

CITY OF
JACKSON 
MICHIGAN



2023 **ANNUAL**
FINANCIAL REPORT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2023

This page intentionally left blank.

CITY OF JACKSON, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2023**

**Including
Single Audit Act Compliance**

Prepared by:

**Heather Ehnis, Finance Director
Jilian Jegla, Assistant Finance Director**

This page intentionally left blank.

CITY OF JACKSON, MICHIGAN

Table of Contents

Page

Introductory Section

Letter of Transmittal	1
GFOA Certificate of Achievement	6
Organizational Chart	7
List of Elected and Appointed Officials	8

Financial Section

Independent Auditors' Report	11
Management's Discussion and Analysis	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds	32
Reconciliation of Fund Balances of Governmental Funds to Net Position of Governmental Activities	33
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	34
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Changes in Net Position of Governmental Activities	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
General Fund	36
Major Streets Fund	38
American Rescue Plan Act Fund	39
Statement of Net Position – Proprietary Funds	40
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-type Activities	41
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	42
Reconciliation of Change in Net Position of Enterprise Funds to to Change in Net Position of Business-type Activities	43
Statement of Cash Flows – Proprietary Funds	44
Statement of Fiduciary Net Position – Fiduciary Funds	46
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	47
Combining Statement of Net Position – Discretely Presented Component Units	48
Combining Statement of Activities – Discretely Presented Component Units	49
Notes to Financial Statements	51

CITY OF JACKSON, MICHIGAN

Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Pension Benefit Plans:	
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Employees' Retirement System	100
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Police and Fire Pension Plan	102
Schedule of Changes in the City's Net Pension Liability and Related Ratios – Police and Fire – Act 345 Pension Plan	104
Schedule of City Contributions – All Pension Plans	106
Schedule of Investment Returns – All Pension Plans	107
Other Postemployment Benefits Plan:	
Schedule of Changes in the City's Net OPEB Liability and Related Ratios	108
Schedule of City Contributions	109
Schedule of Investment Returns	110
Notes to Required Supplementary Information	111
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	119
Combining Balance Sheet – Nonmajor Special Revenue Funds	122
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	126
Schedule of Revenues, Expenditures and Changes in Fund Balance – Amended Budget and Actual – Nonmajor Special Revenue Funds:	
Local Street Fund	129
Ella W. Sharp Park Operating Fund	130
Affordable Housing Fund	131
Public Improvement Fund	132
Building Department Fund	133
Building Demolitions Fund	134
Drug Law Enforcement Fund	135
Recreation Activity Fund	136
Community Development Block Grant Fund	137
Community Development Home Grant Fund	138
Housing Code Enforcement Fund	139
Recreation Millage Fund	140
Cortland Street Redevelopment Projects Fund	141
Byrne/JAG Programs	142
SAFER Grant Fund	143
Project Safe Neighborhood Grant Fund	144
Opioid Settlement Fund	145

CITY OF JACKSON, MICHIGAN

Table of Contents

	<u>Page</u>
Combining Balance Sheet – Nonmajor Debt Service Funds	148
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds	150
Combining Balance Sheet – Nonmajor Capital Projects Funds	154
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds	155
Combining Balance Sheet – Nonmajor Permanent Funds	158
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds	159
Combining Statement of Net Position – Nonmajor Enterprise Funds	162
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Nonmajor Enterprise Funds	163
Combining Statement of Cash Flows – Nonmajor Enterprise Funds	164
Combining Statement of Net Position – Internal Service Funds	166
Combining Statement of Revenues, Expenses and Changes in Fund Net Position – Internal Service Funds	168
Combining Statement of Cash Flows – Internal Service Funds	170
Combining Statement of Fiduciary Net Position – Custodial Funds	174
Combining Statement of Changes in Fiduciary Net Position – Custodial Funds	175
Balance Sheet/Statement of Net Position – Brownfield Redevelopment Authority Component Unit	176
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities – Brownfield Redevelopment Authority Component Unit	177
Balance Sheet/Statement of Net Position – MLK Corridor Improvement Authority Component Unit	178
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities – MLK Corridor Improvement Authority Component Unit	179

Statistical Section (Unaudited)

Financial Trends:	
Net Position by Component	184
Changes in Net Position	186
Fund Balances – Governmental Funds	188
Changes in Fund Balances – Governmental Funds	190
Changes in Fund Balances – General Fund	192
Revenue Capacity:	
Assessed and Estimated Actual Value of Taxable Property	195
Property Tax Rates – Direct and Overlapping	196
Principal Property Taxpayers	198
Property Tax Levies and Collections	199

CITY OF JACKSON, MICHIGAN

Table of Contents

	<u>Page</u>
Debt Capacity:	
Ratios of Outstanding Debt by Type	200
Ratios of Net General Bonded Debt Outstanding	202
Computation of Net Direct and Overlapping Debt	203
Legal Debt Margin	204
Demographic and Economic Information:	
Demographic and Economic Statistics	205
Principal Employers	206
Operating Information:	
Full-time Equivalent City Government Employees by Function/Program	207
Operating Indicators by Function/Program	208
Capital Asset Statistics by Function/Program	209
Schedule of Insurance	210
State Equalized Valuation/Taxable Valuation	211
Revenue Bonds Coverage – Sewer Enterprise Fund	212
Revenue Bonds Coverage – Water Enterprise Fund	213
Water Supply System – Last Ten Fiscal Years	214
Water Supply System – Ten Largest Water Customers – By Usage	216
Industrial Facilities Tax Roll	217
Tax Increment Revenues, Debt Service and Debt Service Coverage	218
Miscellaneous Supplemental Disclosures	219
City Pension Funds – Funding Progress	220
Labor Contracts	221

Single Audit Act Compliance

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	225
Schedule of Expenditures of Federal Awards	227
Notes to the Schedule of Expenditures of Federal Awards	228
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 <i>Government Auditing Standards</i>	229
Independent Auditors' Report on Compliance for Each Major Federal Program and Internal Control over Compliance Required by the Uniform Guidance	231
Schedule of Findings and Questioned Costs	235
Summary Schedule of Prior Audit Findings	239



INTRODUCTORY SECTION

This page intentionally left blank.

December 14, 2023

**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, 2023.

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, 2023, 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, 2023, 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 31,235 based on the 2020 census. The City is an industrial and commercial oriented community serving as a principal business, marketing, and cultural center for the surrounding suburban and agricultural territory. The government is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

The City of Jackson, 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 2023 included Michigan Avenue, Greenwood Avenue, Brown Street, the High Street bridge, and MLK Trail lighting project. These five projects totaled nearly \$12.1 million in expenditures during the fiscal year and comprised 71% of the total major street construction expenditures incurred. Along with the road reconstruction, new water mains and sanitary sewers were installed. Federal funds provided \$11.3 million, or 91% of the total incurred costs of these five projects.

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

- The 100 Homes Program, managed by the Community Development Department, is currently underway and expected to take place through 2026. The program will provide affordable housing for residents and rebuild neighborhoods. It is funded by the Coronavirus State and Local Fiscal Recovery funds allocated by City Council in March 2023 in the amount of \$2.5 million.
- 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.
- The Parks and Recreation Department launched the process of a new Master Plan in the fall of 2023. Residents are encouraged to submit comments and proposed improvements. The updated Master Plan will be used as a guiding document over the next five years to implement improvements to parks and recreation offerings throughout the City of Jackson.
- The City took advantage of the State of Michigan's Drinking Water State Revolving Fund loan program in July 2023. This program will allow the City to make needed water system improvements totaling \$16.55 million while benefiting from approximately 45% loan forgiveness and low-interest rates. Projects to be completed with the program include water treatment plant updates, installation of mechanical jet mixers in the east and west elevated storage tanks, well pump motor replacement, and 8,000 linear feet of water main replacement will take place through July 2026.
- The Martin Luther King Corridor Improvement Authority recently implemented the MLK Corridor Entrepreneurial & Real Estate Fund utilizing a portion of the \$4.5 million of Coronavirus State and Local Fiscal Recovery funds allocated by City Council in fiscal year 2022. The program is designed to support property and business owners within the MLK Corridor Improvement Authority's target area. The funds will address the critical need for equitable access to capital for underrepresented entrepreneurs and promote business development along the MLK Corridor. Funds can be used for real estate enhancements, business coaching, accounting, marketing, product development, and more.

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 increased nearly 57% since fiscal year 2002 to over \$752 million. The City experienced, as have other communities in Michigan and as across the country, a decline in property values in the years following where the ad valorem values declined to approximately \$589 million for the 2016 tax year (fiscal year 2017). Taxable values have since rebounded in recent years to \$727 million in tax year 2023 (23.5% increase). State equalized values (50% of estimated true market values) also declined in a similar pattern from 2002 to 2009, however, these values have increased by nearly 49% from 2016 to 2023. Market values, especially in the residential sector, have shown slow but steady growth which should continue into the next few years as real estate sales prices improve and developers invest in new housing in the City.

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 can 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 \$9,945 (0.2%) in total to \$5,281,532. This increase was comprised of a decrease of \$98,636 in constitutional and an increase of \$108,581 in the statutory component.

One of the City's major revenue categories - income taxes – continues to reflect stability after declining over \$1.1 million in fiscal year 2010. Income tax revenues in fiscal year 2017 exceeded \$9 million for the first time in the City's history but grew only slightly in fiscal year 2018. Increased efforts in the tracking of non-filers resulted in a 9.3% increase to nearly \$9.9 million in fiscal year 2019, 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 7.4% as of June 2023 with income taxes increasing to over \$11.4 million. Additionally, the City expected income taxes from non-residents to decline during the pandemic as a result of more employees working remotely, but the amount of that expected decline was not as severe as originally estimated as more people return to work in-person.

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. 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. Since 2021, 179 vacant lots as a result of the demolitions have been sold, reducing the City's expenses to maintain the lots and adding them back onto the tax roll. Most of the lots sold eliminated the need for a shared driveway or added greenspace for the property owner and their children to enjoy, while several are buildable lots, continuing the 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, 2022. This was the thirty-first 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.

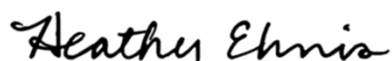
A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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



