 1,600  | 87,135  | 3,165,351                                       | (949,115)   | 2,169,047           |
| <b>Other financing sources (uses)</b>       |                     |  |   |   |   |                     |
| Issuance of long-term debt                  | -                   | -  | -   | -   | 1,496,000   | 1,496,000           |
| Transfers in                                | 141,975             | -  | -   | -   | -   | 141,975             |
| Transfers out                               | -                   | (776,383)  | (1,204,518)   | (2,667,437)                                     | (1,461,502)   | (6,109,840)         |
| <b>Total other financing sources (uses)</b> | <b>141,975</b>      | <b>(776,383)</b>   | <b>(1,204,518)</b>                                    | <b>(2,667,437)</b>                              | <b>34,498</b>   | <b>(4,471,865)</b>  |
| <b>Net change in fund balances</b>          | <b>6,051</b>        | <b>(774,783)</b>   | <b>(1,117,383)</b>                                    | <b>497,914</b>                                  | <b>(914,617)</b>                                      | <b>(2,302,818)</b>  |
| Fund balances, beginning of year            | 65,084              | 774,783  | 1,117,383   | 3,389,141                                       | 922,566   | 6,268,957           |
| <b>Fund balances, end of year</b>           | <b>\$ 71,135</b>    | <b>\$ -</b>  | <b>\$ -</b>   | <b>\$ 3,887,055</b>                             | <b>\$ 7,949</b>                                       | <b>\$ 3,966,139</b> |

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## CITY OF JACKSON, MICHIGAN

### Nonmajor Permanent Funds

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

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

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

**CITY OF JACKSON, MICHIGAN**

**Combining Balance Sheet**

Nonmajor Permanent Funds

June 30, 2021

|  | Ella W.<br>Sharp Park<br>Endowment | Cemetery<br>Perpetual<br>Maintenance | Lloyd E.<br>Mount<br>Endowment | Total               |
|--|------------------------------------|--------------------------------------|--------------------------------|---------------------|
| <b>Assets</b>                            |                                    |                                      |                                |                     |
| Pooled cash and investments - restricted | \$ 1,147,544                       | \$ 2,034,305                         | \$ 304,322                     | \$ 3,486,171        |
| <b>Fund balances</b>                     |                                    |                                      |                                |                     |
| Nonspendable for:                        |                                    |                                      |                                |                     |
| Perpetual care                           | \$ -                               | \$ 2,034,305                         | \$ -                           | \$ 2,034,305        |
| Endowment                                | 1,147,544                          | -                                    | 304,322                        | 1,451,866           |
| <b>Total fund balances</b>               | <u>\$ 1,147,544</u>                | <u>\$ 2,034,305</u>                  | <u>\$ 304,322</u>              | <u>\$ 3,486,171</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, 2021

|                                    | Ella W.<br>Sharp Park<br>Endowment | Cemetery<br>Perpetual<br>Maintenance | Lloyd E.<br>Mount<br>Endowment | Total               |
|------------------------------------|------------------------------------|--------------------------------------|--------------------------------|---------------------|
| <b>Revenues</b>                    |                                    |                                      |                                |                     |
| Charges for services               | \$ -                               | \$ 36,513                            | \$ -                           | \$ 36,513           |
| Investment income                  | 4,651                              | 4,393                                | 1,362                          | 10,406              |
| <b>Total revenues</b>              | 4,651                              | 40,906                               | 1,362                          | 46,919              |
| <b>Other financing uses</b>        |                                    |                                      |                                |                     |
| Transfers out                      | (15,055)                           | (4,393)                              | (5,689)                        | (25,137)            |
| <b>Net change in fund balances</b> | (10,404)                           | 36,513                               | (4,327)                        | 21,782              |
| Fund balances, beginning of year   | 1,157,948                          | 1,997,792                            | 308,649                        | 3,464,389           |
| <b>Fund balances, end of year</b>  | <u>\$ 1,147,544</u>                | <u>\$ 2,034,305</u>                  | <u>\$ 304,322</u>              | <u>\$ 3,486,171</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.

***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, 2021

|                                       | Automobile<br>Parking<br>System | Parking<br>Assessment | Totals              |
|---------------------------------------|---------------------------------|-----------------------|---------------------|
| <b>Assets</b>                         |                                 |                       |                     |
| Current assets:                       |                                 |                       |                     |
| Pooled cash and investments           | \$ 205,810                      | \$ 309,869            | \$ 515,679          |
| Accounts receivable                   | -                               | 290                   | 290                 |
| <b>Total current assets</b>           | <u>205,810</u>                  | <u>310,159</u>        | <u>515,969</u>      |
| Noncurrent assets:                    |                                 |                       |                     |
| Capital assets not being depreciated  | 1,682,727                       | -                     | 1,682,727           |
| Capital assets being depreciated, net | 2,889,407                       | -                     | 2,889,407           |
| <b>Total noncurrent assets</b>        | <u>4,572,134</u>                | <u>-</u>              | <u>4,572,134</u>    |
| <b>Total assets</b>                   | <u>4,777,944</u>                | <u>310,159</u>        | <u>5,088,103</u>    |
| <b>Liabilities</b>                    |                                 |                       |                     |
| Current liabilities:                  |                                 |                       |                     |
| Accounts payable                      | -                               | 1,470                 | 1,470               |
| Accrued payroll                       | -                               | 1,215                 | 1,215               |
| Unearned revenue                      | -                               | 3,135                 | 3,135               |
| <b>Total liabilities</b>              | <u>-</u>                        | <u>5,820</u>          | <u>5,820</u>        |
| <b>Net position</b>                   |                                 |                       |                     |
| Investment in capital assets          | 4,572,134                       | -                     | 4,572,134           |
| Unrestricted                          | 205,810                         | 304,339               | 510,149             |
| <b>Total net position</b>             | <u>\$ 4,777,944</u>             | <u>\$ 304,339</u>     | <u>\$ 5,082,283</u> |

## CITY OF JACKSON, MICHIGAN

### Combining Statement of Revenues, Expenses and Changes in Fund Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2021

|                                  | Automobile<br>Parking<br>System | Parking<br>Assessment | Totals              |
|----------------------------------|---------------------------------|-----------------------|---------------------|
| <b>Operating revenues</b>        |                                 |                       |                     |
| Charges for sales and services   | \$ 624                          | \$ 131,671            | \$ 132,295          |
| Other                            | -                               | 31,742                | 31,742              |
| <b>Total operating revenues</b>  | <u>624</u>                      | <u>163,413</u>        | <u>164,037</u>      |
| <b>Operating expenses</b>        |                                 |                       |                     |
| Personal services                | 1,059                           | 47,899                | 48,958              |
| Contractual and other services   | 12,085                          | 81,439                | 93,524              |
| Depreciation                     | 144,969                         | -                     | 144,969             |
| <b>Total operating expenses</b>  | <u>158,113</u>                  | <u>129,338</u>        | <u>287,451</u>      |
| Operating income (loss)          | (157,489)                       | 34,075                | (123,414)           |
| <b>Nonoperating revenues</b>     |                                 |                       |                     |
| Investment income                | 1,851                           | 708                   | 2,559               |
| Income (loss) before transfers   | (155,638)                       | 34,783                | (120,855)           |
| Transfers in                     | 92,143                          | 85,546                | 177,689             |
| Transfers out                    | (112,739)                       | (92,143)              | (204,882)           |
| <b>Change in net position</b>    | (176,234)                       | 28,186                | (148,048)           |
| Net position, beginning of year  | <u>4,954,178</u>                | <u>276,153</u>        | <u>5,230,331</u>    |
| <b>Net position, end of year</b> | <u>\$ 4,777,944</u>             | <u>\$ 304,339</u>     | <u>\$ 5,082,283</u> |

## CITY OF JACKSON, MICHIGAN

### Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2021

|  | Automobile<br>Parking<br>System | Parking<br>Assessment | Totals            |
|--|---------------------------------|-----------------------|-------------------|
| <b>Cash flows from operating activities</b>  |                                 |                       |                   |
| Receipts from customers and users  | \$ 117,676                      | \$ 163,265            | \$ 280,941        |
| Payments to employees  | (1,059)                         | (47,899)              | (48,958)          |
| Payments to vendors and claimants  | (12,198)                        | (81,301)              | (93,499)          |
| <b>Net cash provided by operating activities</b>   | <u>104,419</u>                  | <u>34,065</u>         | <u>138,484</u>    |
| <b>Cash flows from noncapital financing activities</b>   |                                 |                       |                   |
| Transfers in   | 92,143                          | 85,546                | 177,689           |
| Transfers out  | (112,739)                       | (92,143)              | (204,882)         |
| <b>Net cash used in noncapital financing activities</b>  | <u>(20,596)</u>                 | <u>(6,597)</u>        | <u>(27,193)</u>   |
| <b>Cash flows from investing activities</b>  |                                 |                       |                   |
| Interest received on investments   | 1,851                           | 1,370                 | 3,221             |
| <b>Net change in cash and cash equivalents</b>   | 85,674                          | 28,838                | 114,512           |
| Cash and cash equivalents, beginning of year   | <u>120,136</u>                  | <u>281,031</u>        | <u>401,167</u>    |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 205,810</u>               | <u>\$ 309,869</u>     | <u>\$ 515,679</u> |
| <b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>  |                                 |                       |                   |
| Operating income (loss)  | \$ (157,489)                    | \$ 34,075             | \$ (123,414)      |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: |                                 |                       |                   |
| Depreciation   | 144,969                         | -                     | 144,969           |
| Change in operating assets and liabilities that provided (used) cash:                          |                                 |                       |                   |
| Accounts receivable  | 117,052                         | (290)                 | 116,762           |
| Due from other funds   | -                               | 142                   | 142               |
| Accounts payable   | (113)                           | (503)                 | (616)             |
| Accrued payroll  | -                               | 641                   | 641               |
| <b>Net cash provided by operating activities</b>   | <u>\$ 104,419</u>               | <u>\$ 34,065</u>      | <u>\$ 138,484</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.

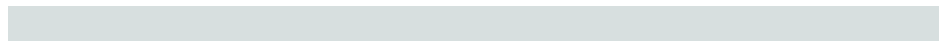
# CITY OF JACKSON, MICHIGAN

## Combining Statement of Net Position

Internal Service Funds

June 30, 2021

|   | Workers'<br>Compensation | Self Insurance<br>Health | Motor Pool<br>and Garage |
|---|--------------------------|--------------------------|--------------------------|
| <b>Assets</b>   |                          |                          |                          |
| Current assets:   |                          |                          |                          |
| Pooled cash and investments                               | \$ 506,287               | \$ 760,127               | \$ 391,646               |
| Accounts receivable                                       | -                        | -                        | 157                      |
| Restricted cash -   |                          |                          |                          |
| Cash on hand with agents                                  | 46,000                   | -                        | -                        |
| <b>Total current assets</b>                               | <u>552,287</u>           | <u>760,127</u>           | <u>391,803</u>           |
| Noncurrent assets:  |                          |                          |                          |
| Long-term advances  | 419,367                  | -                        | -                        |
| Capital assets being depreciated, net                     | -                        | -                        | 1,097,019                |
| <b>Total noncurrent assets</b>                            | <u>419,367</u>           | <u>-</u>                 | <u>1,097,019</u>         |
| <b>Total assets</b>                                       | <u>971,654</u>           | <u>760,127</u>           | <u>1,488,822</u>         |
| <b>Liabilities</b>  |                          |                          |                          |
| Current liabilities:                                      |                          |                          |                          |
| Accounts payable  | 21,005                   | 10,850                   | 25,362                   |
| Accrued payroll   | -                        | -                        | 9,170                    |
| Current portion of installment<br>purchase agreement      | -                        | -                        | 142,349                  |
| Current portion of estimated<br>claims payable            | 74,404                   | -                        | -                        |
| <b>Total current liabilities</b>                          | <u>95,409</u>            | <u>10,850</u>            | <u>176,881</u>           |
| Noncurrent liabilities -                                  |                          |                          |                          |
| Installment purchase agreement,<br>net of current portion | -                        | -                        | 411,206                  |
| <b>Total liabilities</b>                                  | <u>95,409</u>            | <u>10,850</u>            | <u>588,087</u>           |
| <b>Net position</b>                                       |                          |                          |                          |
| Net investment in capital assets                          | -                        | -                        | 543,464                  |
| Unrestricted  | 876,245                  | 749,277                  | 357,271                  |
| <b>Total net position</b>                                 | <u>\$ 876,245</u>        | <u>\$ 749,277</u>        | <u>\$ 900,735</u>        |



| <b>Public Works<br/>Administration</b> | <b>Engineering<br/>Administration</b> | <b>Local Site<br/>Remediation<br/>Revolving</b> | <b>Totals</b>       |
|--|---------------------------------------|---|---------------------|
| \$ 367,607                             | \$ 277,735                            | \$ 143,192                                      | \$ 2,446,594        |
| 16,630                                 | 200                                   | -   | 16,987              |
| -                                      | -                                     | -   | 46,000              |
| <u>384,237</u>                         | <u>277,935</u>                        | <u>143,192</u>                                  | <u>2,509,581</u>    |
| -                                      | -                                     | -   | 419,367             |
| -                                      | -                                     | -   | 1,097,019           |
| <u>-</u>                               | <u>-</u>                              | <u>-</u>  | <u>1,516,386</u>    |
| <u>384,237</u>                         | <u>277,935</u>                        | <u>143,192</u>                                  | <u>4,025,967</u>    |
| 12,457                                 | 5,461                                 | -   | 75,135              |
| 13,461                                 | 3,389                                 | -   | 26,020              |
| -                                      | -                                     | -   | 142,349             |
| -                                      | -                                     | -   | 74,404              |
| <u>25,918</u>                          | <u>8,850</u>                          | <u>-</u>  | <u>317,908</u>      |
| -                                      | -                                     | -   | 411,206             |
| <u>25,918</u>                          | <u>8,850</u>                          | <u>-</u>  | <u>729,114</u>      |
| -                                      | -                                     | -   | 543,464             |
| <u>358,319</u>                         | <u>269,085</u>                        | <u>143,192</u>                                  | <u>2,753,389</u>    |
| <u>\$ 358,319</u>                      | <u>\$ 269,085</u>                     | <u>\$ 143,192</u>                               | <u>\$ 3,296,853</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, 2021

|                                  | Workers'<br>Compensation | Self Insurance<br>Health | Motor Pool<br>and Garage |
|----------------------------------|--------------------------|--------------------------|--------------------------|
| <b>Operating revenues</b>        |                          |                          |                          |
| Charges for services             | \$ 578,590               | \$ 4,956,648             | \$ 166,522               |
| Miscellaneous                    | -                        | -                        | 1,037,131                |
| <b>Total operating revenues</b>  | <u>578,590</u>           | <u>4,956,648</u>         | <u>1,203,653</u>         |
| <b>Operating expenses</b>        |                          |                          |                          |
| Personal services                | -                        | -                        | 274,966                  |
| Administration                   | -                        | -                        | -                        |
| Materials and supplies           | -                        | -                        | 340,541                  |
| Contractual and other services   | 902,695                  | 5,654,564                | 161,327                  |
| Benefit payments                 | 253,720                  | -                        | -                        |
| Depreciation                     | -                        | -                        | 231,532                  |
| <b>Total operating expenses</b>  | <u>1,156,415</u>         | <u>5,654,564</u>         | <u>1,008,366</u>         |
| Operating income (loss)          | (577,825)                | (697,916)                | 195,287                  |
| <b>Nonoperating revenues</b>     |                          |                          |                          |
| Investment income                | <u>7,790</u>             | <u>1,164</u>             | <u>745</u>               |
| Income (loss) before transfers   | (570,035)                | (696,752)                | 196,032                  |
| Transfers out                    | <u>-</u>                 | <u>-</u>                 | <u>(55,650)</u>          |
| <b>Change in net position</b>    | (570,035)                | (696,752)                | 140,382                  |
| Net position, beginning of year  | <u>1,446,280</u>         | <u>1,446,029</u>         | <u>760,353</u>           |
| <b>Net position, end of year</b> | <u>\$ 876,245</u>        | <u>\$ 749,277</u>        | <u>\$ 900,735</u>        |



| <b>Public Works Administration</b> | <b>Engineering Administration</b> | <b>Local Site Remediation Revolving</b> | <b>Totals</b>       |
|------------------------------------|-----------------------------------|---|---------------------|
| \$ 358,107                         | \$ 276,972                        | \$ 78,131                               | \$ 6,414,970        |
| 31,354                             | 12,165                            | -                                       | 1,080,650           |
| <u>389,461</u>                     | <u>289,137</u>                    | <u>78,131</u>                           | <u>7,495,620</u>    |
| 267,598                            | 182,038                           | -                                       | 724,602             |
| 41,104                             | 63,139                            | -                                       | 104,243             |
| -                                  | -                                 | -                                       | 340,541             |
| -                                  | -                                 | 1,409                                   | 6,719,995           |
| -                                  | -                                 | -                                       | 253,720             |
| -                                  | -                                 | -                                       | 231,532             |
| <u>308,702</u>                     | <u>245,177</u>                    | <u>1,409</u>                            | <u>8,374,633</u>    |
| 80,759                             | 43,960                            | 76,722                                  | (879,013)           |
| <u>8,147</u>                       | <u>576</u>                        | <u>187</u>                              | <u>18,609</u>       |
| 88,906                             | 44,536                            | 76,909                                  | (860,404)           |
| <u>-</u>                           | <u>-</u>                          | <u>-</u>                                | <u>(55,650)</u>     |
| 88,906                             | 44,536                            | 76,909                                  | (916,054)           |
| <u>269,413</u>                     | <u>224,549</u>                    | <u>66,283</u>                           | <u>4,212,907</u>    |
| <u>\$ 358,319</u>                  | <u>\$ 269,085</u>                 | <u>\$ 143,192</u>                       | <u>\$ 3,296,853</u> |

## CITY OF JACKSON, MICHIGAN

### Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2021

|  | Workers'<br>Compensation | Self Insurance<br>Health | Motor Pool<br>and Garage |
|--|--------------------------|--------------------------|--------------------------|
| <b>Cash flows from operating activities</b>  |                          |                          |                          |
| Receipts for interfund services provided   | \$ 578,590               | \$ 4,965,400             | \$ 1,203,770             |
| Payments to employees  | -                        | -                        | (272,171)                |
| Payments to vendors and claimants  | (1,158,996)              | (5,319,503)              | (492,082)                |
| <b>Net cash provided by (used in) operating activities</b>   | <u>(580,406)</u>         | <u>(354,103)</u>         | <u>439,517</u>           |
| <b>Cash flows from capital and related financing activities</b>  |                          |                          |                          |
| Purchase of capital assets   | -                        | -                        | (146,460)                |
| Principal paid on long-term debt   | -                        | -                        | (138,531)                |
| Advances to other funds  | 243,789                  | -                        | -                        |
| Advances from other funds  | -                        | -                        | (5,667)                  |
| <b>Net cash provided by (used in) capital and related financing activities</b>                           | <u>243,789</u>           | <u>-</u>                 | <u>(290,658)</u>         |
| <b>Cash flows from noncapital financing activities</b>   |                          |                          |                          |
| Transfers out  | -                        | -                        | (55,650)                 |
| <b>Cash flows from investing activities</b>  |                          |                          |                          |
| Interest received on investments   | 7,790                    | 3,661                    | 1,445                    |
| <b>Net change in cash and cash equivalents</b>   | <u>(328,827)</u>         | <u>(350,442)</u>         | <u>94,654</u>            |
| Cash and cash equivalents, beginning of year   | 881,114                  | 1,110,569                | 296,992                  |
| <b>Cash and cash equivalents, end of year</b>  | <u>\$ 552,287</u>        | <u>\$ 760,127</u>        | <u>\$ 391,646</u>        |
| <b>Statement of net position classification of cash</b>  |                          |                          |                          |
| Cash and cash equivalents  | \$ 506,287               | \$ 760,127               | \$ 391,646               |
| Restricted cash and cash equivalents   | 46,000                   | -                        | -                        |
|  | <u>\$ 552,287</u>        | <u>\$ 760,127</u>        | <u>\$ 391,646</u>        |
| <b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>  |                          |                          |                          |
| Operating income (loss)  | \$ (577,825)             | \$ (697,916)             | \$ 195,287               |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                          |                          |                          |
| Depreciation   | -                        | -                        | 231,532                  |
| Change in operating assets and liabilities that provided (used) cash:                                    |                          |                          |                          |
| Accounts receivable  | -                        | 7,644                    | 117                      |
| Due from other funds   | -                        | 1,108                    | -                        |
| Prepaid items  | -                        | 343,943                  | 4,879                    |
| Accounts payable   | 8,025                    | (8,882)                  | 4,907                    |
| Accrued payroll  | -                        | -                        | 2,795                    |
| Estimated claims payable   | (10,606)                 | -                        | -                        |
| <b>Net cash provided by (used in) operating activities</b>   | <u>\$ (580,406)</u>      | <u>\$ (354,103)</u>      | <u>\$ 439,517</u>        |

| Public Works Administration | Engineering Administration | Local Site Remediation Revolving | Totals              |
|-----------------------------|----------------------------|----------------------------------|---------------------|
| \$ 378,597                  | \$ 335,880                 | \$ 78,131                        | \$ 7,540,368        |
| (261,840)                   | (183,169)                  | -                                | (717,180)           |
| (33,993)                    | (89,213)                   | (1,409)                          | (7,095,196)         |
| 82,764                      | 63,498                     | 76,722                           | (272,008)           |
| -                           | -                          | -                                | (146,460)           |
| -                           | -                          | -                                | (138,531)           |
| -                           | -                          | -                                | 243,789             |
| -                           | -                          | -                                | (5,667)             |
| -                           | -                          | -                                | (46,869)            |
| -                           | -                          | -                                | (55,650)            |
| 8,774                       | 985                        | 343                              | 22,998              |
| 91,538                      | 64,483                     | 77,065                           | (351,529)           |
| 276,069                     | 213,252                    | 66,127                           | 2,844,123           |
| <u>\$ 367,607</u>           | <u>\$ 277,735</u>          | <u>\$ 143,192</u>                | <u>\$ 2,492,594</u> |
| \$ 367,607                  | \$ 277,735                 | \$ 143,192                       | \$ 2,446,594        |
| -                           | -                          | -                                | 46,000              |
| <u>\$ 367,607</u>           | <u>\$ 277,735</u>          | <u>\$ 143,192</u>                | <u>\$ 2,492,594</u> |
| \$ 80,759                   | \$ 43,960                  | \$ 76,722                        | \$ (879,013)        |
| -                           | -                          | -                                | 231,532             |
| (10,864)                    | 46,743                     | -                                | 43,640              |
| -                           | -                          | -                                | 1,108               |
| -                           | -                          | -                                | 348,822             |
| 7,111                       | (26,074)                   | -                                | (14,913)            |
| 5,758                       | (1,131)                    | -                                | 7,422               |
| -                           | -                          | -                                | (10,606)            |
| <u>\$ 82,764</u>            | <u>\$ 63,498</u>           | <u>\$ 76,722</u>                 | <u>\$ (272,008)</u> |

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## CITY OF JACKSON, MICHIGAN

### Custodial Funds

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

***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.

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

# CITY OF JACKSON, MICHIGAN

## Combining Statement of Fiduciary Net Position

Custodial Funds  
June 30, 2021

|   | Jeopardy<br>Tax | County and<br>School<br>Tax<br>Collection | Cafeteria<br>Reimbursement | Total         |
|---|-----------------|---|----------------------------|---------------|
| <b>Assets</b>                                   |                 |   |                            |               |
| Pooled cash and investments                     | \$ 18,407       | \$ -                                      | \$ 68,621                  | \$ 87,028     |
| <b>Liabilities</b>                              |                 |   |                            |               |
| Due to other governments                        | 18,407          | -   | -                          | 18,407        |
| Other liabilities                               | -               | -   | 68,621                     | 68,621        |
| <b>Total liabilities</b>                        | <b>18,407</b>   | <b>-</b>                                  | <b>68,621</b>              | <b>87,028</b> |
| <b>Net position</b>                             |                 |   |                            |               |
| Restricted for individual and other governments | \$ -            | \$ -                                      | \$ -                       | \$ -          |