Heather Ehnis, City Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

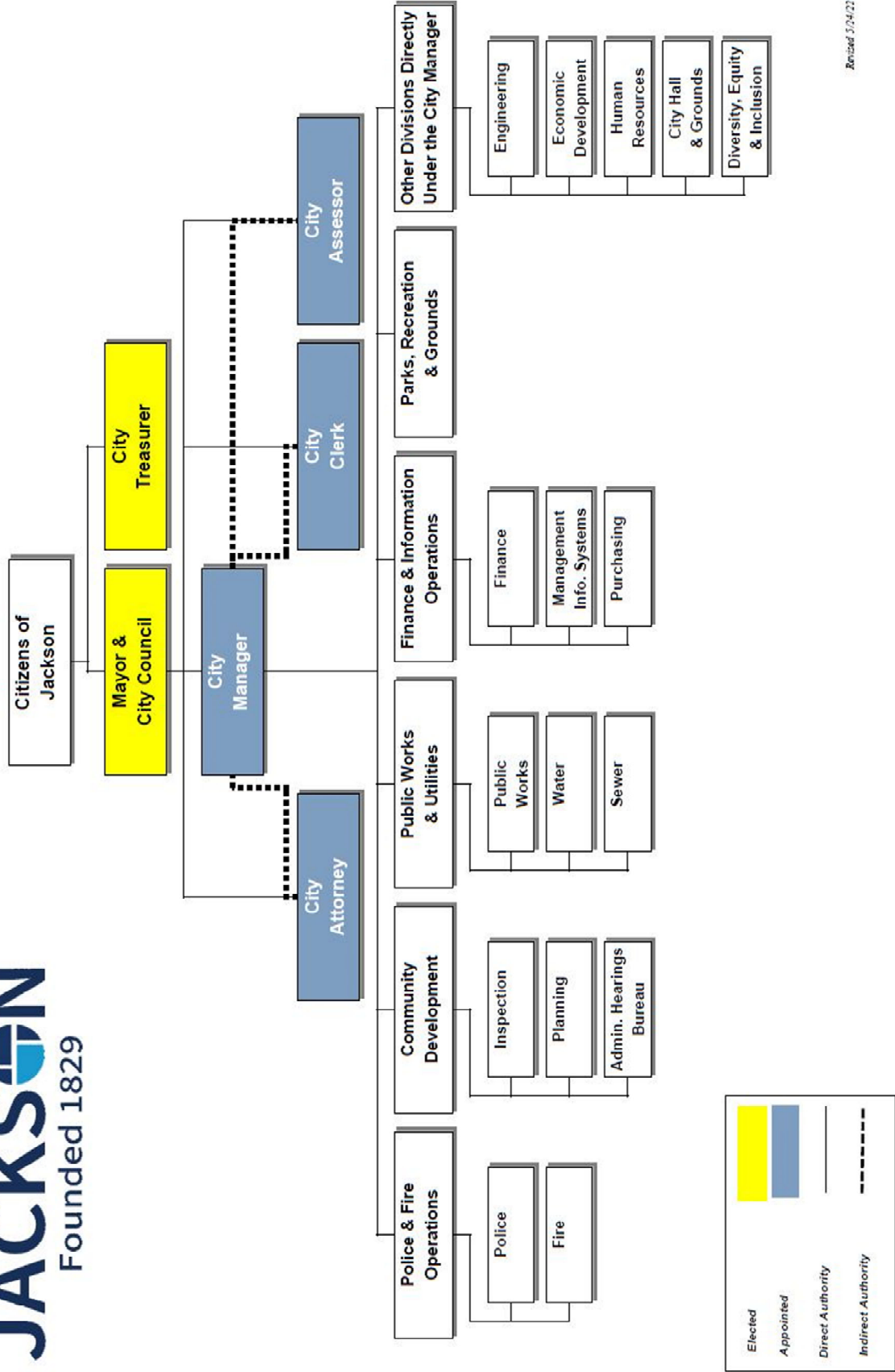
**City of Jackson
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO



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



CITY COUNCIL

Daniel Mahoney, Mayor

Arlene Robinson	1st Ward
Freddie Dancy	2nd Ward
Angelita V. Gunn	3rd Ward
Conner Wood	4th Ward
Shalanda Hunt	5th Ward
Will Forgrave	6th Ward

CITY OFFICIALS

Jonathan Greene, City Manager

Heather Ehnis	Director of Finance
Martin J. Griffin	City Treasurer & Income Tax Administrator
Matthew Hagerty	City Attorney
Elmer Hitt	Director of Police and Fire Services
Kelli Hoover	Director of Parks, Recreation & Grounds
Shane Laporte	Director of Community Development
Andrea Muray	City Clerk
Michael Osborn	Director of Public Works/Public Utilities Director
Jason Yoakam	City Assessor (Contractual)

FINANCIAL SECTION

This page intentionally left blank.

INDEPENDENT AUDITORS' REPORT

December 14, 2023

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

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparisons for the general fund and each major special revenue fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Independent Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the schedules for the pension and other postemployment benefit plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2023, on our consideration of the City'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 solely 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 the effectiveness of the City's 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 Lobson LLC". The signature is written in a cursive, flowing style.

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, 2023. 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	\$ 178,165,898
• Change in total net position	38,973,924
• Fund balances, governmental funds	27,960,192
• Change in fund balances, governmental funds	1,622,686
• Unassigned fund balance, general fund	13,813,728
• Change in fund balance, general fund	754,238
• Installment debt outstanding	41,501,094
• Change in installment debt	(4,562,455)

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 three legally separate authorities – the Downtown Development Authority, the Brownfield Redevelopment Authority, and the MLK Corridor Improvement 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, the American Rescue Plan Act special revenue, and the 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 \$178,165,898 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	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 67,552,538	\$ 55,630,733	\$ 50,175,454	\$ 42,163,412	\$ 117,727,992	\$ 97,794,145
Capital assets, net	125,191,910	110,037,307	84,556,637	81,040,218	209,748,547	191,077,525
Total assets	192,744,448	165,668,040	134,732,091	123,203,630	327,476,539	288,871,670
Deferred outflows of resources	4,591,897	6,436,798	191,292	188,239	4,783,189	6,625,037
Liabilities						
Long-term liabilities	103,025,781	113,624,624	15,562,158	15,332,673	118,587,939	128,957,297
Other liabilities	28,680,699	18,002,702	2,122,690	1,266,013	30,803,389	19,268,715
Total liabilities	131,706,480	131,627,326	17,684,848	16,598,686	149,391,328	148,226,012
Deferred inflows of resources	4,603,748	7,090,804	98,754	987,917	4,702,502	8,078,721
Net position						
Net investment in capital assets	82,347,338	62,821,769	84,251,875	80,891,095	166,599,213	143,712,864
Restricted	15,148,854	14,813,873	-	-	15,148,854	14,813,873
Unrestricted (deficit)	(36,470,075)	(44,248,934)	32,887,906	24,914,171	(3,582,169)	(19,334,763)
Total net position	\$ 61,026,117	\$ 33,386,708	\$ 117,139,781	\$ 105,805,266	\$ 178,165,898	\$ 139,191,974

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

	Changes in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 9,048,747	\$ 7,918,596	\$ 20,035,993	\$ 19,501,003	\$ 29,084,740	\$ 27,419,599
Operating grants and contributions	9,484,160	8,906,042	2,297,549	748,050	11,781,709	9,654,092
Capital grants and contributions	13,946,527	3,163,971	-	-	13,946,527	3,163,971
General revenues:						
Property taxes	13,716,121	13,541,770	-	-	13,716,121	13,541,770
Income taxes	11,418,387	11,252,147	-	-	11,418,387	11,252,147
Grants and contributions not restricted to specific programs	8,463,448	6,228,557	2,025,793	-	10,489,241	6,228,557
Other	1,088,365	151,005	1,715,364	175,133	2,803,729	326,138
Total revenues	67,165,755	51,162,088	26,074,699	20,424,186	93,240,454	71,586,274
Expenses						
Legislative	119,106	96,556	-	-	119,106	96,556
General government	3,892,672	3,784,852	-	-	3,892,672	3,784,852
Public safety	15,476,677	15,836,142	-	-	15,476,677	15,836,142
Public works	6,087,572	8,358,239	-	-	6,087,572	8,358,239
Culture and recreation	3,896,658	3,465,676	-	-	3,896,658	3,465,676
Community enrichment and development	7,778,547	4,571,346	-	-	7,778,547	4,571,346
Interest on long-term debt	3,109,499	3,237,005	-	-	3,109,499	3,237,005
Sewer	-	-	4,626,107	6,619,284	4,626,107	6,619,284
Water	-	-	8,598,300	4,832,133	8,598,300	4,832,133
Parking system	-	-	681,392	609,148	681,392	609,148
Total expenses	40,360,731	39,349,816	13,905,799	12,060,565	54,266,530	51,410,381
Change in net position before transfers	26,805,024	11,812,272	12,168,900	8,363,621	38,973,924	20,175,893
Transfers	834,385	854,074	(834,385)	(854,074)	-	-
Change in net position	27,639,409	12,666,346	11,334,515	7,509,547	38,973,924	20,175,893
Net position, beginning of year	33,386,708	20,720,362	105,805,266	98,295,719	139,191,974	119,016,081
Net position, end of year	\$ 61,026,117	\$ 33,386,708	\$ 117,139,781	\$ 105,805,266	\$ 178,165,898	\$ 139,191,974

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$27,639,409 during fiscal year 2023 compared to an increase of \$12,666,346 during fiscal 2022. Some significant elements of this increase are as follows:

- Charges for services increased \$1.1 million largely due to non-owner occupied property registrations and inspections conducted, collections experience for the Administrative Hearing Bureau, and funds received from the class action opioid settlements.
- Operating grants and contributions increased \$578,000 largely due to the increased Community Development Block Grants/Entitlement Grants funding to help pay for the Boos Center.
- Capital grants and contributions increased \$10.8 million due to additional federal and state funding for street construction projects.
- Grants and contributions not restricted to specific programs increased \$2.2 million due to American Rescue Plan Act funds expended for the Coronavirus State and Local Fiscal Recovery Grant and Community Development Block Grant programs.
- Other revenues increased \$937,000 due to the receipt of additional grant money bolstering the City's financial position leading to a rise in interest income as funds were strategically invested.
- Public safety expenses decreased \$359,000 due to a decrease in ACT 345 pension contributions.
- Public works expenses decreased \$2.3 million largely due to reduced non-capitalizable asset purchases.
- Culture and recreation expenses increased \$431,000 largely due to the non-capitalizable costs related to the expansion project completed at the Ella W. Sharp Park golf course.
- Community enrichment and development expenses increased \$3.2 million largely due to projects utilizing Community Development Block Grant funds, Coronavirus State and Local Fiscal Recovery Funds, and higher than anticipated expenditures in the self-insured healthcare and workers' compensation funds.

Business-type activities. Business-type activities increased the City's net position by \$11,334,515 during fiscal year 2023 compared to an increase of \$7,509,547 during fiscal year 2022. Key elements of this change are as follows:

- The sewage increase in net position is due to a decrease in OPEB liabilities of \$1.2 million.
- The water increase in net position is due to an increase in water rates of approximately \$1.5 million.
- The parking deck decrease in net position is primarily 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 \$27,960,192, an increase of \$1,622,686 from the prior year. Approximately 43.9 percent of this total amount, or \$12,273,620 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 \$373,565, prepaid items \$55,097, funds advanced on a long-term basis \$50,000, cemetery perpetual care \$2,107,016 and endowments related to Ella Sharp Park and facilities \$1,355,317; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$9,176,444; and 3) committed which indicate funds that have self-imposed limitations, which total \$2,569,133. 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 \$13,813,728, while total fund balance was \$13,932,951. 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 44.3 percent of total general fund expenditures and transfers out while total fund balance represents 44.7 percent of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$754,238 during the current fiscal year. This is largely due to favorable investment rates and advance receipt of Coronavirus State and Local Fiscal Recovery Funds leading to additional interest income earned of \$326,000, higher property tax revenue of \$219,000, and a reduction of \$153,000 in retiree healthcare expenses.

The major streets special revenue fund's fund balance decreased \$581,224 from the prior fiscal year leaving a total surplus of \$1,499,242 at fiscal year-end. A decrease of \$1,816,346 was budgeted in fiscal year 2023. Fund balances often change in this fund due to the timing of various street projects overlapping from one fiscal year to the next.

The American Rescue Plan Act special revenue fund, which is used to account for the grant-related administrative expenditures, had no change in fund balance.

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 \$30,844. This fund, which has a deficit by its nature, recorded \$864,042 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$894,886.

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 \$11,647,401 and \$20,196,862, respectively. The sewage fund had an increase in net position for the year of \$4,581,751, and the water fund had an increase of \$6,747,502. The parking deck fund had a decrease in net position of \$251,696, which is almost entirely due to depreciation. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues totaled \$284,368. These amendments were largely related to increases in state revenue sharing of \$389,000, investment income of \$125,000, and administrative hearings bureau of \$105,000, and decreases in grant funding of \$398,000.

Actual revenues exceeded final amended budgeted amounts by \$1,467,282. This is largely due to income taxes exceeding the amended budget by \$918,000, investment income exceeding the amended budget by \$244,000, and an unanticipated increase in state revenue sharing of \$124,000.

Differences between the original and final amended budgeted expenditures totaled \$2,008,113. These amendments were related to increased healthcare and workers' compensation of \$1.25 million, building improvements at fire station #2 of \$500,000, and additional funds for storm cleanups of \$281,000.