# CITY OF JACKSON, MICHIGAN

## Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Fiscal Year Ended June 30, 2021

|  | Jeopardy<br>Tax | County and<br>School<br>Tax<br>Collection | Cafeteria<br>Reimbursement | Total             |
|--|-----------------|---|----------------------------|-------------------|
| <b>Additions</b>                       |                 |   |                            |                   |
| Taxes collected for other governments  | \$ 26,828       | \$ 25,249,801                             | \$ -                       | \$ 25,276,629     |
| Funds collected for employees          | -               | -   | 93,173                     | 93,173            |
| <b>Total additions</b>                 | <u>26,828</u>   | <u>25,249,801</u>                         | <u>93,173</u>              | <u>25,369,802</u> |
| <b>Deductions</b>                      |                 |   |                            |                   |
| Payments of taxes to other governments | 26,828          | 25,249,801                                | -                          | 25,276,629        |
| Payments of funds to employees         | -               | -   | 93,173                     | 93,173            |
| <b>Total deductions</b>                | <u>26,828</u>   | <u>25,249,801</u>                         | <u>93,173</u>              | <u>25,369,802</u> |
| <b>Change in net position</b>          | -               | -   | -                          | -                 |
| Net position, beginning of year        | -               | -   | -                          | -                 |
| <b>Net position, end of year</b>       | <u>\$ -</u>     | <u>\$ -</u>                               | <u>\$ -</u>                | <u>\$ -</u>       |

# CITY OF JACKSON, MICHIGAN

## Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2021

|   | Capital Projects                         |              |                              |
|---|--|--------------|------------------------------|
|   | Brownfield<br>Redevelopment<br>Authority | Adjustments  | Statement<br>of Net Position |
| <b>Assets</b>                             |  |              |                              |
| Pooled cash and investments               | \$ 1,337,443                             | \$ -         | \$ 1,337,443                 |
| <b>Liabilities</b>                        |  |              |                              |
| Accounts payable                          | \$ 114                                   | -            | 114                          |
| Salaries payable                          | 814                                      | -            | 814                          |
| <b>Total liabilities</b>                  | 928                                      | -            | 928                          |
| <b>Fund balance</b>                       |  |              |                              |
| Committed                                 | 1,336,515                                | (1,336,515)  | -                            |
| <b>Total liabilities and fund balance</b> | \$ 1,337,443                             |              |                              |
| <b>Net position - unrestricted</b>        |  | \$ 1,336,515 | \$ 1,336,515                 |

## 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, 2021

|   | Capital Projects                         |             |                            |
|---|--|-------------|----------------------------|
|   | Brownfield<br>Redevelopment<br>Authority | Adjustments | Statement<br>of Activities |
| <b>Revenues</b>                                 |  |             |                            |
| Property taxes                                  | \$ 1,378,864                             | \$ -        | \$ 1,378,864               |
| Interest revenue                                | 2,867                                    | -           | 2,867                      |
| Miscellaneous                                   | 3,599                                    | -           | 3,599                      |
| <b>Total revenues</b>                           | 1,385,330                                | -           | 1,385,330                  |
| <b>Expenditures/Expenses</b>                    |  |             |                            |
| Community enrichment                            | 1,394,786                                | -           | 1,394,786                  |
| Net change in fund balance                      | (9,456)                                  | 9,456       | -                          |
| <b>Change in net position</b>                   | -  | (9,456)     | (9,456)                    |
| Fund balance / net position, beginning of year  | 1,345,971                                | -           | 1,345,971                  |
| <b>Fund balance / net position, end of year</b> | <u>\$ 1,336,515</u>                      | <u>\$ -</u> | <u>\$ 1,336,515</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 annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### CONTENTS

### Page

#### **Financial Trends (schedules 1 thru 5)**

176

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)**

187

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)**

192

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)**

196

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)**

198

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 annual comprehensive financial reports for the relevant year.

## CITY OF JACKSON, MICHIGAN

### Net Position by Component

Last Ten Years

(accrual basis of accounting)

|  | 2012                  | 2013                  | 2014                  | 2015                   |
|--|-----------------------|-----------------------|-----------------------|------------------------|
| <b>Governmental activities</b>                     |                       |                       |                       |                        |
| Net investment in capital assets                   | \$ 32,867,134         | \$ 36,771,568         | \$ 37,303,547         | \$ 38,234,548          |
| Restricted   | 4,240,770             | 6,439,037             | 7,181,966             | 7,972,469              |
| Unrestricted (deficit)                             | (4,048,999)           | (6,970,145)           | (11,088,913)          | (62,538,673)           |
| <b>Total governmental activities net position</b>  | <u>\$ 33,058,905</u>  | <u>\$ 36,240,460</u>  | <u>\$ 33,396,600</u>  | <u>\$ (16,331,656)</u> |
| <b>Business-type activities</b>                    |                       |                       |                       |                        |
| Net investment in capital assets                   | \$ 57,808,727         | \$ 57,446,945         | \$ 57,537,510         | \$ 59,159,505          |
| Restricted   | 67,300                | 62,500                | 62,500                | 62,500                 |
| Unrestricted                                       | 19,952,439            | 22,506,870            | 23,712,577            | 22,498,646             |
| <b>Total business-type activities net position</b> | <u>\$ 77,828,466</u>  | <u>\$ 80,016,315</u>  | <u>\$ 81,312,587</u>  | <u>\$ 81,720,651</u>   |
| <b>Primary government</b>                          |                       |                       |                       |                        |
| Net investment in capital assets                   | \$ 90,675,861         | \$ 94,218,513         | \$ 94,841,057         | \$ 97,394,053          |
| Restricted   | 4,308,070             | 6,501,537             | 7,244,466             | 8,034,969              |
| Unrestricted (deficit)                             | 15,903,440            | 15,536,725            | 12,623,664            | (40,040,027)           |
| <b>Total primary government net position</b>       | <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

| 2016                   | 2017                   | 2018                  | 2019                 | 2020                  | 2021                  |
|------------------------|------------------------|-----------------------|----------------------|-----------------------|-----------------------|
| \$ 41,858,320          | \$ 46,037,381          | \$ 51,108,178         | \$ 54,931,404        | \$ 53,606,187         | \$ 56,712,552         |
| 7,208,873              | 7,592,831              | 12,047,542            | 12,471,809           | 19,370,145            | 15,698,597            |
| (67,681,747)           | (64,742,170)           | (64,345,914)          | (58,450,664)         | (63,759,803)          | (51,690,787)          |
| <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>   | <u>\$ 20,720,362</u>  |
| \$ 62,021,038          | \$ 64,851,145          | \$ 68,554,581         | \$ 72,433,199        | \$ 76,607,394         | \$ 78,429,317         |
| -                      | -                      | -                     | -                    | -                     | -                     |
| 22,422,024             | 23,100,849             | 3,005,828             | 7,188,718            | 14,797,454            | 19,866,402            |
| <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>  | <u>\$ 98,295,719</u>  |
| \$ 103,879,358         | \$ 110,888,526         | \$ 119,662,759        | \$ 127,364,603       | \$ 130,213,581        | \$ 135,141,869        |
| 7,208,873              | 7,592,831              | 12,047,542            | 12,471,809           | 19,370,145            | 15,698,597            |
| (45,259,723)           | (41,641,321)           | (61,340,086)          | (51,261,946)         | (48,962,349)          | (31,824,385)          |
| <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> | <u>\$ 119,016,081</u> |

## CITY OF JACKSON, MICHIGAN

### Changes in Net Position

Last Ten Years

(accrual basis of accounting)

|  | 2012                  | 2013                  | 2014                  | 2015                 |
|--|-----------------------|-----------------------|-----------------------|----------------------|
| <b>Revenue</b>   |                       |                       |                       |                      |
| Governmental activities:                                     |                       |                       |                       |                      |
| Program revenues:  |                       |                       |                       |                      |
| Charges for services   | \$ 4,598,435          | \$ 6,587,602          | \$ 4,848,628          | \$ 5,552,879         |
| Operating grants and contributions                           | 5,979,625             | 7,603,364             | 4,954,371             | 8,168,083            |
| Capital grants and contributions                             | 5,321,414             | 4,434,092             | 1,715,400             | 2,616,526            |
| General revenues:  |                       |                       |                       |                      |
| Property taxes   | 9,708,980             | 9,495,893             | 9,347,632             | 9,848,721            |
| Income taxes   | 7,297,281             | 8,017,329             | 8,080,526             | 8,806,662            |
| Grants and contributions not restricted to specific programs | 4,061,333             | 4,218,247             | 4,350,343             | 4,473,462            |
| Other  | 100,188               | 88,095                | 205,048               | 220,316              |
| <b>Total governmental activities revenues</b>                | <b>37,067,256</b>     | <b>40,444,622</b>     | <b>33,501,948</b>     | <b>39,686,649</b>    |
| Business-type activities:                                    |                       |                       |                       |                      |
| Program revenues:  |                       |                       |                       |                      |
| Charges for services   | 15,905,133            | 14,550,167            | 12,747,090            | 12,157,199           |
| Operating grants and contributions                           | -                     | -                     | 1,357,416             | -                    |
| General revenues:  |                       |                       |                       |                      |
| Grants and contributions not restricted to specific programs | 245,514               | 274,432               | 502,598               | 494,502              |
| Other  | 93,619                | 185,949               | 91,290                | 79,121               |
| <b>Total business-type activities revenues</b>               | <b>16,244,266</b>     | <b>15,010,548</b>     | <b>14,698,394</b>     | <b>12,730,822</b>    |
| <b>Total primary government revenues</b>                     | <b>53,311,522</b>     | <b>55,455,170</b>     | <b>48,200,342</b>     | <b>52,417,471</b>    |
| <b>Expenses</b>  |                       |                       |                       |                      |
| Governmental activities:                                     |                       |                       |                       |                      |
| Legislative  | 78,779                | 81,079                | 80,442                | 77,646               |
| General government   | 4,224,454             | 4,774,616             | 5,316,441             | 4,430,955            |
| Public safety  | 14,157,903            | 18,980,031            | 18,040,231            | 20,342,158           |
| Public works   | 5,509,209             | 6,157,790             | 5,909,656             | 6,078,035            |
| Culture and recreation                                       | 2,764,356             | 2,392,391             | 2,592,620             | 2,925,356            |
| Community enrichment & development                           | 3,140,708             | 3,281,198             | 3,049,440             | 2,955,101            |
| Interest on long-term debt                                   | 1,280,723             | 1,595,962             | 1,275,528             | 1,212,116            |
| <b>Total governmental activities expenses</b>                | <b>31,156,132</b>     | <b>37,263,067</b>     | <b>36,264,358</b>     | <b>38,021,367</b>    |
| Business-type activities:                                    |                       |                       |                       |                      |
| Sewer  | 5,808,940             | 4,622,944             | 4,528,885             | 4,269,366            |
| Water  | 5,923,975             | 6,079,526             | 6,388,397             | 6,671,055            |
| Stormwater utilities   | 845,506               | 1,441,642             | 524,814               | 679,023              |
| Parking system   | 632,315               | 625,116               | 633,440               | 590,951              |
| Golf practice center   | 62,084                | 53,471                | 50,620                | 53,489               |
| <b>Total business-type activities expenses</b>               | <b>13,272,820</b>     | <b>12,822,699</b>     | <b>12,126,156</b>     | <b>12,263,884</b>    |
| <b>Total primary government expenses</b>                     | <b>44,428,952</b>     | <b>50,085,766</b>     | <b>48,390,514</b>     | <b>50,285,251</b>    |
| <b>Change in net position</b>                                | <b>8,882,570</b>      | <b>5,369,404</b>      | <b>(190,172)</b>      | <b>2,132,220</b>     |
| Net position, beginning of year, as restated                 | 102,654,330           | 110,887,371           | 116,256,775           | 63,256,775           |
| <b>Other restatements at June 30</b>                         | <b>(649,529)</b>      | <b>-</b>              | <b>-</b>              | <b>-</b>             |
| <b>Net position, end of year</b>                             | <b>\$ 110,887,371</b> | <b>\$ 116,256,775</b> | <b>\$ 116,066,603</b> | <b>\$ 65,388,995</b> |

Source: City of Jackson Finance Department.

|    | 2016              | 2017                 | 2018                 | 2019                 | 2020                  | 2021                  |
|----|-------------------|----------------------|----------------------|----------------------|-----------------------|-----------------------|
| \$ | 6,865,865         | \$ 7,230,063         | \$ 7,633,281         | \$ 8,518,198         | \$ 7,212,485          | \$ 8,863,355          |
|    | 8,528,481         | 8,057,043            | 7,188,154            | 10,617,226           | 7,342,490             | 8,476,639             |
|    | 4,382,916         | 4,912,701            | 8,725,585            | 3,304,842            | 4,332,079             | 2,044,314             |
|    | 10,098,963        | 11,107,219           | 11,426,851           | 11,897,574           | 12,634,482            | 13,179,820            |
|    | 8,269,968         | 9,021,888            | 9,042,070            | 9,882,250            | 9,056,222             | 9,217,674             |
|    | 4,529,640         | 4,587,193            | 4,667,253            | 4,769,735            | 5,309,368             | 7,045,117             |
|    | 273,697           | 236,961              | 353,866              | 856,080              | 778,808               | 259,416               |
|    | <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>     | <u>49,086,335</u>     |
|    | 12,950,095        | 14,689,369           | 15,207,460           | 16,191,522           | 17,252,403            | 18,884,512            |
|    | -                 | -                    | -                    | 1,441,018            | 1,379,553             | 1,357,416             |
|    | 484,125           | 482,229              | 556,648              | -                    | -                     | -                     |
|    | 65,603            | 74,213               | 137,466              | 361,329              | 339,176               | 77,735                |
|    | <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>20,319,663</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>     | <u>69,405,998</u>     |
|    | 86,196            | 88,390               | 108,282              | 103,078              | 100,797               | 97,924                |
|    | 4,919,166         | 4,757,600            | (191,739)            | 3,452,770            | 4,454,511             | 4,203,847             |
|    | 23,831,644        | 16,974,653           | 14,191,120           | 18,321,150           | 19,210,546            | 14,862,879            |
|    | 6,008,799         | 6,217,969            | 7,401,586            | 3,832,094            | 5,672,141             | 7,619,674             |
|    | 3,001,248         | 3,386,015            | 3,137,477            | 3,209,702            | 3,083,804             | 1,581,726             |
|    | 3,853,316         | 3,622,160            | 4,965,201            | 5,420,109            | 5,344,897             | 7,058,777             |
|    | 2,224,745         | 2,501,062            | 2,496,690            | 3,127,526            | 3,137,665             | 3,057,159             |
|    | <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>     | <u>38,481,986</u>     |
|    | 4,697,987         | 4,545,319            | 2,759,909            | 3,702,480            | 5,438,938             | 5,254,598             |
|    | 6,837,381         | 6,761,160            | 4,001,789            | 7,874,503            | 6,538,937             | 6,693,155             |
|    | -                 | -                    | -                    | -                    | -                     | -                     |
|    | 507,451           | 498,772              | 559,056              | 536,176              | 568,341               | 581,555               |
|    | 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>12,529,308</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>     | <u>51,011,294</u>     |
|    | 439,513           | 11,011,528           | 25,476,124           | 18,204,251           | 12,046,911            | 18,394,704            |
|    | 65,388,995        | 65,828,508           | 44,894,091           | 70,370,215           | 88,574,466            | 100,621,377           |
|    | -                 | -                    | -                    | -                    | -                     | -                     |
| \$ | <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> | <u>\$ 119,016,081</u> |

## CITY OF JACKSON, MICHIGAN

### Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

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

Source: City of Jackson Finance Department.

| 2016                 | 2017                 | 2018                 | 2019                 | 2020                 | 2021                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 67,427            | \$ 99,168            | \$ 95,466            | \$ 80,802            | \$ 64,330            | \$ 78,847            |
| -                    | -                    | -                    | 297,934              | 192,808              | 56,761               |
| <u>6,041,453</u>     | <u>7,199,991</u>     | <u>8,881,658</u>     | <u>7,877,478</u>     | <u>7,042,296</u>     | <u>10,521,234</u>    |
| <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>  | <u>\$ 10,656,842</u> |
| \$ 3,472,264         | \$ 3,629,388         | \$ 3,612,791         | \$ 3,692,649         | \$ 3,759,457         | \$ 3,809,681         |
| 4,137,161            | 11,876,369           | 21,283,514           | 19,537,130           | 11,968,434           | 9,478,645            |
| 956,075              | 808,067              | 1,084,236            | 1,608,967            | 2,412,325            | 1,828,750            |
| <u>(1,134,975)</u>   | <u>(791,262)</u>     | <u>(509,505)</u>     | <u>(2,834,910)</u>   | <u>(3,315,558)</u>   | <u>(1,881,815)</u>   |
| <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>13,235,261</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> | <u>\$ 23,892,103</u> |

# CITY OF JACKSON, MICHIGAN

## Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

|   | 2012                | 2013                | 2014                  | 2015                |
|---|---------------------|---------------------|-----------------------|---------------------|
| <b>Revenues</b>   |                     |                     |                       |                     |
| Taxes   | \$ 16,885,935       | \$ 17,321,868       | \$ 17,428,158         | \$ 18,655,383       |
| Licenses and permits                                    | 262,775             | 271,848             | 265,297               | 269,871             |
| Intergovernmental                                       | 15,414,169          | 16,139,922          | 10,841,106            | 15,052,090          |
| Charges for services                                    | 3,806,252           | 5,133,688           | 3,588,723             | 3,794,081           |
| Fines and forfeits                                      | 199,216             | 223,947             | 184,411               | 251,069             |
| Special assessments                                     | 223,209             | 403,688             | 288,255               | 372,646             |
| Donations   | -                   | -                   | -                     | -                   |
| Investment income                                       | 134,927             | 121,539             | 186,120               | 208,663             |
| Miscellaneous   | 608,713             | 660,058             | 771,598               | 1,077,636           |
| <b>Total revenues</b>                                   | <b>37,535,196</b>   | <b>40,276,558</b>   | <b>33,553,668</b>     | <b>39,681,439</b>   |
| <b>Expenditures</b>                                     |                     |                     |                       |                     |
| Legislative   | 78,779              | 81,079              | 80,442                | 77,646              |
| General government                                      | 4,111,378           | 4,334,482           | 4,111,567             | 4,265,628           |
| Public safety   | 13,936,985          | 17,766,806          | 15,829,087            | 17,659,079          |
| Public works  | 8,704,847           | 8,036,993           | 5,044,025             | 5,483,350           |
| Culture and recreation                                  | 2,686,777           | 2,684,768           | 2,545,604             | 2,634,120           |
| Community enrichment and development                    | 1,998,043           | 2,260,186           | 2,002,541             | 3,474,674           |
| Capital outlay  | 547,300             | 641,945             | 781,655               | 434,097             |
| Debt service:   |                     |                     |                       |                     |
| Principal   | 915,000             | 1,600,000           | 710,000               | 765,000             |
| Interest & fiscal charges                               | 1,255,740           | 1,458,980           | 1,272,030             | 1,187,255           |
| Other   | 471,371             | -                   | -                     | -                   |
| <b>Total expenditures</b>                               | <b>34,706,220</b>   | <b>38,865,239</b>   | <b>32,376,951</b>     | <b>35,980,849</b>   |
| Excess of revenues over (under) expenditures            | 2,828,976           | 1,411,319           | 1,176,717             | 3,700,590           |
| <b>Other financing sources (uses)</b>                   |                     |                     |                       |                     |
| 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  | 2,384,867           | 5,005,390           | 3,059,835             | 3,550,761           |
| Transfers out   | (2,463,327)         | (5,085,937)         | (2,717,902)           | (4,285,227)         |
| <b>Total other financing sources (uses)</b>             | <b>(957,089)</b>    | <b>(17,307)</b>     | <b>(8,640,927)</b>    | <b>(725,527)</b>    |
| <b>Net change in fund balances</b>                      | <b>\$ 1,871,887</b> | <b>\$ 1,394,012</b> | <b>\$ (7,464,210)</b> | <b>\$ 2,975,063</b> |
| Debt service as a percentage of noncapital expenditures | 9.5%                | 9.3%                | 6.8%                  | 6.4%                |

Source: City of Jackson Finance Department.

|    | 2016               | 2017                | 2018                 | 2019                  | 2020                  | 2021                |
|----|--------------------|---------------------|----------------------|-----------------------|-----------------------|---------------------|
| \$ | 18,368,931         | \$ 20,129,107       | \$ 20,468,921        | \$ 21,779,824         | \$ 21,690,704         | \$ 22,397,494       |
|    | 269,932            | 269,406             | 264,555              | 258,778               | 314,806               | 373,098             |
|    | 17,545,877         | 15,330,415          | 19,675,248           | 14,775,492            | 15,304,535            | 16,800,484          |
|    | 3,581,590          | 4,460,375           | 4,876,739            | 6,613,293             | 5,773,117             | 5,929,899           |
|    | 291,348            | 470,675             | 550,696              | 398,997               | 862,897               | 441,684             |
|    | 347,218            | 377,824             | 491,945              | 839,022               | 1,026,392             | 633,416             |
|    | -                  | 296,103             | 405                  | 20,000                | -                     | 254                 |
|    | 294,770            | 199,316             | 313,662              | 870,659               | 804,907               | 251,341             |
|    | 2,273,206          | 2,879,191           | 2,587,444            | 1,022,657             | 747,410               | 2,458,936           |
|    | <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>     | <u>49,286,606</u>   |
|    | 86,196             | 88,390              | 108,282              | 103,078               | 100,797               | 97,924              |
|    | 4,381,350          | 4,631,716           | 4,640,313            | 5,443,624             | 5,927,302             | 4,974,574           |
|    | 19,869,088         | 17,310,595          | 16,182,352           | 16,768,693            | 17,540,680            | 17,669,489          |
|    | 9,533,378          | 10,698,179          | 17,146,093           | 9,847,476             | 11,913,597            | 11,164,104          |
|    | 2,943,178          | 3,093,474           | 3,226,680            | 3,386,304             | 3,143,300             | 2,544,686           |
|    | 3,938,264          | 3,910,791           | 5,607,003            | 6,200,895             | 5,918,174             | 6,731,676           |
|    | -                  | -                   | -                    | -                     | -                     | -                   |
|    | 1,694,125          | 1,980,346           | 2,810,675            | 3,699,841             | 3,732,415             | 4,039,044           |
|    | 2,184,775          | 2,387,036           | 2,472,640            | 3,164,727             | 3,203,796             | 3,139,798           |
|    | -                  | -                   | -                    | -                     | 75,302                | 137,608             |
|    | <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>50,498,903</u>   |
|    | (1,657,482)        | 311,885             | (2,964,423)          | (2,035,916)           | (5,030,595)           | (1,212,297)         |
|    | 12,292             | 18,054              | 13,056               | 13,895                | 21,625                | 618,744             |
|    | -                  | -                   | -                    | 15,005                | 26,909                | 26,189              |
|    | 1,759,493          | 18,050,000          | 14,890,000           | -                     | 7,719,000             | 10,150,000          |
|    | -                  | -                   | -                    | -                     | -                     | -                   |
|    | -                  | -                   | 1,721,868            | -                     | -                     | -                   |
|    | -                  | (8,995,000)         | -                    | -                     | (5,638,737)           | (8,769,759)         |
|    | 5,308,321          | 7,341,083           | 9,001,694            | 15,332,834            | 10,568,423            | 10,108,706          |
|    | (6,615,635)        | (7,443,706)         | (11,035,756)         | (17,513,928)          | (15,802,583)          | (9,153,572)         |
|    | <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>2,980,308</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>\$ 1,768,011</u> |
|    | <u>10.7%</u>       | <u>12.2%</u>        | <u>14.3%</u>         | <u>18.5%</u>          | <u>17.5%</u>          | <u>17.7%</u>        |