Actual expenditures were less than final amended budgeted amounts by \$1,435,090. This is due largely to lower than anticipated expenses in the police department of \$358,000, city hall and grounds of \$168,000, forestry of \$153,000, personnel and labor relations of \$146,000, and the administrative hearing bureau of \$99,000.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$209,748,547 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, systems, infrastructure, land improvements, buildings and improvements, park and recreation facilities, machinery and equipment, and lease vehicles. The total net increase in the City's investment in capital assets for the current fiscal year was \$18,671,022 or 9.8 percent.

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

- Governmental activities largest changes include major and local street infrastructure projects and projects under construction at the end of the fiscal year, including the Boos Center, Loomis Park, Optimist Park, and Cortland Street Kitchen Incubator.
- Business-type activities largest increases were in the systems and construction in progress categories primarily for the addition of new sewers and water distribution mains.

	Capital Assets (Net of Depreciation/Amortization)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 2,395,280	\$ 2,395,280	\$ 8,956,886	\$ 8,956,886	\$ 11,352,166	\$ 11,352,166
Construction in progress	4,086,451	1,962,387	3,206,395	480,971	7,292,846	2,443,358
Systems	-	-	54,011,481	52,810,441	54,011,481	52,810,441
Infrastructure	87,470,428	75,461,430	-	-	87,470,428	75,461,430
Land improvements	9,844,573	10,161,327	3,574,068	3,754,496	13,418,641	13,915,823
Buildings and improvements	10,338,768	9,583,191	9,006,638	9,282,077	19,345,406	18,865,268
Park and recreation facilities	7,845,825	7,729,425	-	-	7,845,825	7,729,425
Machinery and equipment	2,542,759	2,370,185	5,518,960	5,609,914	8,061,719	7,980,099
Lease vehicles	667,826	374,082	282,209	145,433	950,035	519,515
Total	\$ 125,191,910	\$ 110,037,307	\$ 84,556,637	\$ 81,040,218	\$ 209,748,547	\$ 191,077,525

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 \$41,501,094. Of this amount, \$41,236,098 comprises debt backed by the full faith and credit of the government.

	Outstanding Debt					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 41,236,098	\$ 45,589,863	\$ -	\$ -	\$ 41,236,098	\$ 45,589,863
Installment purchase agreement	264,996	473,686	-	-	264,996	473,686
Total	\$ 41,501,094	\$ 46,063,549	\$ -	\$ -	\$ 41,501,094	\$ 46,063,549

The City made principal payments on existing agreements in the amount of \$4,562,455 during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City is \$126,735,252, which is significantly in excess of the City's outstanding general obligation debt of \$41,236,098.

Additional information related to long-term debt can be found in Note 11 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 2023/2024 fiscal year:

- The unemployment rate for the City is currently 6.5% (September 2023), which is a 0.2% decrease from a rate of 6.7% a year ago (September 2022). While this compares unfavorably to the state's average unemployment rate of 3.9% and the national average rate of 3.8%, the City has maintained fairly consistent employment levels resulting in a positive effect on income tax revenues. One of the City's ongoing concerns relates to the portion of the workforce 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 two years 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 4.9% from the prior fiscal year. State equalized values, however, have increased 8.0% and have shown growth for the ninth 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 2023 fiscal year, unassigned fund balance in the general fund increased from \$12,399,625 to \$13,813,728. The current budget anticipates that this fund balance amount will increase by \$884,405.

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.

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Statement of Net Position

June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Pooled cash and investments	\$ 25,139,269	\$ 43,591,040	\$ 68,730,309	\$ 2,169,131
Restricted cash:				
Cash on hand with agents	46,000	-	46,000	-
Pooled cash and investments	28,482,323	-	28,482,323	-
Receivables, net	12,944,424	6,113,155	19,057,579	104,608
Internal balances	(82,068)	82,068	-	-
Inventories and prepaid items	1,022,590	389,191	1,411,781	-
Capital assets not being depreciated/amortized	6,481,731	12,163,281	18,645,012	-
Capital assets being depreciated/amortized, net	118,710,179	72,393,356	191,103,535	-
Total assets	192,744,448	134,732,091	327,476,539	2,273,739
Deferred outflows of resources				
Deferred charge on bond refunding	499,916	-	499,916	-
Deferred pension amounts	4,076,075	176,463	4,252,538	-
Deferred OPEB amounts	15,906	14,829	30,735	-
Total deferred outflows of resources	4,591,897	191,292	4,783,189	-
Liabilities				
Accounts payable and accrued liabilities	3,290,340	2,122,690	5,413,030	401,136
Accrued interest payable	336,685	-	336,685	-
Unearned revenue	25,053,674	-	25,053,674	134,927
Bonds, notes and other long-term liabilities:				
Due within one year	5,120,965	118,251	5,239,216	-
Due in more than one year	39,826,918	565,497	40,392,415	-
Net pension liability (due in more than one year)	43,077,965	893,200	43,971,165	-
Net OPEB liability (due in more than one year)	14,999,933	13,985,210	28,985,143	-
Total liabilities	131,706,480	17,684,848	149,391,328	536,063
Deferred inflows of resources				
Deferred pension amounts	1,373,549	52,547	1,426,096	-
Deferred OPEB amounts	49,559	46,207	95,766	-
Deferred lease amounts	3,180,640	-	3,180,640	-
Total deferred inflows of resources	4,603,748	98,754	4,702,502	-
Net position				
Net investment in capital assets	82,347,338	84,251,875	166,599,213	-
Restricted for:				
Highways and streets	5,250,478	-	5,250,478	-
Public improvement and recreation	5,880,868	-	5,880,868	-
Public safety	27,844	-	27,844	-
Opioid settlement	513,205	-	513,205	-
Act 345 Pension	14,126	-	14,126	-
Perpetual care -				
Endowments (nonspendable)	3,462,333	-	3,462,333	-
Unrestricted (deficit)	(36,470,075)	32,887,906	(3,582,169)	1,737,676
Total net position	\$ 61,026,117	\$ 117,139,781	\$ 178,165,898	\$ 1,737,676

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, 2023

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
Legislative	\$ 119,106	\$ -	\$ -	\$ -	\$ (119,106)
General government	3,892,672	1,782,980	1,193,068	-	(916,624)
Public safety	15,476,677	3,874,234	707,446	-	(10,894,997)
Public works	6,087,572	470,857	5,073,503	13,946,527	13,403,315
Culture and recreation	3,896,658	1,080,975	4,074	-	(2,811,609)
Community enrichment and development	7,778,547	1,839,701	2,506,069	-	(3,432,777)
Interest and fiscal charges	3,109,499	-	-	-	(3,109,499)
Total governmental activities	40,360,731	9,048,747	9,484,160	13,946,527	(7,881,297)
Business-type activities:					
Sewer	4,626,107	6,326,956	2,051,837	-	3,752,686
Water	8,598,300	13,511,513	212,058	-	5,125,271
Parking system	681,392	197,524	33,654	-	(450,214)
Total business-type activities	13,905,799	20,035,993	2,297,549	-	8,427,743
Total primary government	\$ 54,266,530	\$ 29,084,740	\$ 11,781,709	\$ 13,946,527	\$ 546,446
Component units					
Brownfield redevelopment authority	\$ 1,843,547	\$ -	\$ -	\$ -	\$ (1,843,547)
MLK corridor improvement authority	144,654	-	-	-	(144,654)
Downtown development authority	246,886	153,821	-	-	(93,065)
Total component units	\$ 2,235,087	\$ 153,821	\$ -	\$ -	\$ (2,081,266)

continued...

CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Net revenues (expenses)	<u>\$ (7,881,297)</u>	<u>\$ 8,427,743</u>	<u>\$ 546,446</u>	<u>\$ (2,081,266)</u>
General revenues				
Property taxes	13,716,121	-	13,716,121	1,963,258
Income taxes	11,418,387	-	11,418,387	-
Grants and contributions not restricted to specific purposes	8,463,448	2,025,793	10,489,241	147,604
Unrestricted interest earnings	1,088,365	1,715,364	2,803,729	68,092
Transfers - internal activities	834,385	(834,385)	-	-
Total general revenues and transfers	<u>35,520,706</u>	<u>2,906,772</u>	<u>38,427,478</u>	<u>2,178,954</u>
Change in net position	27,639,409	11,334,515	38,973,924	97,688
Net position, beginning of year	<u>33,386,708</u>	<u>105,805,266</u>	<u>139,191,974</u>	<u>1,639,988</u>
Net position, end of year	<u>\$ 61,026,117</u>	<u>\$ 117,139,781</u>	<u>\$ 178,165,898</u>	<u>\$ 1,737,676</u>

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

This page intentionally left blank.

FUND FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2023

	General	Major Streets	American Rescue Plan Act	Special Assessment Capital Projects	Nonmajor Governmental Funds	Totals
Assets						
Pooled cash and investments	\$ 9,393,357	\$ 759,759	\$ -	\$ 238,104	\$ 14,784,186	\$ 25,175,406
Restricted pooled cash and investments	-	-	25,019,990	-	-	25,019,990
Accounts receivables, net	665,014	15,633	-	-	696,939	1,377,586
Interest receivable	55,496	4,025	-	-	53,300	112,821
Taxes receivable, net	2,381,289	-	-	-	-	2,381,289
Special assessment receivables	-	-	-	3,496,069	-	3,496,069
Leases receivable	308,378	-	-	-	2,872,262	3,180,640
Due from other governments	852,769	818,996	-	-	649,154	2,320,919
Due from other funds	2,477,379	-	-	-	427,090	2,904,469
Inventories	-	358,065	-	-	15,500	373,565
Prepaid items	55,097	-	-	-	-	55,097
Long-term advances to other funds	50,000	-	-	-	-	50,000
Total assets	\$ 16,238,779	\$ 1,956,478	\$ 25,019,990	\$ 3,734,173	\$ 19,498,431	\$ 66,447,851
Liabilities						
Accounts payable	\$ 1,206,397	\$ 452,045	\$ 7,903	\$ -	\$ 743,180	\$ 2,409,525
Accrued payroll	223,587	5,191	-	-	45,881	274,659
Other liabilities	137,503	-	-	-	160,598	298,101
Unearned revenue	-	-	25,012,087	-	41,587	25,053,674
Due to other funds	4,470	-	-	1,778,212	1,121,787	2,904,469
Long-term advances from other funds	-	-	-	-	50,000	50,000
Total liabilities	1,571,957	457,236	25,019,990	1,778,212	2,163,033	30,990,428
Deferred inflows of resources						
Unavailable revenue - Administrative Hearings Bureau	425,493	-	-	-	-	425,493
Unavailable revenue - special assessment receivable	-	-	-	3,496,069	-	3,496,069
Unavailable revenue - opioid settlement	-	-	-	-	395,029	395,029
Deferred lease amounts	308,378	-	-	-	2,872,262	3,180,640
Total deferred inflows of resources	733,871	-	-	3,496,069	3,267,291	7,497,231
Fund balances						
Nonspendable	105,097	358,065	-	-	3,477,833	3,940,995
Restricted	14,126	1,141,177	-	-	8,021,141	9,176,444
Committed	-	-	-	-	2,569,133	2,569,133
Unassigned (deficit)	13,813,728	-	-	(1,540,108)	-	12,273,620
Total fund balances (deficit)	13,932,951	1,499,242	-	(1,540,108)	14,068,107	27,960,192
Total liabilities, deferred inflows of resources and fund balances	\$ 16,238,779	\$ 1,956,478	\$ 25,019,990	\$ 3,734,173	\$ 19,498,431	\$ 66,447,851

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, 2023

Fund balances - total governmental funds	\$ 27,960,192
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets not being depreciated/amortized	6,481,731
Capital assets being depreciated/amortized, net	118,710,179
Less capital assets accounted for in the internal service funds	(1,207,354)
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	425,493
Unavailable special assessments	3,496,069
Unavailable opioid settlement	395,029
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	(43,077,965)
Deferred outflows related to the net pension liability	4,076,075
Deferred inflows related to the net pension liability	(1,373,549)
Net OPEB liability	(14,999,933)
Deferred outflows related to the net OPEB liability	15,906
Deferred inflows related to the net OPEB liability	(49,559)
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net position.	
Net position of governmental activities accounted for in the internal service funds	4,713,800
Portion of the internal service funds net position attributed to business-type activities	(82,068)
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	499,916
Bonds, notes and leases payable	(42,196,575)
Less bonds, notes and leases payable accounted for in the internal service funds	326,723
Unamortized bond premium	(1,147,913)
Compensated absences	(1,603,395)
Accrued interest on long-term liabilities	(336,685)
Net position of governmental activities	<u>\$ 61,026,117</u>

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

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the Fiscal Year Ended June 30, 2023

	General	Major Streets	American Rescue Plan Act	Special Assessment Capital Projects	Nonmajor Governmental Funds	Totals
Revenues						
Property taxes	\$ 10,101,298	\$ -	\$ -	\$ -	\$ 3,614,823	\$ 13,716,121
Income taxes	11,418,387	-	-	-	-	11,418,387
Licenses and permits	377,587	-	-	-	-	377,587
Intergovernmental	6,841,182	16,943,648	94,223	-	7,188,296	31,067,349
Charges for services	1,392,033	-	-	-	5,728,277	7,120,310
Fines and forfeits	424,204	-	-	-	-	424,204
Special assessments	-	-	-	894,886	-	894,886
Donations	5,400	-	-	-	-	5,400
Investment income	539,266	35,236	-	-	469,407	1,043,909
Miscellaneous	411,689	200,270	-	-	248,671	860,630
Total revenues	31,511,046	17,179,154	94,223	894,886	17,249,474	66,928,783
Expenditures						
Current:						
Legislative	119,106	-	-	-	-	119,106
General government	5,928,478	-	-	-	-	5,928,478
Public safety	18,719,581	-	94,223	-	1,415,549	20,229,353
Public works	1,363,153	17,707,814	-	-	1,334,296	20,405,263
Culture and recreation	2,425,750	-	-	-	2,221,006	4,646,756
Community enrichment and development	1,962,943	-	-	-	5,744,813	7,707,756
Debt service:						
Principal	199,461	-	-	-	4,395,904	4,595,365
Interest and fiscal charges	1,957	-	-	-	3,200,200	3,202,157
Total expenditures	30,720,429	17,707,814	94,223	-	18,311,768	66,834,234
Revenues over (under) expenditures	790,617	(528,660)	-	894,886	(1,062,294)	94,549
Other financing sources (uses)						
Issuance of bonds, notes, and other long-term liabilities	267,966	-	-	-	283,253	551,219
Insurance recovery	90,363	-	-	-	-	90,363
Transfers in	46,196	720,769	-	-	6,807,794	7,574,759
Transfers out	(440,904)	(773,333)	-	(864,042)	(4,609,925)	(6,688,204)
Total other financing sources (uses)	(36,379)	(52,564)	-	(864,042)	2,481,122	1,528,137
Net change in fund balances	754,238	(581,224)	-	30,844	1,418,828	1,622,686
Fund balances (deficit), beginning of year	13,178,713	2,080,466	-	(1,570,952)	12,649,279	26,337,506
Fund balances (deficit), end of year	\$ 13,932,951	\$ 1,499,242	\$ -	\$ (1,540,108)	\$ 14,068,107	\$ 27,960,192

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, 2023

Net change in fund balances - total governmental funds \$ 1,622,686

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/amortization expense.

Capital assets purchased/constructed	21,894,142
Loss on disposal of capital assets	(29,965)
Depreciation/amortization expense	(6,923,102)

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	20,307
Change in special assessments receivable	(267,341)
Change in opioid settlement receivable	395,029

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 bonds, notes and other long-term liabilities	4,595,365
Issuance of bonds, notes and other long-term liabilities	(551,219)

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	(57,882)
Amortization of bond premium	114,791
Amortization of deferred charge on bond refunding	35,749
Change in net OPEB liability and related deferred amounts	1,880,325
Change in net pension liability and related deferred amounts	3,462,126
Change in the accrual of compensated absences	125,977

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

Net operating income from governmental activities accounted for in internal service funds	735,455
Net operating income attributable to business-type activities	(462,383)
Intergovernmental revenue from governmental internal service funds	1,012,542
Interest revenue from governmental internal service funds	88,977
Transfers out from governmental internal service funds	(52,170)

Change in net position of governmental activities \$ 27,639,409

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Property taxes	\$ 10,043,356	\$ 10,041,000	\$ 10,101,298	\$ 60,298	\$ 10,070,669
Income taxes	10,500,000	10,500,000	11,418,387	918,387	11,252,147
Licenses and permits	367,025	373,562	377,587	4,025	418,412
Intergovernmental	6,758,526	6,767,803	6,841,182	73,379	6,824,753
Charges for services	1,362,572	1,313,885	1,392,033	78,148	1,253,986
Fines and forfeits	377,094	466,500	424,204	(42,296)	278,458
Donations	-	4,900	5,400	500	20,422
Investment income	170,000	295,000	539,266	244,266	79,146
Miscellaneous	180,823	281,114	411,689	130,575	492,061
Total revenues	29,759,396	30,043,764	31,511,046	1,467,282	30,690,054
Expenditures					
Current:					
Legislative - City Council	114,696	124,345	119,106	(5,239)	96,556
General government:					
Charter commission	2,500	2,500	-	(2,500)	-
City Manager	474,901	485,430	475,552	(9,878)	473,230
Finance	587,942	574,115	540,324	(33,791)	485,836
City Clerk	331,401	329,518	313,516	(16,002)	287,368
Management information services	448,021	431,075	383,155	(47,920)	313,244
Purchasing	130,276	130,276	118,366	(11,910)	117,568
City Treasurer	413,354	394,583	386,888	(7,695)	379,828
City income tax administration	235,063	222,765	187,097	(35,668)	169,424
City Assessor	544,375	480,008	438,039	(41,969)	467,957
City Clerk - Elections	114,367	131,430	126,749	(4,681)	107,256
City hall and grounds	431,258	608,614	441,096	(167,518)	417,389
City Attorney	731,548	744,026	715,543	(28,483)	649,578
Personnel	645,907	636,494	490,662	(145,832)	231,244
Unallocated	879,799	812,859	745,734	(67,125)	687,117
Administrative hearings bureau	199,201	303,436	203,992	(99,444)	123,460
Cemeteries	358,075	363,288	361,765	(1,523)	309,744
Total general government	6,527,988	6,650,417	5,928,478	(721,939)	5,220,243
Public safety:					
Police:					
General	11,454,098	10,905,940	10,547,792	(358,148)	10,116,259
Office of Highway Safety program	-	18,182	7,861	(10,321)	8,663
Consortium training	15,750	13,652	10,754	(2,898)	21,619
In-service training	3,185	9,910	9,906	(4)	4,802
Fire - suppression	5,644,920	6,245,977	6,224,668	(21,309)	6,266,261
Police and fire - unallocated	2,107,885	1,929,335	1,918,600	(10,735)	2,072,330
Total public safety	19,225,838	19,122,996	18,719,581	(403,415)	18,489,934

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Sidewalk construction	\$ 55,707	\$ 73,704	\$ 49,469	\$ (24,235)	\$ 28,425
Drains at large	78,779	106,865	68,807	(38,058)	47,884
Street lighting	601,899	602,066	513,373	(88,693)	548,353
Weed control	103,918	92,951	75,232	(17,719)	74,140
Grounds maintenance	467,230	460,192	388,587	(71,605)	386,319
Tax property maintenance	226,695	242,266	183,022	(59,244)	263,940
Civic affairs	107,802	137,479	104,067	(33,412)	80,927
Reimbursements	(25,000)	(25,000)	(19,404)	(5,596)	(24,162)
Total public works	1,617,030	1,690,523	1,363,153	(327,370)	1,405,826
Culture and recreation:					
Forestry	658,542	939,187	786,222	(152,965)	473,315
Parks and recreation administration	305,867	366,867	349,274	(17,593)	287,985
Lt. Nixon Memorial pool	100,476	130,229	125,932	(4,297)	69,717
Parks and facilities maintenance	836,134	885,234	1,152,529	267,295	737,608
Historical district	12,790	13,500	11,793	(1,707)	10,891
Total culture and recreation	1,913,809	2,335,017	2,425,750	90,733	1,579,516
Community enrichment and development:					
Planning	234,974	243,567	229,082	(14,485)	219,959
Economic development	132,400	132,400	126,213	(6,187)	209,951
Diversity, equity and inclusion	306,235	306,911	293,614	(13,297)	250,295
Reimbursements	10,000	1,337,925	1,314,034	(23,891)	162,045
Total community enrichment and development	683,609	2,020,803	1,962,943	(57,860)	842,250
Debt service:					
Principal	64,436	199,461	199,461	-	190,269
Interest and fiscal charges	-	1,957	1,957	-	3,852
Total debt service	64,436	201,418	201,418	-	194,121
Total expenditures	30,147,406	32,145,519	30,720,429	(1,425,090)	27,828,446
Revenues over (under) expenditures	(388,010)	(2,101,755)	790,617	2,892,372	2,861,608
Other financing sources (uses)					
Issuance of bonds, notes, and other long-term liabilities					
	-	-	267,966	267,966	-
Insurance recovery	23,500	27,699	90,363	62,664	49,843
Transfers in	5,000	5,000	46,196	41,196	6,387
Transfers out	(283,429)	(440,904)	(440,904)	-	(395,967)
Total other financing uses	(254,929)	(408,205)	(36,379)	371,826	(339,737)
Net change in fund balance	(642,939)	(2,509,960)	754,238	3,264,198	2,521,871
Fund balance, beginning of year	13,178,713	13,178,713	13,178,713	-	10,656,842
Fund balance, end of year	\$ 12,535,774	\$ 10,668,753	\$ 13,932,951	\$ 3,264,198	\$ 13,178,713

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023				2022 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Revenues					
Intergovernmental	\$ 23,124,364	\$ 32,178,869	\$ 16,943,648	\$ (15,235,221)	\$ 5,774,785
Investment income	1,500	10,000	35,236	25,236	13,497
Miscellaneous	192,000	169,000	200,270	31,270	289,073
Total revenues	<u>23,317,864</u>	<u>32,357,869</u>	<u>17,179,154</u>	<u>(15,178,715)</u>	<u>6,077,355</u>
Expenditures					
Current -					
Public works:					
Street construction	2,038,094	2,196,580	2,406,817	210,237	2,178,506
Street maintenance	715,450	752,660	443,737	(308,923)	555,785
Traffic services	707,223	764,066	627,432	(136,634)	784,152
Winter maintenance	333,251	356,488	208,576	(147,912)	279,148
Trunkline maintenance	211,272	221,550	92,793	(128,757)	111,402
State highway construction	20,033,306	29,807,829	13,928,459	(15,879,370)	3,259,326
Reimbursements	-	-	-	-	(76,185)
Total expenditures	<u>24,038,596</u>	<u>34,099,173</u>	<u>17,707,814</u>	<u>(16,391,359)</u>	<u>7,092,134</u>
Revenues under expenditures	<u>(720,732)</u>	<u>(1,741,304)</u>	<u>(528,660)</u>	<u>1,212,644</u>	<u>(1,014,779)</u>
Other financing sources (uses)					
Transfers in	935,645	698,292	720,769	22,477	680,178
Transfers out	(692,652)	(773,334)	(773,333)	(1)	(696,672)
Total other financing sources (uses)	<u>242,993</u>	<u>(75,042)</u>	<u>(52,564)</u>	<u>22,478</u>	<u>(16,494)</u>
Net change in fund balance	<u>(477,739)</u>	<u>(1,816,346)</u>	<u>(581,224)</u>	<u>1,235,122</u>	<u>(1,031,273)</u>
Fund balance, beginning of year	<u>2,080,466</u>	<u>2,080,466</u>	<u>2,080,466</u>	<u>-</u>	<u>3,111,739</u>
Fund balance, end of year	<u>\$ 1,602,727</u>	<u>\$ 264,120</u>	<u>\$ 1,499,242</u>	<u>\$ 1,235,122</u>	<u>\$ 2,080,466</u>