# CITY OF JACKSON, MICHIGAN

## Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

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

Source: City of Jackson Finance Department.

|    | 2016              | 2017                | 2018                | 2019                | 2020                | 2021                |
|----|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ | 15,925,081        | \$ 17,230,302       | \$ 17,443,707       | \$ 18,587,398       | \$ 18,475,449       | \$ 19,001,018       |
|    | 269,932           | 269,406             | 264,555             | 258,778             | 314,806             | 373,098             |
|    | 4,417,029         | 4,470,342           | 4,608,142           | 4,688,571           | 4,867,735           | 6,636,974           |
|    | 1,231,701         | 1,502,943           | 1,558,627           | 1,512,139           | 1,542,890           | 1,240,254           |
|    | 291,348           | 470,675             | 550,696             | 398,997             | 862,897             | 441,684             |
|    | -                 | -                   | -                   | 20,000              | -                   | 254                 |
|    | 26,733            | 58,743              | 218,608             | 223,003             | 194,980             | 120,140             |
|    | 110,815           | 204,103             | 150,098             | 430,720             | 130,769             | 1,591,010           |
|    | <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>   | <u>29,404,432</u>   |
|    | 86,196            | 88,390              | 108,282             | 103,078             | 100,797             | 97,924              |
|    | 4,381,350         | 4,631,716           | 4,640,313           | 5,443,624           | 5,927,302           | 4,974,574           |
|    | 13,647,101        | 14,241,448          | 14,501,003          | 14,711,218          | 16,255,519          | 16,651,896          |
|    | 799,946           | 809,563             | 810,425             | 1,177,920           | 1,482,846           | 1,339,518           |
|    | 1,436,002         | 1,541,764           | 1,697,173           | 1,793,059           | 1,699,989           | 1,305,894           |
|    | 662,416           | 716,768             | 604,840             | 585,620             | 586,760             | 1,465,395           |
|    | -                 | -                   | -                   | -                   | 56,962              | 58,745              |
|    | -                 | -                   | -                   | -                   | 7,558               | 17,517              |
|    | <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>25,911,463</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>      | <u>3,492,969</u>    |
|    | 12,292            | 18,054              | 13,056              | 13,895              | 21,625              | 120,894             |
|    | -                 | -                   | -                   | 15,005              | 22,725              | 26,189              |
|    | 24,755            | 24,015              | 43,876              | 82,279              | 79,133              | 4,393               |
|    | <u>(729,518)</u>  | <u>(1,028,655)</u>  | <u>(811,364)</u>    | <u>(3,137,176)</u>  | <u>(1,352,056)</u>  | <u>(287,037)</u>    |
|    | <u>(692,471)</u>  | <u>(986,586)</u>    | <u>(754,432)</u>    | <u>(3,025,997)</u>  | <u>(1,228,573)</u>  | <u>(135,561)</u>    |
| \$ | <u>567,157</u>    | <u>\$ 1,190,279</u> | <u>\$ 1,677,965</u> | <u>\$ (720,910)</u> | <u>\$ (956,780)</u> | <u>\$ 3,357,408</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     |                   |                |                            |                       |
| 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               |
| 2021         | 293,126,186                        | 179,526,626    | 34,397,923     | 141,552,200       | 648,602,935    | 1,576,317,500              | 19.2445               |

(1) The tax year 2021 taxable values are for the tax year beginning July 1, 2021, i.e... for the fiscal year ending June 30, 2022.

(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)

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

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.

| 2016    | 2017    | 2018    | 2019    | 2020    | 2021    |
|---------|---------|---------|---------|---------|---------|
| 6.7192  | 6.7192  | 6.7192  | 6.7158  | 6.7158  | 6.7158  |
| 1.9197  | 1.9197  | 1.9197  | 1.9187  | 1.9187  | 1.9187  |
| 1.1700  | 1.2500  | 1.2500  | 1.2500  | 1.2500  | 1.0000  |
| 7.2300  | 7.3000  | 7.4500  | 9.2100  | 9.5100  | 9.6100  |
| 17.0389 | 17.1889 | 17.3389 | 19.0945 | 19.3945 | 19.2445 |
| 5.1187  | 5.1187  | 5.1187  | 5.1120  | 5.0941  | 5.0767  |
| 0.4851  | 0.4851  | 0.4851  | 0.4844  | 0.4827  | 0.4810  |
| 0.2500  | 0.2500  | 0.2500  | 0.2496  | 0.2491  | 0.2482  |
| 0.2500  | 0.2500  | 0.2500  | 0.2496  | 0.6000  | 0.5979  |
| -       | -       | 0.5000  | 0.4993  | 0.4975  | 0.4958  |
| -       | -       | 0.5000  | 0.4993  | 0.4982  | 0.4965  |
| -       | -       | 0.2500  | 0.2496  | 0.2491  | 0.2482  |
| 1.2593  | 1.7593  | 1.7593  | 1.7570  | 1.7508  | 1.7448  |
| 7.3631  | 7.8631  | 9.1131  | 9.1008  | 9.4215  | 9.3891  |
| 0.3422  | 0.3422  | 0.3422  | 0.3422  | 0.3415  | 0.3404  |
| 8.4178  | 8.4178  | 8.4178  | 8.4178  | 8.4025  | 8.3755  |
| 8.7600  | 8.7600  | 8.7600  | 8.7600  | 8.7440  | 8.7159  |
| 1.1446  | 1.1446  | 1.1446  | 1.1431  | 1.1390  | 1.1351  |
| 1.0000  | 1.0000  | 1.0000  | 0.9995  | 0.9995  | 0.9995  |
| 1.9996  | 1.9996  | 1.9996  | 1.9996  | 1.9996  | 1.9996  |
| 18.0000 | 18.0000 | 18.0000 | 17.8920 | 17.8920 | 18.0000 |
| 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  |
| 3.2500  | 3.2500  | 6.2000  | 6.2000  | 6.2000  | 6.2000  |
| 0.5000  | 0.5000  | 0.5000  | 0.4982  | 0.4982  | 0.4977  |
| 27.7500 | 27.7500 | 30.7000 | 30.5902 | 30.5902 | 30.6977 |
| 18.0000 | 18.0000 | 18.0000 | 17.8893 | 18.0000 | 18.0000 |
| 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  |
| 7.0000  | 7.0000  | 7.0000  | 7.0000  | 7.0000  | 7.0000  |
| 31.0000 | 31.0000 | 31.0000 | 30.8893 | 31.0000 | 31.0000 |
| 18.0000 | 18.0000 | 18.0000 | 18.0000 | 18.0000 | 18.0000 |
| 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  |
| 2.9900  | 2.9900  | 2.9900  | 2.9900  | 2.9900  | 2.9000  |
| 26.9900 | 26.9900 | 26.9900 | 26.9900 | 26.9900 | 26.9000 |
| 18.0000 | 18.0000 | 18.0000 | 18.0000 | 18.0000 | 18.0000 |
| 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  | 6.0000  |
| 4.7879  | 4.6949  | 4.6627  | 4.2992  | 4.1835  | 4.0787  |
| 28.7879 | 28.6949 | 28.6627 | 28.2992 | 28.1835 | 28.0787 |

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

| Taxpayer                                     | 2021                  |      |                                | 2012                  |      |                                |
|--|-----------------------|------|--------------------------------|-----------------------|------|--------------------------------|
|  | Taxable Value         | Rank | Percent of Total Taxable Value | Taxable Value         | Rank | Percent of Total Taxable Value |
| Consumers Energy/Kinder Morgan/Alphagen      | \$ 150,708,017        | 1    | 23.24%                         | \$ 136,003,263        | 1/2  | 21.17%                         |
| Jackson Crossing Realty (Ramco)              | 7,605,000             | 2    | 1.17%                          | 9,363,573             | 4    | 1.46%                          |
| Allegiance/Henry Ford/Foote/Health Center    | 3,923,530             | 3    | 0.60%                          | 7,254,652             | 5    | 1.13%                          |
| Jackson Downtown Partners                    | 3,661,612             | 4    | 0.56%                          | -                     | -    | 0.00%                          |
| Wolverine Technologies/Certainteed           | 3,594,449             | 5    | 0.55%                          | 9,707,900             | 3    | 1.51%                          |
| Alro Steel Corporation                       | 3,557,583             | 6    | 0.55%                          | 5,599,959             | 6    | -                              |
| Comcast of Michigan LLC                      | 3,134,000             | 7    | 0.48%                          | -                     | -    | -                              |
| New Tribes Mission, Inc                      | 2,719,100             | 8    | 0.42%                          | -                     | -    | -                              |
| Wood Jackson (1100 W. Argyle St.)            | 2,662,556             | 9    | 0.41%                          | -                     | -    | -                              |
| GGD Oakdale LLC/Sears                        | 2,602,200             | 10   | 0.40%                          | -                     | -    | -                              |
| Jackson Iron & Metal/Omnisource              | -                     | -    | -                              | 4,941,068             | 7    | 0.77%                          |
| Aeroquip (Eaton Corp.)                       | -                     | -    | -                              | 3,773,216             | 8    | 0.59%                          |
| Equestor Partners LLC/Production Engineering | -                     | -    | -                              | 3,487,786             | 9    | 0.54%                          |
| Sears Roebuck & Company                      | -                     | -    | -                              | 3,233,368             | 10   | 0.50%                          |
|  | <u>\$ 184,168,047</u> |      | <u>28.39%</u>                  | <u>\$ 183,364,785</u> |      | <u>27.67%</u>                  |

Note 1: Total Ad Valorem Taxable Valuation as of June 30, 2021 = \$ 648,602,935 (valuation for fiscal year 2022). Total Ad Valorem Taxable Valuation as of June 30, 2012 = \$ 642,428,545 (valuation for fiscal year 2013).

Note 2: Consumers Energy acquired Kinder Morgan/Alphagen in tax year 2015. Those values are reported together in 2012 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 |
|-------------|--------------|----------------|-------------------------|------------------------------------|----------------------------|-----------------------|--|
| 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%   |
| 2021        | 2020         | 12,198,401     | 11,442,904              | 93.81%                             | 727,194                    | 12,170,098            | 99.77%   |

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            |                          |                      |                                   |
| 2012        | \$ 40,913,561                | \$ 570,000                              | \$ 673,000               | \$ 42,156,561            | 3.91%                | \$ 1,260                          |
| 2013        | 40,274,525                   | -                                       | 300,000                  | 40,574,525               | 3.70%                | 1,213                             |
| 2014        | 39,535,749                   | -                                       | 200,000                  | 39,735,749               | 3.50%                | 1,188                             |
| 2015        | 38,741,973                   | -                                       | 100,000                  | 38,841,973               | 3.26%                | 1,161                             |
| 2016        | 38,379,072                   | 399,493                                 | -                        | 38,778,565               | 3.12%                | 1,159                             |
| 2017        | 45,526,527                   | 426,636                                 | -                        | 45,953,163               | 3.63%                | 1,374                             |
| 2018        | 59,348,022                   | 321,394                                 | -                        | 59,669,416               | 4.55%                | 1,784                             |
| 2019        | 55,555,368                   | 266,161                                 | -                        | 55,821,529               | 4.13%                | 1,669                             |
| 2020        | 54,097,620                   | 873,895                                 | -                        | 54,971,515               | n/a                  | 1,644                             |
| 2021        | 51,235,055                   | 676,619                                 | -                        | 51,911,674               | n/a                  | 1,552                             |

(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 2020 or 2021.