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 - American Rescue Plan Act Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2022 Actual
Revenues					
Intergovernmental	\$ 200,000	\$ 115,000	\$ 94,223	\$ (20,777)	\$ 161,865
Expenditures					
Current -					
Public safety -					
Contractual and other services	200,000	115,000	94,223	(20,777)	161,865
Net change in fund balance	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds

June 30, 2023

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Assets						
Current assets:						
Pooled cash and investments	\$ 15,937,212	\$ 26,729,288	\$ 523,930	\$ 400,610	\$ 43,591,040	\$ 3,426,196
Accounts receivable, net	1,453,273	3,237,167	31,842	5,855	4,728,137	63,491
Interest receivable	87,022	143,281	2,765	1,399	234,467	11,609
Due from other governments	768,532	382,019	-	-	1,150,551	-
Inventories	-	385,355	-	-	385,355	-
Prepaid items	-	3,836	-	-	3,836	593,928
Restricted cash and cash equivalents - Cash on hand with agents	-	-	-	-	-	46,000
Total current assets	18,246,039	30,880,946	558,537	407,864	50,093,386	4,141,224
Noncurrent assets:						
Capital assets not being depreciated/amortized	2,799,389	620,322	7,060,843	1,682,727	12,163,281	-
Capital assets being depreciated/amortized, net	21,170,386	40,735,214	7,888,288	2,599,468	72,393,356	1,207,354
Total noncurrent assets	23,969,775	41,355,536	14,949,131	4,282,195	84,556,637	1,207,354
Total assets	42,215,814	72,236,482	15,507,668	4,690,059	134,650,023	5,348,578
Deferred outflows of resources						
Deferred pension amounts	66,463	110,000	-	-	176,463	-
Deferred OPEB amounts	5,552	9,277	-	-	14,829	-
Total deferred outflows of resources	72,015	119,277	-	-	191,292	-
Liabilities						
Current liabilities:						
Accounts payable	938,768	901,644	1,277	2,394	1,844,083	89,775
Accrued payroll	25,366	42,136	-	1,155	68,657	12,275
Estimated claims payable	-	-	-	-	-	206,005
Customer deposits	-	209,950	-	-	209,950	-
Current portion of:						
Accrued compensated absences	9,522	29,231	-	-	38,753	-
Notes and other long-term liabilities	30,248	49,250	-	-	79,498	181,500
Total current liabilities	1,003,904	1,232,211	1,277	3,549	2,240,941	489,555
Noncurrent liabilities:						
Accrued compensated absences, net of current portion	87,328	252,905	-	-	340,233	-
Notes and other long-term liabilities, net of current portion	92,045	133,219	-	-	225,264	145,223
Net pension liability	336,414	556,786	-	-	893,200	-
Net OPEB liability	5,236,164	8,749,046	-	-	13,985,210	-
Total noncurrent liabilities	5,751,951	9,691,956	-	-	15,443,907	145,223
Total liabilities	6,755,855	10,924,167	1,277	3,549	17,684,848	634,778
Deferred inflows of resources						
Deferred pension amounts	19,791	32,756	-	-	52,547	-
Deferred OPEB amounts	17,300	28,907	-	-	46,207	-
Total deferred inflows of resources	37,091	61,663	-	-	98,754	-
Net position						
Net investment in capital assets	23,847,482	41,173,067	14,949,131	4,282,195	84,251,875	880,631
Unrestricted	11,647,401	20,196,862	557,260	404,315	32,805,838	3,833,169
Total net position	\$ 35,494,883	\$ 61,369,929	\$ 15,506,391	\$ 4,686,510	\$ 117,057,713	\$ 4,713,800

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

CITY OF JACKSON, MICHIGAN

Reconciliation

Net Position of Enterprise Funds
to Net Position of Business-type Activities
June 30, 2023

Net position - enterprise funds \$ 117,057,713

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.

82,068

Net position of business-type activities \$ 117,139,781

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, 2023

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Operating revenues						
Charges for sales and services	\$ 6,326,956	\$ 13,511,513	\$ 9,153	\$ 188,371	\$ 20,035,993	\$ 7,146,072
Other	89,926	211,844	-	33,654	335,424	1,288,995
Total operating revenues	6,416,882	13,723,357	9,153	222,025	20,371,417	8,435,067
Operating expenses						
Personnel services	459,719	3,251,341	-	69,747	3,780,807	842,279
Administration	-	-	-	-	-	134,895
Materials and supplies	991,680	1,560,875	-	-	2,552,555	438,278
Contractual and other services	2,208,364	2,870,110	19,034	207,356	5,304,864	5,565,304
Benefit payments	-	-	-	-	-	449,900
Depreciation/amortization	1,120,167	1,201,877	262,943	144,969	2,729,956	268,956
Total operating expenses	4,779,930	8,884,203	281,977	422,072	14,368,182	7,699,612
Operating income (loss)	1,636,952	4,839,154	(272,824)	(200,047)	6,003,235	735,455
Nonoperating revenues						
Intergovernmental	2,865,232	1,122,686	-	-	3,987,918	1,012,542
Investment income	638,601	1,038,224	21,128	17,411	1,715,364	88,977
Total nonoperating revenues	3,503,833	2,160,910	21,128	17,411	5,703,282	1,101,519
Income (loss) before transfers	5,140,785	7,000,064	(251,696)	(182,636)	11,706,517	1,836,974
Transfers in	-	342,458	-	172,143	514,601	-
Transfers out	(559,034)	(595,020)	-	(194,932)	(1,348,986)	(52,170)
Change in net position	4,581,751	6,747,502	(251,696)	(205,425)	10,872,132	1,784,804
Net position, beginning of year	30,913,132	54,622,427	15,758,087	4,891,935	106,185,581	2,928,996
Net position, end of year	\$ 35,494,883	\$ 61,369,929	\$ 15,506,391	\$ 4,686,510	\$ 117,057,713	\$ 4,713,800

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, 2023

Net change in net position - total enterprise funds \$ 10,872,132

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.

462,383

Change in net position of business-type activities \$ 11,334,515

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, 2023

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Cash flows from operating activities						
Receipts from customers and users	\$ 5,695,357	\$ 13,289,427	\$ 9,606	\$ 216,538	\$ 19,210,928	\$ -
Receipts for interfund services provided	-	-	-	-	-	8,410,862
Payments to employees	(1,692,400)	(2,944,669)	-	(69,747)	(4,706,816)	(864,998)
Payments to vendors and claimants	(2,449,681)	(4,251,563)	(19,891)	(213,592)	(6,934,727)	(7,064,081)
Net cash provided by (used in) operating activities	<u>1,553,276</u>	<u>6,093,195</u>	<u>(10,285)</u>	<u>(66,801)</u>	<u>7,569,385</u>	<u>481,783</u>
Cash flows from noncapital financing activities						
Intergovernmental revenue	2,865,232	1,122,686	-	-	3,987,918	1,012,542
Transfers in	-	342,458	-	172,143	514,601	-
Transfers out	(559,034)	(595,020)	-	(194,932)	(1,348,986)	(52,170)
Net cash provided by (used in) noncapital financing activities	<u>2,306,198</u>	<u>870,124</u>	<u>-</u>	<u>(22,789)</u>	<u>3,153,533</u>	<u>960,372</u>
Cash flows from capital and related financing activities						
Purchase of capital assets	(2,857,308)	(3,179,294)	-	-	(6,036,602)	(482,484)
Principal paid on notes and other long-term liabilities	(18,958)	(35,176)	-	-	(54,134)	(176,280)
Net cash used in capital and related financing activities	<u>(2,876,266)</u>	<u>(3,214,470)</u>	<u>-</u>	<u>-</u>	<u>(6,090,736)</u>	<u>(658,764)</u>
Cash flows from investing activities						
Interest received on investments	551,579	894,943	18,363	16,012	1,480,897	77,368
Net change in cash and cash equivalents	<u>1,534,787</u>	<u>4,643,792</u>	<u>8,078</u>	<u>(73,578)</u>	<u>6,113,079</u>	<u>860,759</u>
Cash and cash equivalents, beginning of year	14,402,425	22,085,496	515,852	474,188	37,477,961	2,611,437
Cash and cash equivalents, end of year	<u>\$ 15,937,212</u>	<u>\$ 26,729,288</u>	<u>\$ 523,930</u>	<u>\$ 400,610</u>	<u>\$ 43,591,040</u>	<u>\$ 3,472,196</u>
Classified on the statement of net position as:						
Pooled cash and investments	\$ 15,937,212	\$ 26,729,288	\$ 523,930	\$ 400,610	\$ 43,591,040	\$ 3,426,196
Restricted cash -						
Cash on hand with agents	-	-	-	-	-	46,000
	<u>\$ 15,937,212</u>	<u>\$ 26,729,288</u>	<u>\$ 523,930</u>	<u>\$ 400,610</u>	<u>\$ 43,591,040</u>	<u>\$ 3,472,196</u>

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities						
Operating income (loss)	\$ 1,636,952	\$ 4,839,154	\$ (272,824)	\$ (200,047)	\$ 6,003,235	\$ 735,455
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation/amortization	1,120,167	1,201,877	262,943	144,969	2,729,956	268,956
Change in operating assets and liabilities that provided (used) cash:						
Accounts receivable, net	47,007	(46,311)	453	(5,855)	(4,706)	(24,205)
Due from other governments	(768,532)	(382,019)	-	-	(1,150,551)	-
Due from other funds	-	-	-	368	368	-
Inventories	-	(43,538)	-	-	(43,538)	-
Prepaid items	-	(3,686)	-	-	(3,686)	(593,928)
Deferred outflows of resources - pension	(16,475)	(21,716)	-	-	(38,191)	-
Deferred outflows of resources - OPEB	16,096	19,042	-	-	35,138	-
Accounts payable	750,363	226,646	(857)	(4,389)	971,763	25,454
Accrued payroll	(43,352)	(64,287)	-	(1,847)	(109,486)	(22,719)
Customer deposits	-	(5,600)	-	-	(5,600)	-
Estimate claims payable	-	-	-	-	-	92,770
Accrued compensated absences	7,676	43,436	-	-	51,112	-
Net pension liability	57,603	64,376	-	-	121,979	-
Net OPEB liability	(865,899)	766,654	-	-	(99,245)	-
Deferred inflows of resources - pension	6,729	9,686	-	-	16,415	-
Deferred inflows of resources - OPEB	(395,059)	(510,519)	-	-	(905,578)	-
Net cash provided by (used in) operating activities	\$ 1,553,276	\$ 6,093,195	\$ (10,285)	\$ (66,801)	\$ 7,569,385	\$ 481,783

concluded.

Non-cash item: Capital assets acquired through leases payable in the amount of \$209,773.

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

CITY OF JACKSON, MICHIGAN

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2023

	Pension and Other Employee Benefits Trust Funds	Custodial Funds
Assets		
Pooled cash and investments	\$ 800,644	\$ -
Investments, at fair value:		
U.S. treasuries	4,556,004	-
Corporate bonds:		
Domestic bonds	4,342,756	-
Domestic mutual funds	25,122,223	-
Equities:		
Domestic stocks	5,947,842	-
Domestic mutual funds	39,049,804	-
International mutual funds	23,028,664	-
Money market funds	6,424,960	-
Receivables -		
Interest, dividends, and other	81,496	-
Total assets	<u>109,354,393</u>	<u>-</u>
Liabilities		
Refunds payable and other liabilities	479,140	-
Net position		
Restricted for pension	103,709,797	-
Restricted for other employee benefits	5,165,456	-
Total net position	<u><u>\$ 108,875,253</u></u>	<u><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, 2023

	Pension and Other Employee Benefits Trust Funds	Custodial Funds
Additions		
Contributions:		
Employer	\$ 9,469,216	\$ -
Plan members	1,394,274	-
Other	54,724	-
Total contributions	<u>10,918,214</u>	<u>-</u>
Investment income:		
Net change in fair value of investments	8,560,875	-
Interest	558,867	-
Dividends	1,174,844	-
Total investment income	<u>10,294,586</u>	<u>-</u>
Less investment expense	<u>279,434</u>	<u>-</u>
Net investment income	10,015,152	-
Taxes collected for other governments	<u>-</u>	<u>28,398,389</u>
Total additions	<u>20,933,366</u>	<u>28,398,389</u>
Deductions		
Benefits	12,823,187	-
Refunds of contributions	149,323	-
Administrative expense	132,405	-
Payments of taxes to other governments	<u>-</u>	<u>28,398,389</u>
Total deductions	<u>13,104,915</u>	<u>28,398,389</u>
Change in net position	7,828,451	-
Net position, beginning of year	<u>101,046,802</u>	<u>-</u>
Net position, end of year	<u>\$ 108,875,253</u>	<u>\$ -</u>

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

CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Discretely Presented Component Units

June 30, 2023

	Brownfield Redevelopment Authority	MLK Corridor Improvement Authority	Downtown Development Authority	Totals
Assets				
Pooled cash and investments	\$ 1,836,510	\$ 44,545	\$ 288,076	\$ 2,169,131
Receivables	10,015	-	94,593	104,608
Total assets	1,846,525	44,545	382,669	2,273,739
Liabilities				
Accounts payable and accrued liabilities	348,776	44,545	7,815	401,136
Unearned revenue	-	-	134,927	134,927
Total liabilities	348,776	44,545	142,742	536,063
Net position				
Unrestricted	\$ 1,497,749	\$ -	\$ 239,927	\$ 1,737,676

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

CITY OF JACKSON, MICHIGAN

Combining Statement of Activities

Discretely Presented Component Units

For the Year Ended June 30, 2023

	Brownfield Redevelopment Authority	MLK Corridor Improvement Authority	Downtown Development Authority	Totals
Expenses				
Brownfield Redevelopment Authority	\$ 1,843,547	\$ -	\$ -	\$ 1,843,547
MLK Corridor Improvement Authority	-	144,654	-	144,654
Downtown Development Authority	-	-	246,886	246,886
Total expenses	<u>1,843,547</u>	<u>144,654</u>	<u>246,886</u>	<u>2,235,087</u>
Program revenues				
Charges for services	-	-	153,821	153,821
Operating grants and contributions	-	-	-	-
Total program revenues	<u>-</u>	<u>-</u>	<u>153,821</u>	<u>153,821</u>
Net program expenses	<u>(1,843,547)</u>	<u>(144,654)</u>	<u>(93,065)</u>	<u>(2,081,266)</u>
General revenues				
Property taxes	1,873,061	-	90,197	1,963,258
Grants and contributions not restricted to specific purposes	-	144,654	2,950	147,604
Unrestricted interest earnings	59,857	-	8,235	68,092
Total general revenues	<u>1,932,918</u>	<u>144,654</u>	<u>101,382</u>	<u>2,178,954</u>
Change in net position	89,371	-	8,317	97,688
Net position, beginning of year	<u>1,408,378</u>	<u>-</u>	<u>231,610</u>	<u>1,639,988</u>
Net position, end of year	<u>\$ 1,497,749</u>	<u>\$ -</u>	<u>\$ 239,927</u>	<u>\$ 1,737,676</u>

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

This page intentionally left blank.

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, and parking system.

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 MLK Corridor Improvement Authority - The MLK Corridor Improvement Authority was established by the City to account for the receipt and expenditure of tax increments based on the captured assessed value of property within the MLK Corridor Improvement Area, as well as other related revenues and expenditures. The majority of Board members are appointed by the mayor, subject to approval by the city council. 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.

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 nine 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.

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/amortization 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 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.

American Rescue Plan Act special revenue fund. This fund is used to account for the receipt and expenditure of funds from the American Rescue Plan Act of 2021, approved by Congress and signed by the President on March 11, 2021. The basic intent of this Act was to speed up the nations' recovery from the economic and health effects of the COVID-19 pandemic and ongoing recession.

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

The City reports the following major enterprise funds:

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

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Additionally, the City reports the following fund types:

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

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

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

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

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

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

The *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.

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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Unrealized appreciation or depreciation on investments due to changes in fair value are recognized each year.

Receivables and Payables

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

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

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds, with the exception of the major streets and the Ella W. Sharp Park operating special revenue funds, are recorded as expenditures when purchased.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets 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.

Leases

Lessee. The City is a lessee for noncancellable leases of vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price (if applicable) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor. The City is a lessor for noncancellable leases of land and cell towers. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for prepaid lease payments received at lease inception. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The City uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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 assets 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. Finally, the statements of net position and governmental funds balance sheets report deferred inflows related to leases. These amounts are deferred and amortized over the remaining life of the lease.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Pensions and Other Postemployment Benefits

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits, and pension and other postemployment benefit expense, information about the fiduciary net position of the plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Balances

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City Council is required to establish, modify, or rescind a fund balance commitment. Authority rests with the City Council to assign fund balances. Assigned fund balances are reported in instances where the City Council has authorized for the making of such assignments. The general fund is the only fund that reports a positive unassigned fund balance amount. Governmental funds other than the general fund may find it necessary to report a negative unassigned fund balance if expenditures incurred for a specific purpose exceed the amounts that are restricted, committed, or assigned to that purpose. Unassigned fund balance is the residual classification used only for the general fund and any deficits reported in other governmental funds. The City Council adopted a fund balance policy in December 2012, as recommended by the Government Finance Officers Association. This adopted policy prescribes a minimum 15% fund balance with a desired fund balance level of 30% within the general fund and also provides timeframes that the City would have to "replenish" fund balance and attain these higher levels.

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

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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Encumbrances

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2023, the City incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	Total Appropriations	Amount of Expenditures	Budget Variance
General fund			
Current -			
Culture and recreation -			
Parks and facilities maintenance	\$ 885,234	\$ 1,152,529	\$ 267,295
Special revenue fund -			
Ella W. Sharp Park Operating Fund	1,048,653	1,305,278	256,625

4. FUND DEFICITS

At June 30, 2023, the special assessment capital projects fund had a fund deficit of \$1,540,108. 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, 2023:

	Primary Government	Component Units	Total
Statement of Net Position			
Pooled cash and investments	\$ 68,730,309	\$ 2,169,131	\$ 70,899,440
Restricted cash:			
Cash on hand with agents	46,000	-	46,000
Pooled cash and investments	28,482,323	-	28,482,323
Statement of Fiduciary Net Position			
Pooled cash and investments	800,644	-	800,644
Investments – pension and other employee benefits	108,472,253	-	108,472,253
Total	\$ 206,531,529	\$ 2,169,131	\$ 208,700,660
Deposits and investments:			
Bank deposits (checking, savings, money market accounts, and certificates of deposit)			\$ 98,500,851
Investments in securities and mutual funds:			
Cash and investment pool			1,665,861
Pension and other employee benefits trust funds			108,472,253
Cash on hand with agents			46,000
Cash on hand			15,695
Total			\$ 208,700,660

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, 2023, \$70,975,348 of the City’s total bank balance of \$97,775,527 (total book balance was \$98,500,851) 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, 2023:

Michigan CLASS Investment Fund	\$ 1,651,507
Domestic equities	<u>14,354</u>
Total	<u><u>\$ 1,665,861</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, 2023, 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, 2023, 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, 2023, 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 and domestic equities 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, 2023, 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 \$1,651,507. 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 18) and one other employee benefits trust fund (see Note 19) 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, 2023:

Investments at fair value, as determined by

quoted market price:

U.S. treasuries	\$ 4,556,004
Corporate bonds:	
Domestic bonds	4,342,756
Domestic mutual funds	25,122,223
Equities:	
Domestic stocks	5,947,842
Domestic mutual funds	39,049,804
International mutual funds	23,028,664
Money market funds	<u>6,424,960</u>

Total investments

\$ 108,472,253

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	
Aaa	N/A		\$ 412,970
Aa2	N/A		37,782
A1	N/A		346,488
A2	N/A		203,087
A3	N/A		350,726
Baa1	N/A		391,215
Baa2	N/A		746,970
Baa3	N/A		471,576
Ba1	N/A		40,499
AGY	N/A		1,033,087
N/A	AAA		119,645
N/A	N/A		188,711
	Totals		<u>\$ 4,342,756</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, 2023, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

Interest Rate Risk. As of June 30, 2023, 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	\$ 4,556,004	\$ 123,619	\$ 3,557,378	\$ 875,007	\$ -
Domestic corporate bonds:					
Asset backed securities	1,739,911	39,564	342,030	-	1,358,317
Corporate bonds	2,602,845	-	1,770,102	567,604	265,139
	<u>\$ 8,898,760</u>	<u>\$ 163,183</u>	<u>\$ 5,669,510</u>	<u>\$ 1,442,611</u>	<u>\$ 1,623,456</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, 2023:

	Level 1	Level 2	Level 3	Total
U.S. treasuries	\$ -	\$ 4,556,004	\$ -	\$ 4,556,004
Corporate bonds:				
Domestic bonds	-	4,342,756	-	4,342,756
Domestic mutual funds	-	25,122,223	-	25,122,223
Equities:				
Domestic stocks	5,947,842	-	-	5,947,842
Domestic mutual funds	39,049,804	-	-	39,049,804
International mutual funds	23,028,664	-	-	23,028,664
Money market funds	6,424,960	-	-	6,424,960
Total investments	\$ 74,451,270	\$ 34,020,983	\$ -	\$ 108,472,253

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

6. RECEIVABLES

Receivables are comprised of the following at year end:

	Governmental Activities	Business-type Activities	Component Units
Accounts receivable	\$ 5,141,919	\$ 4,743,878	\$ 40,000
Allowance for uncollectible amounts	(3,700,842)	(15,741)	-
Interest receivable	124,430	234,467	10,015
Taxes receivable	2,404,736	-	-
Allowance for uncollectible amounts	(23,447)	-	-
Notes receivable	-	-	54,593
Special assessment receivables	3,496,069	-	-
Leases receivable (Note 8)	3,180,640	-	-
Due from other governments	2,320,919	1,150,551	-
	<u>\$ 12,944,424</u>	<u>\$ 6,113,155</u>	<u>\$ 104,608</u>
Amount not expected to be collected within one year	<u>\$ 4,369,642</u>	<u>\$ -</u>	<u>\$ 48,991</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, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental activities					
Capital assets not being depreciated/amortized:					
Land	\$ 2,395,280	\$ -	\$ -	\$ -	\$ 2,395,280
Construction in progress	1,962,387	2,124,064	-	-	4,086,451
	<u>4,357,667</u>	<u>2,124,064</u>	<u>-</u>	<u>-</u>	<u>6,481,731</u>
Capital assets being depreciated/amortized:					
Infrastructure	203,273,197	17,430,049	-	-	220,703,246
Land improvements	15,837,686	-	-	-	15,837,686
Buildings and improvements	17,827,021	1,104,424	90,935	-	18,840,510
Park and recreation facilities	14,292,073	345,097	-	-	14,637,170
Machinery and equipment	15,992,327	821,773	1,236,247	-	15,577,853
Lease vehicles (Note 8)	539,688	551,219	105,594	-	985,313
	<u>267,761,992</u>	<u>20,252,562</u>	<u>1,432,776</u>	<u>-</u>	<u>286,581,778</u>
Less accumulated depreciation/amortization for:					
Infrastructure	127,811,767	5,421,051	-	-	133,232,818
Land improvements	5,676,359	316,754	-	-	5,993,113
Buildings and improvements	8,243,830	322,296	64,384	-	8,501,742
Park and recreation facilities	6,562,648	228,697	-	-	6,791,345
Machinery and equipment	13,622,142	645,785	1,232,833	-	13,035,094
Lease vehicles (Note 8)	165,606	257,475	105,594	-	317,487
	<u>162,082,352</u>	<u>7,192,058</u>	<u>1,402,811</u>	<u>-</u>	<u>167,871,599</u>
Total capital assets being depreciated/amortized, net	<u>105,679,640</u>	<u>13,060,504</u>	<u>29,965</u>	<u>-</u>	<u>118,710,179</u>
Governmental activities capital assets, net	<u>\$ 110,037,307</u>	<u>\$ 15,184,568</u>	<u>\$ 29,965</u>	<u>\$ -</u>	<u>\$ 125,191,910</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-type activities					
Capital assets not being depreciated/amortized:					
Land	\$ 8,956,886	\$ -	\$ -	\$ -	\$ 8,956,886
Construction in progress	480,971	2,725,424	-	-	3,206,395
	<u>9,437,857</u>	<u>2,725,424</u>	<u>-</u>	<u>-</u>	<u>12,163,281</u>
Capital assets being depreciated/amortized:					
Systems	105,575,713	2,937,530	-	-	108,513,243
Land improvements	5,832,493	-	-	-	5,832,493
Buildings and improvements	14,044,430	-	-	-	14,044,430
Machinery and equipment	17,950,803	373,648	-	-	18,324,451
Lease vehicles (Note 8)	183,468	209,773	-	-	393,241
	<u>143,586,907</u>	<u>3,520,951</u>	<u>-</u>	<u>-</u>	<u>147,107,858</u>
Less accumulated depreciation/amortization for:					
Systems	52,765,272	1,736,490	-	-	54,501,762
Land improvements	2,077,997	180,428	-	-	2,258,425
Buildings and improvements	4,762,353	275,439	-	-	5,037,792
Machinery and equipment	12,340,889	464,602	-	-	12,805,491
Lease vehicles (Note 8)	38,035	72,997	-	-	111,032
	<u>71,984,546</u>	<u>2,729,956</u>	<u>-</u>	<u>-</u>	<u>74,714,502</u>
Total capital assets being depreciated/amortized, net	<u>71,602,361</u>	<u>790,995</u>	<u>-</u>	<u>-</u>	<u>72,393,356</u>
Business-type activities capital assets, net	<u>\$ 81,040,218</u>	<u>\$ 3,516,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 84,556,637</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Governmental activities	
General government	\$ 241,581
Public safety	539,897
Public works, including depreciation of general infrastructure assets	5,487,825
Culture and recreation	359,474
Community enrichment and development	294,325
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>268,956</u>
Total depreciation/amortization expense - governmental activities	<u>\$ 7,192,058</u>
Business-type activities	
Sewage	\$ 1,120,167
Water	1,201,877
Parking deck	262,943
Nonmajor enterprise funds	<u>144,969</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 2,729,956</u>