**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 |
|-------------|------------------------------|--|---------------|----------------------|---|------------|
| 2012        | \$ 40,913,561                | \$ -   | \$ 40,913,561 | 3.79%                | 6.37%                                     | \$ 1,223   |
| 2013        | 40,274,525                   | -  | 40,274,525    | 3.67%                | 6.46%                                     | 1,204      |
| 2014        | 39,535,749                   | -  | 39,535,749    | 3.48%                | 6.51%                                     | 1,182      |
| 2015        | 38,741,973                   | -  | 38,741,973    | 3.25%                | 6.42%                                     | 1,158      |
| 2016        | 38,379,072                   | -  | 38,379,072    | 3.09%                | 6.52%                                     | 1,148      |
| 2017        | 45,526,527                   | -  | 45,526,527    | 3.60%                | 7.70%                                     | 1,361      |
| 2018        | 59,348,022                   | 53,120   | 59,294,902    | 4.53%                | 9.92%                                     | 1,774      |
| 2019        | 55,555,368                   | 42,810   | 55,512,558    | 4.11%                | 8.99%                                     | 1,661      |
| 2020        | 54,097,620                   | 122,245  | 53,975,375    | n/a                  | 8.54%                                     | 1,618      |
| 2021        | 51,235,055                   | -  | 51,235,055    | n/a                  | 7.90%                                     | 1,532      |

(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 2020 or 2021.

**Computation of Net Direct and Overlapping Debt**  
June 30, 2021

|   | <b>Gross<br/>Amount<br/>Outstanding</b> | <b>Self-Supporting<br/>or Paid by<br/>Benefited<br/>Government</b> | <b>Net<br/>Amount<br/>Outstanding</b> |
|---|---|--|---------------------------------------|
| <b>Direct debt</b>  |   |  |                                       |
| General obligation bonds (1)  | \$ 51,235,055                           | \$ 47,800,854  | \$ 3,434,201                          |
| Notes from direct borrowings/placements   | 676,619                                 | 553,555  | 123,064                               |
|   | <u>51,911,674</u>                       | <u>48,354,409</u>  | <u>3,557,265</u>                      |
| Net direct debt   |   |  | <u>3,557,265</u>                      |
| <b>Overlapping debt</b>   |   |  |                                       |
|   | <u>Gross</u>                            | <u>City Share</u>  |                                       |
| School Districts:   |   |  |                                       |
| Jackson School District   | \$ 99,525,000                           | 47.96%   | 47,732,190                            |
| East Jackson School District  | 16,176,197                              | 0.09%  | 14,559                                |
| Michigan Center School District   | 9,100,000                               | 1.36%  | 123,760                               |
| Northwest School District   | 33,030,000                              | 0.24%  | 79,272                                |
|   |   |  | <u>47,949,781</u>                     |
| Jackson County at large   | 129,755,000                             | 12.94%   | 16,790,297                            |
| Jackson College   | 34,080,000                              | 12.94%   | 4,409,952                             |
| Jackson County Intermediate School District   | 6,545,000                               | 12.80%   | 837,760                               |
|   |   |  | <u>69,987,790</u>                     |
| Net overlapping debt  |   |  | <u>69,987,790</u>                     |
| <b>Net direct and overlapping debt</b>  |   |  | <u>\$ 73,545,055</u>                  |
| <b>Per capita debt: (33,445 population)</b>   |   |  |                                       |
| Gross direct debt   |   |  | \$ 1,552.15                           |
| Net direct debt   |   |  | 106.36                                |
| Net overlapping debt  |   |  | 2,092.62                              |
| Total net direct and overlapping debt   |   |  | 2,198.99                              |
| <b>Percent of taxable valuation: (\$652,098,929 total taxable valuation at 6/30/21)</b> |   |  |                                       |
| Net direct debt   |   |  | 0.55%                                 |
| Net overlapping debt  |   |  | <u>10.73%</u>                         |
| Total net debt  |   |  | <u>11.28%</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 2021**

|  |                    |                       |
|--|--------------------|-----------------------|
| State equalized value as of December 31, 2020 (for taxes levied by the City on July 1, 2021)   | \$                 | 793,962,150           |
| Act 198 Adjustment - one-half of the IFT taxable value amount abated                           |                    | 570,550               |
| State Revenue Sharing Adjustment (1)   |                    | 260,261,208           |
| Personal Property Tax Reimbursement Adjustment for 2020 (2)                                    |                    | 21,308,161            |
| Total 2020 state equalized value, as adjusted  | <u>\$</u>          | <u>1,076,102,069</u>  |
| <br>Debt limit (10% of state equalized value)  | <br>\$             | <br>107,610,207       |
| <br>Total debt - (See Schedule 11)   | <br>\$             | <br>51,911,674        |
| Less Exempt obligations  |                    |                       |
| 2017 Michigan Transportation Fund Bonds  | <u>(6,695,000)</u> | <u>45,216,674</u>     |
| <br><b>Legal debt margin</b>   | <br><u>\$</u>      | <br><u>62,393,533</u> |
| <br>Non-exempt debt outstanding as a percentage of 2020 state equalized valuation, as adjusted |                    | <br><u>4.20%</u>      |

(1) The 2021 constitutional and statutory revenue sharing of \$ 5,047,636 divided by the millage rate of 19.3945

(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)<br>Population | (2)<br>Labor Force | (2)<br>Employment | (2)<br>Unemployment | (2)<br>Unemployment Rate | (3)<br>Total Personal Income (000's) | (3)<br>Per Capita Income |
|-------------|-------------------|--------------------|-------------------|---------------------|--------------------------|--------------------------------------|--------------------------|
| 2012        | 33,445            | 14,425             | 12,272            | 2,153               | 14.9%                    | \$ 1,079,003                         | \$ 32,262                |
| 2013        | 33,445            | 14,578             | 12,462            | 2,116               | 14.5%                    | 1,096,227                            | 32,777                   |
| 2014        | 33,445            | 14,363             | 12,752            | 1,611               | 11.2%                    | 1,135,458                            | 33,950                   |
| 2015        | 33,445            | 14,183             | 12,848            | 1,335               | 9.4%                     | 1,193,251                            | 35,678                   |
| 2016        | 33,445            | 14,411             | 13,205            | 1,206               | 8.4%                     | 1,241,211                            | 37,112                   |
| 2017        | 33,445            | 14,081             | 12,968            | 1,113               | 7.9%                     | 1,264,923                            | 37,821                   |
| 2018        | 33,445            | 14,180             | 13,144            | 1,036               | 7.3%                     | 1,310,141                            | 39,173                   |
| 2019        | 33,445            | 14,009             | 13,056            | 953                 | 6.8%                     | 1,350,743                            | 40,387                   |
| 2020        | 33,445            | 15,238             | 12,345            | 2,893               | 19.0%                    | n/a                                  | n/a                      |
| 2021        | 33,445            | 13,656             | 12,326            | 1,330               | 9.7%                     | n/a                                  | n/a                      |

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2021 represents June, 2021.

- (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 2020 or 2021.

**Principal Employers**

Current Year and Nine Years Ago

| Employer                            | 2021                      |      |                                   | 2012          |     |      |                   |
|-------------------------------------|---------------------------|------|-----------------------------------|---------------|-----|------|-------------------|
|                                     | (1)<br>Total<br>Employees | Rank | % of<br>Total City<br>Labor Force | Employees     |     | Rank | % of<br>Workforce |
| Henry Ford Allegiance Health System | 4,100                     | 1    | 21.97%                            | 3,536         | (a) | 1    | 20.80%            |
| Consumers Energy                    | 2,400                     | 2    | 9.52%                             | 2,400         | (b) | 2    | 9.01%             |
| Great Lakes Home Health/Hospice     | 1,118                     | 3    | 8.19%                             | 1,118         |     | 3    | 7.75%             |
| Local Government                    | 870                       | 4    | 6.37%                             | 870           |     | 4    | 6.03%             |
| Jackson Public Schools              | 782                       | 5    | 5.73%                             | 782           |     | 5    | 5.42%             |
| Eaton Corporation                   | 700                       | 6    | 5.13%                             | 650           |     | 6    | 4.51%             |
| Anesthesia Business Consultants     | 284                       | 7    | 2.08%                             | 284           |     | 7    | 1.97%             |
| Alro Steel Corporation              | 271                       | 8    | 1.98%                             | 271           |     | 8    | 1.88%             |
| Center for Family Health            | 219                       | 9    | 1.60%                             | -             |     | -    | -                 |
| Elm Plating                         | 208                       | 10   | 1.52%                             | -             |     | -    | -                 |
| Way Bakeries                        | -                         |      | -                                 | 152           |     | 9    | 1.05%             |
| Certaiteed / Wolverine Vinyl Siding | -                         |      | -                                 | 147           |     | 10   | 1.02%             |
|                                     | <u>10,952</u>             |      | <u>64.09%</u>                     | <u>10,210</u> |     |      | <u>59.44%</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                                 | 2012       | 2013       | 2014       | 2015       | 2016       | 2017       | 2018       | 2019       | 2020       | 2021       |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General government:                              |            |            |            |            |            |            |            |            |            |            |
| City manager                                     | 2          | 2          | 3          | 3          | 3          | 3          | 4          | 4          | 5          | 3          |
| Finance  | 4          | 4          | 4          | 4          | 4          | 4          | 4          | 4          | 4          | 4          |
| City assessor                                    | 3          | 3          | 3          | 3          | 5          | 4          | 5          | 5          | 5          | 4          |
| City attorney                                    | 3          | 3          | 4          | 5          | 5          | 5          | 4          | 4          | 5          | 4          |
| City clerk/elections                             | 3          | 1          | 1          | 1          | 2          | 2          | 2          | 2          | 2          | 3          |
| Personnel  | 1          | 1          | 1          | 2          | 2          | 1          | 1          | 2          | 1          | 1          |
| Purchasing/city hall                             | 2          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          | 1          |
| City treasurer/income tax                        | 4          | 4          | 3          | 3          | 3          | 4          | 4          | 5          | 5          | 5          |
| Mgt. information services                        | 2          | 3          | 3          | 2          | 2          | 2          | 2          | 2          | 2          | 2          |
| Public safety:                                   |            |            |            |            |            |            |            |            |            |            |
| Police - civilian                                | 13         | 13         | 10         | 10         | 11         | 11         | 16         | 13         | 9          | 8          |
| Police - enforcement                             | 44         | 46         | 47         | 42         | 43         | 46         | 46         | 46         | 45         | 42         |
| Fire - civilian                                  | 1          | 1          | -          | -          | -          | -          | -          | -          | -          | -          |
| Fire - protection                                | 17         | 26         | 26         | 26         | 17         | 26         | 23         | 26         | 20         | 24         |
| Emergency measures                               | 1          | 1          | -          | -          | -          | -          | -          | -          | -          | -          |
| Public works:                                    |            |            |            |            |            |            |            |            |            |            |
| Public works                                     | 25         | 24         | 15         | 16         | 11         | 12         | 16         | 12         | 13         | 15         |
| Engineering                                      | 11         | 10         | 8          | 8          | 8          | 6          | 6          | 7          | 8          | 5          |
| Culture & recreation:                            |            |            |            |            |            |            |            |            |            |            |
| Parks, recreation & grounds                      | 18         | 16         | 15         | 13         | 15         | 13         | 14         | 15         | 8          | 15         |
| Diversity, equity & inclusion                    | -          | -          | -          | -          | -          | -          | -          | -          | -          | 1          |
| Neighborhood Economic Operations:                |            |            |            |            |            |            |            |            |            |            |
| Public safety/community enrichment & development | 9          | 10         | 11         | 9          | 14         | 13         | 14         | 14         | 5          | 12         |
| Building inspection                              | 4          | 6          | 5          | 6          | 3          | 3          | 3          | 2          | 2          | 2          |
| Enterprise funds:                                |            |            |            |            |            |            |            |            |            |            |
| Sewer  | 17         | 15         | 11         | 12         | 12         | 13         | 12         | 12         | 13         | 13         |
| Water  | 25         | 24         | 26         | 26         | 28         | 28         | 29         | 29         | 29         | 27         |
| <b>Total</b>                                     | <b>209</b> | <b>214</b> | <b>197</b> | <b>192</b> | <b>189</b> | <b>197</b> | <b>206</b> | <b>205</b> | <b>182</b> | <b>191</b> |

Source: City of Jackson Finance Department payroll records.