Outstanding construction commitments at June 30, 2023 totaled \$19,023,716.

8. LEASES

Lessee - The City is involved in two agreements (one for 57 vehicles and one for 56 golf carts) as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as an intangible, right-to-use assets and not financed purchases, as the City will not own the assets at the end of the contract term and the noncancelable term of the agreements surpasses one year.

The right-to-use-asset and the related activity are included in Note 7, Capital Assets. The lease liability and related activity are presented in Note 11, Bonds, Notes and Other Long-term Liabilities.

Asset Type	Remaining Term of Agreements
Vehicles	1-5 years

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The net present value of future minimum payments as of June 30, 2023, were as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 220,914	\$ 44,031	\$ 79,498	\$ 17,966
2025	159,334	33,713	77,374	13,178
2026	122,469	25,522	64,208	8,665
2027	119,298	18,058	52,780	4,631
2028	73,466	4,375	30,902	1,174
Total	\$ 695,481	\$ 125,699	\$ 304,762	\$ 45,614

Lessor - The City is involved in three agreements as a lessor that qualify as long-term lease agreements. Below is a summary of these agreements. These agreements qualify as long-term lease agreements as the City will not surrender control of the asset at the end of the term and the noncancelable term of the agreement surpasses one year. Total lease revenue for the year ended June 30, 2023 was \$1,401,604.

Asset Type	Remaining Term of Agreements
Land	38 years
Cell towers	8-9 years

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

	Governmental Activities	Business-type Activities	Component Units
Accounts payable	\$ 2,499,300	\$ 1,844,083	\$ 399,856
Accrued payroll	286,934	68,657	1,280
Other liabilities	504,106	-	-
Customer deposits	-	209,950	-
	<u>\$ 3,290,340</u>	<u>\$ 2,122,690</u>	<u>\$ 401,136</u>

10. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2023, amounts due from and due to other funds were as follows:

Receivable funds	Payable Funds			Total
	General Fund	Special Assessment Capital Projects	Nonmajor Governmental Funds	
General fund	\$ -	\$ 1,778,212	\$ 699,167	\$ 2,477,379
Nonmajor governmental funds	4,470	-	422,620	427,090
	<u>\$ 4,470</u>	<u>\$ 1,778,212</u>	<u>\$ 1,121,787</u>	<u>\$ 2,904,469</u>

At June 30, 2023, long-term advances between funds were as follows:

Receivable funds	Payable Funds	
	Nonmajor Governmental Funds	Total
General fund	\$ 50,000	\$ 50,000

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 general fund was used to provide cash for the community development block grant fund.

For the year ended June 30, 2023, interfund transfers consisted of the following:

Transfers Out	Transfers In			
	General Fund	Major Streets Fund	Nonmajor Governmental Funds	Water
General fund	\$ -	\$ -	\$ 440,904	\$ -
Major streets fund	-	-	773,333	-
Special assessment capital projects fund	-	253,434	530,608	-
Nonmajor governmental funds	46,196	467,335	4,096,394	-
Sewage	-	-	216,576	342,458
Water	-	-	595,020	-
Nonmajor enterprise funds	-	-	102,789	-
Internal service funds	-	-	52,170	-
	<u>\$ 46,196</u>	<u>\$ 720,769</u>	<u>\$ 6,807,794</u>	<u>\$ 342,458</u>

Transfers Out	Transfers In	
	Nonmajor Enterprise Funds	Total
General fund	\$ -	\$ 440,904
Major streets fund	-	773,333
Special assessment capital projects fund	80,000	864,042
Nonmajor governmental funds	-	4,609,925
Sewage	-	559,034
Water	-	595,020
Nonmajor enterprise funds	92,143	194,932
Internal service funds	-	52,170
	<u>\$ 172,143</u>	<u>\$ 8,089,360</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

For the year ended June 30, 2023, transfers out from the general fund consisted of operating subsidies to the Ella W. Sharp Park operating special revenue fund and workers' compensation and self-insured healthcare internal service funds in accordance with budgetary authorization. A debt service transfer was made to the 2018 capital improvement debt service fund based on the general fund's share of bond proceeds expended from that bond issue. Revenue received in the general fund to use for park improvements was transferred to the capital projects fund.

Major streets fund transfers out were entirely for debt service payments.

Special assessment capital projects fund transfers out were for debt service in addition to the transfer of funds related to assessment rolls confirmed during the fiscal year, for which the fund provides financing until each roll is collected.

Nonmajor governmental fund transfers out consisted largely of public improvement special revenue fund transfers for street construction to finance various capital projects in the capital projects fund and for debt service. The local street special revenue fund also made transfers for debt service, while most other transfers were minor in nature.

Sewage transfers out consist of debt service and a transfer to the water fund to share billing and collection charges.

Water transfers out were entirely for debt service payments.

Nonmajor enterprise fund transfers out consisted of the parking assessment fund transfer to the automobile parking system fund for the use of a parking lot and a transfer out from the automobile parking system fund for the debt service on that parking lot. The parking assessment fund can only pay for operation and maintenance on parking lots that are paid for through assessments. Capital expenses for parking lots are made through the automobile parking system fund.

Lastly, the internal service fund transfers out was a motor pool and garage fund transfer for debt service.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

11. BONDS, NOTES AND OTHER LONG-TERM LIABILITIES

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 Matures	Interest Rates	Original Amount	Amount
Governmental activities				
2001 downtown development	2026	3.70%-5.75%	\$ 17,998,577	\$ 2,370,098
2016 capital improvement	2026	0.75%-2.25%	1,300,000	424,000
2017 transportation bond	2031	2.41%	8,970,000	5,480,000
2017 brownfield refunding	2030	2.64%	9,080,000	7,960,000
2018 capital improvement	2033	2.50% - 5.00%	14,890,000	10,865,000
2019 downtown development refunding	2030	3.02%	5,715,000	5,575,000
2020 capital improvement	2030	2.06%	2,004,000	1,446,000
2020 special assessment	2031	1.50%	1,496,000	1,218,000
2021 general obligation refunding	2027	0.99%	4,382,000	3,002,000
2021 brownfield redevelopment refunding	2031	1.79%	4,272,000	2,896,000
			<u>\$ 70,107,577</u>	<u>\$ 41,236,098</u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 4,474,730	\$ 3,261,128
2025	5,162,033	3,331,400
2026	5,363,335	3,377,318
2027	5,812,000	851,171
2028	5,294,000	686,784
2029-2033	15,130,000	1,298,007
	<u>\$ 41,236,098</u>	<u>\$ 12,805,808</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Notes from direct borrowings / placements - Installment purchase agreements. The government enters into installment purchase agreements for equipment and related capital assets. The installment purchase agreements outstanding at year-end are as follows:

Purpose	Fiscal Year Matures	Interest Rates	Original Amount	Amount
Governmental activities				
2019 Installment Purchase Agreement - Street Sweeper	2025	3.99%	\$ 265,000	\$ 75,902
2020 Installment Purchase Agreement - Leaf Collectors	2025	1.93%	459,446	189,094
			<u>\$ 724,446</u>	<u>\$ 264,996</u>

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

Year Ended June 30,	Governmental Activities	
	Principal	Interest
2024	\$ 150,190	\$ 5,651
2025	114,806	2,003
	<u>\$ 264,996</u>	<u>\$ 7,654</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in bonds, notes and other long-term liabilities. Bonds, notes and other long-term liability activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities					
General obligation bonds	\$ 45,589,863	\$ -	\$ 4,353,765	\$ 41,236,098	\$ 4,474,730
Notes from direct borrowings/ placements - Installment purchase agreements	473,686	-	208,690	264,996	150,190
Leases payable (Note 8)	353,452	551,219	209,190	695,481	220,914
Compensated absences	1,729,372	851,011	976,988	1,603,395	160,340
Deferred amounts for - Issuance premium	1,262,704	-	114,791	1,147,913	114,791
	<u>\$ 49,409,077</u>	<u>\$ 1,402,230</u>	<u>\$ 5,863,424</u>	<u>\$ 44,947,883</u>	<u>\$ 5,120,965</u>
Business-type activities					
Leases payable (Note 8)	\$ 149,123	\$ 209,773	\$ 54,134	\$ 304,762	\$ 79,498
Compensated absences	327,874	165,883	114,771	378,986	38,753
	<u>\$ 476,997</u>	<u>\$ 375,656</u>	<u>\$ 168,905</u>	<u>\$ 683,748</u>	<u>\$ 118,251</u>

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

12. 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.

13. ENDOWMENTS

Ella W. Sharp Park Endowment Permanent Trust Fund. For the year ended June 30, 2023, the net depreciation on investments of donor-restricted endowments was \$1,642 and there was an overall decrease in fund balance of \$26,060. 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 \$1,074,780.

Cemetery Perpetual Maintenance Permanent Trust Fund. For the year ended June 30, 2023, the net appreciation on investments of donor-restricted endowments was \$46,196 and there was an overall increase in fund balance of \$34,127. 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 \$2,107,016.

Lloyd E. Mount Endowment Permanent Trust Fund. For the year ended June 30, 2023, the net depreciation on investments of donor-restricted endowments was \$657 and there was an overall decrease in fund balance of \$6,068. 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 \$280,537.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

14. 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, 2023, 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, 2023, 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, 2023 and 2022, are as follows:

	2023	2022
Claims liability at beginning of fiscal year	\$ 113,235	\$ 74,404
Claims and changes in estimates	398,124	252,145
Claims payments	<u>(305,354)</u>	<u>(213,314)</u>
Claims liability at June 30	<u>\$ 206,005</u>	<u>\$ 113,235</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.