**Operating Indicators by Function/Program**  
Last Ten Years

| Function/Program                 | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   | 2018   | 2019   | 2020   | 2021   |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Public safety</b>             |        |        |        |        |        |        |        |        |        |        |
| Police:                          |        |        |        |        |        |        |        |        |        |        |
| Physical arrests                 | 2,253  | 2,649  | 2,645  | 2,514  | 2,887  | 2,779  | 2,714  | 2,595  | 2,607  | 1,695  |
| Traffic violations               | 6,683  | 6,784  | 5,578  | 3,976  | 5,111  | 5,333  | 3,502  | 3,529  | 3,382  | 2,415  |
| Engineering - Traffic Division:  |        |        |        |        |        |        |        |        |        |        |
| Parking violations               | 2,303  | 2,490  | 2,123  | 1,966  | 1,982  | 2,056  | 2,245  | 2,456  | 1,186  | 747    |
| Fire:                            |        |        |        |        |        |        |        |        |        |        |
| Calls answered                   | 4,214  | 4,345  | 4,540  | 4,662  | 4,259  | 4,863  | 4,808  | 5,088  | 5,125  | 4,532  |
| Inspections conducted            | 10     | 122    | 97     | 172    | 43     | 79     | 40     | 42     | 76     | 31     |
| <b>Sewer system</b>              |        |        |        |        |        |        |        |        |        |        |
| Service connections              | 12,860 | 12,860 | 11,620 | 11,449 | 11,407 | 11,330 | 11,923 | 12,118 | 12,156 | 11,806 |
| Daily average treatment (mg)     | 11.9   | 10.2   | 11.2   | 9.3    | 9.6    | 10.1   | 9.0    | 11.2   | 11.4   | 9.8    |
| Maximum daily capacity (mg)      | 19     | 19     | 19     | 19     | 19     | 19     | 19     | 19     | 19     | 19     |
| Township service (bulk metering) | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      | 5      |
| <b>Water system</b>              |        |        |        |        |        |        |        |        |        |        |
| Service connections              | 15,778 | 15,654 | 14,314 | 14,307 | 14,549 | 14,112 | 14,879 | 15,855 | 15,893 | 15,252 |
| Daily average consumption (mg)   | 6.30   | 6.57   | 6.64   | 6.47   | 7.66   | 7.58   | 7.57   | 7.36   | 6.71   | 6.92   |
| 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              | 2012  | 2013  | 2014  | 2015  | 2016  | 2017  | 2018  | 2019  | 2020  | 2021  |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| <b>Public Safety</b>          |       |       |       |       |       |       |       |       |       |       |
| Police:                       |       |       |       |       |       |       |       |       |       |       |
| Stations                      | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Patrol units                  | 31    | 30    | 30    | 29    | 29    | 29    | 31    | 32    | 22    | 22    |
| Fire:                         |       |       |       |       |       |       |       |       |       |       |
| Stations (1)                  | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     | 3     |
| Response vehicles             | 10    | 11    | 11    | 11    | 11    | 11    | 9     | 10    | 10    | 5     |
| <b>Culture and recreation</b> |       |       |       |       |       |       |       |       |       |       |
| Parks:                        |       |       |       |       |       |       |       |       |       |       |
| Number                        | 27    | 27    | 26    | 26    | 26    | 26    | 26    | 26    | 27    | 27    |
| Acreage                       | 638   | 638   | 639   | 639   | 639   | 639   | 639   | 639   | 645   | 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     | 1     |
| Inline skate rink             | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Swimming pools                | 2     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Basketball courts             | 14    | 14    | 14    | 14    | 14    | 14    | 14    | 14    | 16    | 16    |
| Tennis courts                 | 14    | 14    | 14    | 14    | 14    | 14    | 14    | 14    | 13    | 12    |
| <b>Public works</b>           |       |       |       |       |       |       |       |       |       |       |
| Miles of streets              | 171   | 171   | 171   | 171   | 171   | 171   | 171   | 171   | 171   | 171   |
| Street lights                 | 2,724 | 2,719 | 2,719 | 2,719 | 2,719 | 2,719 | 2,863 | 2,839 | 2,975 | 3,026 |
| <b>Sewer system</b>           |       |       |       |       |       |       |       |       |       |       |
| 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     |
| <b>Water system</b>           |       |       |       |       |       |       |       |       |       |       |
| Miles of water mains          | 244   | 244   | 244   | 244   | 244   | 244   | 244   | 244   | 242   | 244   |
| Treatment plants              | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     | 1     |
| Fire hydrants                 | 2,197 | 2,197 | 2,197 | 2,197 | 2,197 | 2,197 | 2,197 | 2,197 | 2,197 | 2,156 |

(1) Only one station actively in use since June 30, 2012. All three stations were in use during the COVID-19 Pandemic in 2020 and 2021.

Source: City of Jackson Finance Department.

**Schedule of Insurance**

As of June 30, 2021

| Type of Coverage                                      | Name of Company                                       | Policy Period  | Premium    | Description   |
|---|---|----------------|------------|---|
| <b><u>Building and Contents</u></b>                   |   | 7/1/20-6/30/21 | \$ 203,419 | All risk coverage on buildings and contents. \$182,231,946. limit with \$2,500 deductible per occurrence.   |
|   | <i>Michigan Municipal Liability and Property Pool</i> |                |            |   |
| <b><u>Automobile</u></b>                              |   | 7/1/20-6/30/21 | 98,169     | \$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> |                |            |   |
| <b><u>Liability</u></b>                               |   | 7/1/20-6/30/21 | 266,295    | 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> |                |            |   |
| <b><u>Crime/Bonds</u></b>                             |   | 7/1/20-6/30/21 | 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> |                |            |   |
| <b><u>Workers Compensation</u></b>                    |   | 9/1/20-8/31/22 | 56,127     | Excess insurance above \$450,000 retention.   |
|   | <i>Midwest Employers Casualty</i>                     |                |            |   |
|   | <i>Broadspire Services</i>                            | 9/1/20-8/31/22 | 12,766     | TPA for claims service.   |
| <b><u>Community Blue-PPO</u></b>                      |   | Monthly        | Varies     | City's self-insured PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and substantially all retired City personnel. |
| <b><u>Health &amp; Prescription Drug Coverage</u></b> |   |                |            |   |
|   | <i>Blue Cross / Blue Shield</i>                       |                |            |   |
| <b><u>Life</u></b>                                    |   | 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>                |                |            |   |
| <b><u>Long-term Disability</u></b>                    |   | 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 2022

| 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                 |
| 2020                             | 2021                                    | 2022                      | 793,962,150                     | 648,602,935              | 652,098,929                 |

Per capita 2021 ad valorem taxable valuation is \$19,393 and per capita 2021 total taxable valuation is \$19,498 based on the City's 2010 U. S. census population of 33,445 (2020 Census data not available at time of report).

(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           | 2021           |
| <b>Use:</b>   |   |                |                |                |                |                |                |
| Commercial    | 29.88%  | 30.88%         | 26.72%         | 30.97%         | 31.42%         | 31.49%         | 31.66%         |
| Industrial    | 27.65%  | 25.81%         | 29.70%         | 24.88%         | 24.50%         | 23.93%         | 23.34%         |
| Residential   | 42.47%  | 43.31%         | 43.58%         | 44.15%         | 44.08%         | 44.58%         | 45.00%         |
|               | <u>100.00%</u>  | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| <b>Class:</b> |   |                |                |                |                |                |                |
| Real          | 76.89%  | 78.80%         | 79.14%         | 80.11%         | 76.82%         | 77.41%         | 78.24%         |
| Personal      | 23.11%  | 21.20%         | 20.86%         | 19.89%         | 23.18%         | 22.59%         | 21.76%         |
|               | <u>100.00%</u>  | <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     |          |
| 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                              | -                             | -                           | -         | -        |
| 2021        | 6,491,221          | 3,998,766              | 2,492,455                              | -                             | -                           | -         | -        |

- (1) Total revenues including interest, excluding intergovernmental revenues.
- (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      |          |
| 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                              | -                             | -                           | -          | -        |
| 2021        | 12,993,526         | 5,564,456              | 7,429,070                              | -                             | -                           | -          | -        |

- (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.

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# CITY OF JACKSON, MICHIGAN

## Water Supply System

Last Ten Fiscal Years

|  | Fiscal Year Ended June 30 |                     |                     |                     |                     |
|--|---------------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2012                      | 2013                | 2014                | 2015                | 2016                |
| <b>Water pumped vs. water sold: (in million gallons)</b>                                 |                           |                     |                     |                     |                     |
| Pumped   | 2,703                     | 2,665               | 2,425               | 2,363               | 2,795               |
| Sold   | 2,299                     | 2,397               | 2,115               | 2,036               | 2,266               |
| Sold as a % of pumped  | 85.06%                    | 89.94%              | 87.22%              | 86.16%              | 81.07%              |
| <b>Number of customers:</b>  |                           |                     |                     |                     |                     |
| Residential  | 12,368                    | 12,254              | 12,231              | 12,166              | 12,060              |
| Commercial   | 2,160                     | 1,951               | 1,982               | 1,958               | 1,878               |
| Industrial   | 239                       | 176                 | 174                 | 172                 | 169                 |
| <b>Total</b>   | <b>14,767</b>             | <b>14,381</b>       | <b>14,387</b>       | <b>14,296</b>       | <b>14,107</b>       |
| <b>Percent of water consumption by category:</b>   |                           |                     |                     |                     |                     |
| Residential  | 30.00%                    | 27.00%              | 31.67%              | 30.00%              | 26.00%              |
| Commercial   | 42.80%                    | 46.00%              | 54.95%              | 49.00%              | 43.00%              |
| Industrial   | 27.20%                    | 27.00%              | 13.38%              | 21.00%              | 31.00%              |
| <b>Total</b>   | <b>100.00%</b>            | <b>100.00%</b>      | <b>100.00%</b>      | <b>100.00%</b>      | <b>100.00%</b>      |
| <b>History of water rates</b><br>(average consumption - 22 HCF / average 5/8 inch meter) |                           |                     |                     |                     |                     |
| Metered per quarter  | \$ 70.65                  | \$ 72.48            | \$ 72.48            | \$ 72.48            | \$ 72.48            |
| % Change (in average consumption)  | 10.79%                    | 2.59%               | 0.00%               | 0.00%               | 0.00%               |
| <b>Water supply system annual revenues:</b>  |                           |                     |                     |                     |                     |
| Metered revenue  | \$ 7,739,709              | \$ 8,014,367        | \$ 7,584,137        | \$ 7,348,461        | \$ 7,917,879        |
| % increase (decrease)  | 15.15%                    | 3.55%               | -5.37%              | -3.11%              | 7.75%               |
| <b>Water supply system revenues by user class:</b>                                       |                           |                     |                     |                     |                     |
| Residential  | \$ 3,170,632              | \$ 3,190,253        | \$ 3,361,445        | \$ 3,116,062        | \$ 3,033,734        |
| Commercial   | 3,270,748                 | 3,535,986           | 3,547,818           | 3,332,473           | 3,297,299           |
| Industrial   | 1,298,329                 | 1,288,128           | 674,874             | 899,926             | 1,586,846           |
| Sewer - billing & collection charges   | 197,639                   | 252,768             | 248,499             | 264,581             | 251,416             |
| <b>Total</b>   | <b>\$ 7,937,348</b>       | <b>\$ 8,267,135</b> | <b>\$ 7,832,636</b> | <b>\$ 7,613,042</b> | <b>\$ 8,169,295</b> |
| <b>Water supply revenues by user class as a % of total revenues:</b>                     |                           |                     |                     |                     |                     |
| Residential  | 39.95%                    | 38.59%              | 42.91%              | 40.93%              | 37.14%              |
| Commercial   | 41.21%                    | 42.77%              | 45.30%              | 43.77%              | 40.36%              |
| Industrial   | 16.36%                    | 15.58%              | 8.62%               | 11.82%              | 19.42%              |
| Sewer - billing & collection charges   | 2.49%                     | 3.06%               | 3.17%               | 3.48%               | 3.08%               |
| <b>Total</b>   | <b>100.00%</b>            | <b>100.00%</b>      | <b>100.00%</b>      | <b>100.00%</b>      | <b>100.00%</b>      |

Source: City Water Department.

Schedule 22  
Unaudited

| Fiscal Year Ended June 30 |                     |                      |                      |                      |
|---------------------------|---------------------|----------------------|----------------------|----------------------|
| 2017                      | 2018                | 2019                 | 2020                 | 2021                 |
| 2,768                     | 2,754               | 2,688                | 2,458                | 2,359                |
| 2,394                     | 2,281               | 2,260                | 2,067                | 2,100                |
| 86.49%                    | 82.82%              | 84.08%               | 84.09%               | 89.02%               |
| 11,986                    | 12,000              | 11,979               | 12,088               | 12,120               |
| 1,845                     | 1,887               | 2,075                | 2,116                | 2,187                |
| 171                       | 168                 | 229                  | 228                  | 229                  |
| <u>14,002</u>             | <u>14,055</u>       | <u>14,283</u>        | <u>14,432</u>        | <u>14,536</u>        |
| 25.20%                    | 24.97%              | 20.95%               | 26.08%               | 26.71%               |
| 41.10%                    | 41.55%              | 49.20%               | 40.80%               | 38.65%               |
| 33.70%                    | 33.48%              | 29.85%               | 33.12%               | 34.64%               |
| <u>100.00%</u>            | <u>100.00%</u>      | <u>100.00%</u>       | <u>100.00%</u>       | <u>100.00%</u>       |
| \$ 79.73                  | \$ 87.89            | \$ 91.50             | \$ 95.14             | \$ 100.88            |
| 10.00%                    | 10.23%              | 4.11%                | 3.98%                | 6.03%                |
| \$ 8,677,881              | \$ 9,316,942        | \$ 10,332,492        | \$ 10,451,663        | \$ 12,559,104        |
| 9.60%                     | 7.36%               | 10.90%               | 1.15%                | 20.16%               |
| \$ 3,371,231              | \$ 3,665,473        | \$ 3,763,268         | \$ 3,820,711         | \$ 4,132,760         |
| 3,657,125                 | 3,891,952           | 4,708,645            | 4,409,784            | 4,996,143            |
| 1,649,525                 | 1,759,517           | 1,860,579            | 2,221,168            | 3,430,201            |
| 223,028                   | 238,536             | 251,754              | 263,234              | 287,617              |
| <u>\$ 8,900,909</u>       | <u>\$ 9,555,478</u> | <u>\$ 10,584,246</u> | <u>\$ 10,714,897</u> | <u>\$ 12,846,721</u> |
| 37.88%                    | 38.36%              | 35.56%               | 35.66%               | 32.17%               |
| 41.09%                    | 40.73%              | 44.49%               | 41.16%               | 38.89%               |
| 18.53%                    | 18.41%              | 17.58%               | 20.73%               | 26.70%               |
| 2.50%                     | 2.50%               | 2.37%                | 2.45%                | 2.24%                |
| <u>100.00%</u>            | <u>100.00%</u>      | <u>100.00%</u>       | <u>100.00%</u>       | <u>100.00%</u>       |

**Water Supply System**

Ten Largest Water Customers - By Usage  
For the Fiscal Year Ended June 30, 2021

| Customer                                     | (1)<br>Usage | (2)<br>% of<br>Total | Revenue      | (3)<br>% of<br>Total |
|--|--------------|----------------------|--------------|----------------------|
| Consumers Energy - Jackson Generating        | 519,091      | 24.72%               | \$ 2,444,772 | 19.03%               |
| * Michigan Department of Corrections         | 202,572      | 9.65%                | 920,763      | 7.17%                |
| Henry Ford - Allegiance Health/Health Center | 36,056       | 1.72%                | 273,411      | 2.13%                |
| Elm Plating Company                          | 31,717       | 1.51%                | 233,220      | 1.82%                |
| * Sun Communities Inc.                       | 24,925       | 1.19%                | 145,401      | 1.13%                |
| Eaton Aerospace                              | 21,319       | 1.02%                | 161,003      | 1.25%                |
| * JSP International LLC                      | 20,347       | 0.97%                | 116,093      | 0.90%                |
| Jackson Tumble Finish                        | 19,674       | 0.94%                | 141,612      | 1.10%                |
| * Walnut Ridge                               | 14,737       | 0.70%                | 91,249       | 0.71%                |
| * Chemtall US Inc.                           | 13,368       | 0.64%                | 73,103       | 0.57%                |

(1) Unit = thousand gallons (TG)

(2) Based on June 30, 2021 total water sold (Schedule 22) of 2,100 MG's (million gallons).

(3) Based on June 30, 2021 water supply system revenues by user class (Schedule 22) of \$ 12,846,721.

\* Located outside of City limits.

Source: City Water Department.

**Industrial Facilities Tax Roll**

For the Fiscal Year Ended June 30, 2021

| Tax Year (1)<br>of Transfer<br>To Ad<br>Valorem<br>Tax Roll | (2)<br>I.F.T.<br>S.E.V.<br>Amount |
|---|-----------------------------------|
| 2021  | \$ -                              |
| 2022  | 2,800                             |
| 2023  | -                                 |
| 2024  | -                                 |
| 2025  | 218,750                           |
| 2026  | 248,450                           |
| 2027  | 17,600                            |
| 2028  | -                                 |
| 2029  | -                                 |
| 2030  | 101,000                           |
| 2031  | 552,500                           |
|   | <u>\$ 1,141,100</u>               |

(1) Tax year shown is as of July 1. The July 1, 2021 tax year is for the fiscal year ending June 30, 2022.

(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 |
|-------------|----------------------------|--------------------------|--------------|-------------------------------|-----------------------|
| 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                  |
| 2021        | 1,655,933                  | 1,500,000                | 2,667,437    | 488,496                       | 1.18                  |

(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 |
|-------------|----------------------------|--------------|-------------------------------|-----------------------|
| 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        | 1,192,814                  | 1,174,637    | 18,177                        | 1.02                  |
| 2021        | 1,214,642                  | 1,202,892    | 11,750                        | 1.01                  |

(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/<br>E.V.I.P. (1)<br>Component | Total Revenue Sharing Payments |
|-------------|--------------------------|---|--------------------------------|
| 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                      |
| 2021        | 3,273,443                | 1,774,193                               | 5,047,636                      |

(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 |
|-------------|--------------|-------------------------------------|
| 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        | 9,056,222    | (8.36%)                             |
| 2021        | 9,217,674    | 1.78%                               |

**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 |
|-------------|---------------------------|---------------------------------|----------------------------------|
| 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                             |
| 2021        | 4,571,090                 | 762,955                         | 5.99                             |

(2) Maximum annual debt service on Michigan Transportation Fund Bonds payable from major and local street funds.

**City Pension Funds - Funding Progress (1)**

|  | Valuation Date | Actuarial Value Assets (2) | Actuarial Accrued Liability (2) | Unfunded Actuarial Accrued Liability (2) | Funding Ratio |
|--|----------------|----------------------------|---------------------------------|--|---------------|
| <b>Employees Retirement System</b>                 |                |                            |                                 |  |               |
|  | 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%         |
|  | 2020           | 40,466                     | 55,757                          | 15,291                                   | 72.6%         |
| <b>Policemen's and Firemen's Pension</b>           |                |                            |                                 |  |               |
|  | 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%         |
|  | 2020           | 3,334                      | 5,815                           | 2,481                                    | 57.3%         |
| <b>Policemen's and Firemen's Pension - Act 345</b> |                |                            |                                 |  |               |
|  | 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%         |
|  | 2020           | 47,343                     | 85,820                          | 38,477                                   | 55.2%         |

(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, in addition to the non-union group, with the following contract durations:

| Employee Group:                                 | Number<br>of<br>Employees | Contract<br>Expiration<br>Date |
|---|---------------------------|--------------------------------|
| International Association of Firefighters       | 23                        | June 30, 2024                  |
| Police Officers Labor Council - Supervisory     | 8                         | June 30, 2024                  |
| Police Officers Labor Council - Non-Supervisory | 33                        | June 30, 2024                  |
| Michigan Association of Public Employees        | 72                        | June 30, 2025                  |
| Non-Union                                       | 61                        |                                |
|   | <u>197</u>                |                                |

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**SINGLE AUDIT  
ACT COMPLIANCE**

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

December 15, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 15, 2021, 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 Loborn LLC*

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**CITY OF JACKSON, MICHIGAN**

**Schedule of Expenditures of Federal Awards**

For the Fiscal Year Ended June 30, 2021

| Federal Agency / Cluster / Program Title                        | Assistance Listing Number | Passed Through | Pass-through / Grantor Number | Federal Expenditures |
|---|---------------------------|----------------|-------------------------------|----------------------|
| <b>U.S. Department of Housing and Urban Development</b>         |                           |                |                               |                      |
| Community Development Block Grant - Entitlement Grants Cluster: |                           |                |                               |                      |
| Community Development Block Grant                               | 14.218                    | Direct         | B18MC260021                   | \$ 918,048           |
| Community Development Block Grant                               | 14.218                    | Direct         | B19MC260021                   | 1,262,428            |
| Community Development Block Grant                               | 14.218                    | Direct         | n/a                           | 190,659              |
|   |                           |                |                               | <u>2,371,135</u>     |
| Home Investment Partnership Programs                            | 14.239                    | Direct         | M17MC260214                   | 126,010              |
| Home Investment Partnership Programs                            | 14.239                    | Direct         | M18MC260214                   | 91,202               |
|   |                           |                |                               | <u>217,212</u>       |
| <b>Total U.S. Department of Housing and Urban Development</b>   |                           |                |                               | <u>2,588,347</u>     |
| <b>U.S. Department of Justice</b>                               |                           |                |                               |                      |
| COVID-19 - Coronavirus Emergency Supplemental Funding Program   | 16.034                    | Direct         | n/a                           | 1,528                |
| Bulletproof Vest Partnership                                    | 16.607                    | Direct         | n/a                           | 3,772                |
| Project Safe Neighborhood                                       | 16.609                    | Direct         | n/a                           | 13,487               |
| Byrne Recovery Act Grant  | 16.804                    | Direct         | 2015-DJ-BX-0775               | 47,173               |
| <b>Total U.S. Department of Justice</b>                         |                           |                |                               | <u>65,960</u>        |
| <b>U.S. Department of Transportation</b>                        |                           |                |                               |                      |
| Safe Communities Traffic Programs                               | 20.602                    | R2 PC          | n/a                           | 9,769                |
| <b>U.S. Department of Treasury</b>                              |                           |                |                               |                      |
| COVID-19 - Coronavirus Relief Fund:                             |                           |                |                               |                      |
| Coronavirus Relief Local Government Grants Program              | 21.019                    | MDT            | n/a                           | 459,639              |
| Public Safety and Public Health Payroll Reimbursement Program   | 21.019                    | MDT            | n/a                           | 630,812              |
| First Responder Hazard Pay Premiums Program                     | 21.019                    | MDT            | n/a                           | 60,000               |
|   |                           |                |                               | <u>1,150,451</u>     |
| <b>Total expenditures of federal awards</b>                     |                           |                |                               | <u>\$ 3,814,527</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, 2021. 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 or other applicable 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        |
|----------------------------------|---------------------------------|
| MDT                              | Michigan Department of Treasury |
| 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, 2021

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, 2021, 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, 2021.

### **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 a basis for designing 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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## **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 Johnson LLC*

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

December 15, 2021

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, 2021. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

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

### ***Independent Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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

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, 2021.

### **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

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

### ***Purpose of this Report***

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

A handwritten signature in black ink that reads "Rehmann Lobson 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, 2021

### 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>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> | <u>Type of Report</u> |
|----------------------------------|---|-----------------------|
| 21.019                           | Coronavirus Relief Fund                   | 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, 2021

### SECTION II – FINANCIAL STATEMENT FINDINGS

None reported.

# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2021

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

None reported.

■ ■ ■ ■ ■

# CITY OF JACKSON, MICHIGAN

## Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2021

None reported.