15. 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, 2022 levy was assessed and valued at approximately \$691 million, representing approximately 50% of estimated current market value.

The City’s operating tax rate is 6.6828 mills (cannot exceed 7.00 mills) with an additional 1.9092 (cannot exceed 2.00 mills) for public improvement, 0.9500 (cannot exceed 1.00 mills) for City hall debt, 8.700 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

16. TAX ABATEMENTS

The City received reduced property tax revenues during 2023 as a result of industrial facilities tax exemptions (IFT's) and brownfield redevelopment agreements entered into by the City.

The IFT's were entered into based upon the Plant Rehabilitation and Industrial Development Districts Act (known as the Industrial Facilities Exemption), PA 198 of 1974, as amended. IFT's provide a tax incentive to manufacturers to enable renovation and expansion of aging facilities, assist in the building of new facilities, and to promote the establishment of high tech facilities. Properties qualifying for IFT status are taxed at 50% of the millage rate applicable to other real and personal property in the City. The abatements amounted to approximately \$18,900 in reduced tax revenues for 2023.

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 \$95,400 in reduced City tax revenues for 2023.

17. 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

18. 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, 2022 valuation date, the date of the latest actuarial valuation, system membership consisted of the following:

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Retirees and beneficiaries receiving benefits	187	11	178
Terminated plan members entitled to, but not yet receiving benefits	23	-	4
Active plan members	161	-	77
	<u>371</u>	<u>11</u>	<u>259</u>

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

Asset Class	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Domestic fixed income	30.00%	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, 2023 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, 2023, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 11.41%, 10.19% and 10.36% 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, in fiscal year 2023, members contributed 9.97% for employees hired before July 1, 2012, and 7.35% for employees hired after July 1, 2012 with the City contributing 11.01%. Accumulated member contributions are annually credited with interest based on the current average 1 year CD rate, 2.51% for fiscal year 2023. Administrative costs of the plan are financed through investment earnings.

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

Contributions. Members contribute 2.5% of annual compensation or one-half of the actuarially computed contribution if it is greater than 5.0%. The City contributes 2.5% of total compensation as a minimum, plus additional amounts as are necessary to provide assets sufficient for the early retirement window period. Pursuant to actuarial requirements, members contributed 7.35% or 9.97% for fiscal year 2023 based on the employees hire date with the City contributing 11.01%. Accumulated member contributions are annually credited with interest based on the current average 1 year CD rate. 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, 2022 (rolled forward to June 30, 2023) 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	6.45%, 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.

The significant changes in assumptions for the year ended June 30, 2023 were as follows:

- The discount rate decreased from 6.85% to 6.45%.
- Updated demographic and economic assumptions per the 2017-2022 Experience Study.

Discount rate. A single discount rate of 6.45% 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 6.45%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 57,022,113	\$ 40,503,270	\$ 16,518,843
Changes for the year:			
Service cost	910,459	-	910,459
Interest	3,810,578	-	3,810,578
Differences between expected and actual experience	(814,793)	-	(814,793)
Changes of assumptions	2,957,154	-	2,957,154
Employer contributions	-	1,210,604	(1,210,604)
Employee contributions	-	900,077	(900,077)
Net investment income	-	4,181,808	(4,181,808)
Benefit payments, including refunds of employee contributions	(3,696,919)	(3,696,919)	-
Administrative expense	-	(52,808)	52,808
Net changes	3,166,479	2,542,762	623,717
Balances at June 30, 2023	\$ 60,188,592	\$ 43,046,032	\$ 17,142,560

Plan fiduciary net position as a percentage of the total pension liability 71.52%

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

	1% Decrease (5.45%)	Current Discount Rate (6.45%)	1% Increase (7.45%)
City net pension liability	\$ 23,958,534	\$ 17,142,560	\$ 11,438,243

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2023, the City recognized pension expense of \$1,643,792. At June 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 16,541	\$ 1,008,497	\$ (991,956)
Changes in assumptions	2,300,403	-	2,300,403
Net difference between projected and actual earnings on pension plan investments	1,069,807	-	1,069,807
Total	<u>\$ 3,386,751</u>	<u>\$ 1,008,497</u>	<u>\$ 2,378,254</u>

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

Year Ended June 30,	Amortization
2024	\$ 424,613
2025	174,837
2026	1,864,061
2027	(85,257)
	<u>\$ 2,378,254</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), the City Treasurer, and two that are appointed by the City Council.

Contributions. The annual required contribution for the current year was determined as part of a June 30, 2022 actuarial valuation using the entry age method.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2022 (rolled forward to June 30, 2023) 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.

The significant changes in assumptions for the year ended June 30, 2023 were as follows:

- Updated demographic and economic assumptions per the 2017-2022 Experience Study.

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 4,900,085	\$ 3,308,783	\$ 1,591,302
Changes for the year:			
Interest	279,255	-	279,255
Differences between expected and actual experience	(227,615)	-	(227,615)
Changes of assumptions	(142,154)	-	(142,154)
Employer contributions	-	260,185	(260,185)
Net investment income	-	315,185	(315,185)
Benefit payments, including refunds of employee contributions	(491,672)	(491,672)	-
Administrative expense	-	(13,602)	13,602
Net changes	<u>(582,186)</u>	<u>70,096</u>	<u>(652,282)</u>
Balances at June 30, 2023	<u>\$ 4,317,899</u>	<u>\$ 3,378,879</u>	<u>\$ 939,020</u>

Plan fiduciary net position as a percentage of the total pension liability 78.25%

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

	1% Decrease (5.0%)	Current Single Discount Rate (6.0%)	1% Increase (7.0%)
City net pension liability	\$ 1,238,350	\$ 939,020	\$ 673,816

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2023, the City recognized pension expense of \$(257,359). At June 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 87,493	\$ -	\$ 87,493

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Year Ended June 30,	Amortization
2024	\$ 9,341
2025	(13,682)
2026	116,637
2027	(24,803)
	<u>\$ 87,493</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, 2022 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, 2022 (rolled forward to June 30, 2023) 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.

The significant changes in assumptions for the year ended June 30, 2023 were as follows:

- Updated demographic and economic assumptions per the 2017-2022 Experience Study.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2022	\$ 83,435,386	\$ 52,454,860	\$ 30,980,526
Changes for the year:			
Service cost	1,023,745	-	1,023,745
Interest	4,843,023	-	4,843,023
Differences between expected and actual experience	195,362	-	195,362
Changes of assumptions	137,358	-	137,358
Employer contributions	-	5,674,911	(5,674,911)
Employee contributions	-	494,197	(494,197)
Net investment income	-	5,187,316	(5,187,316)
Benefit payments, including refunds of employee contributions	(6,460,403)	(6,460,403)	-
Administrative expense	-	(65,995)	65,995
Net changes	<u>(260,915)</u>	<u>4,830,026</u>	<u>(5,090,941)</u>
Balances at June 30, 2023	<u>\$ 83,174,471</u>	<u>\$ 57,284,886</u>	<u>\$ 25,889,585</u>

Plan fiduciary net position as a percentage of the total pension liability 68.87%

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

	1% Decrease (5.0%)	Current Single Discount Rate (6.0%)	1% Increase (7.0%)
City net pension liability	\$ 36,332,934	\$ 25,889,585	\$ 18,221,532

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, 2023, the City recognized pension expense of \$2,397,344. At June 30, 2023, the City reported deferred outflows and inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 174,473	\$ 417,599	\$ (243,126)
Changes in assumptions	101,065	-	101,065
Net difference between projected and actual earnings on pension plan investments	502,756	-	502,756
Total	<u>\$ 778,294</u>	<u>\$ 417,599</u>	<u>\$ 360,695</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 June 30,	Amortization
2024	\$ (317,451)
2025	(486,698)
2026	1,574,991
2027	(410,147)
	<u>\$ 360,695</u>

Payable to the Pension Plans. At June 30, 2023, the City had no amounts payable for contributions to the pension plans.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Aggregate Pension Information

Total pension liability	\$ 147,680,962
Plan fiduciary net position	<u>103,709,797</u>
Net pension liability	<u>\$ 43,971,165</u>
Plan fiduciary net position as a percentage of the total pension liability	70.23%
Total pension expense	\$ 3,783,777

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ 191,014	\$ 1,426,096	\$ (1,235,082)
Changes in assumptions	2,401,468	-	2,401,468
Net difference between projected and actual earnings on pension plan investments	<u>1,660,056</u>	<u>-</u>	<u>1,660,056</u>
Total	<u>\$ 4,252,538</u>	<u>\$ 1,426,096</u>	<u>\$ 2,826,442</u>

19. 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, 2021 valuation date, the date of the latest actuarial valuation, OPEB Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	252
Active plan members	<u>81</u>
Total membership	<u><u>333</u></u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

Investments

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, 2023 was 7.46%.

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, 2023 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 5%.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021 (rolled forward to June 30, 2023), 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; 3.00% to 12.00% for Police/Fire Group, including inflation
Investment rate of return	5.00%, net of investment expenses, including inflation
Healthcare cost trend rates	Non-medicare: 7.50% in 2022 grading to 3.50% in 2033; Medicare: 6.25% in 2022 grading to 3.50% in 2033.

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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Changes in Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
Balances at June 30, 2022	\$ 34,760,441	\$ 4,779,889	\$ 29,980,552
Changes for the year:			
Service cost	220,389	-	220,389
Interest	1,685,444	-	1,685,444
Differences between expected and actual experience	(192,159)	-	(192,159)
Employer contributions	-	2,323,516	(2,323,516)
Net investment income	-	330,843	(330,843)
Benefit payments, including refunds of employee contributions	(2,323,516)	(2,323,516)	-
Other	-	54,724	(54,724)
Net changes	<u>(609,842)</u>	<u>385,567</u>	<u>(995,409)</u>
Balances at June 30, 2023	<u>\$ 34,150,599</u>	<u>\$ 5,165,456</u>	<u>\$ 28,985,143</u>

Plan fiduciary net position as a percentage of the total OPEB liability 15.13%

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

	1% Decrease (4.0%)	Current Discount Rate (5.0%)	1% Increase (6.0%)
Plan net OPEB liability	\$ 32,793,364	\$ 28,985,143	\$ 26,023,940

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, 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 or 1% higher than the current rate:

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Plan net OPEB liability	\$ 26,752,861	\$ 28,985,143	\$ 31,513,839

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, 2023, the City recognized OPEB expense of \$(526,494). The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Difference between expected and actual experience	\$ -	\$ 95,766	\$ (95,766)
Net difference between projected and actual earnings on OPEB plan investments	30,735	-	30,735
	<u>\$ 30,735</u>	<u>\$ 95,766</u>	<u>\$ (65,031)</u>

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

Year Ended June 30,	Amortization
2024	\$ (121,037)
2025	(41,476)
2026	115,578
2027	<u>(18,096)</u>
Total	<u>\$ (65,031)</u>

Payable to the OPEB Plan. At June 30, 2023, 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

20. NET INVESTMENT IN CAPITAL ASSETS

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

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated/amortized	\$ 6,481,731	\$ 12,163,281
Capital assets being depreciated/amortized, net	<u>118,710,179</u>	<u>72,393,356</u>
	<u>125,191,910</u>	<u>84,556,637</u>
Long-term liabilities:		
General obligation bonds	41,236,098	-
Deferred issuance premium	1,147,913	-
Installment purchase agreements	264,996	-
Leases payable	695,481	304,762
Less deferred charge on bond refunding	<u>(499,916)</u>	<u>-</u>
	<u>42,844,572</u>	<u>304,762</u>
Net investment in capital assets	<u><u>\$ 82,347,338</u></u>	<u><u>\$ 84,251,875</u></u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

21. FUND BALANCES

Following is a summary of the components of fund balances of the governmental funds as of June 30, 2023:

	General	Major Streets	Special Assessments Capital Projects	Nonmajor Funds	Total
Nonspendable					
Inventories	\$ -	\$ 358,065	\$ -	\$ 15,500	\$ 373,565
Prepaid items	55,097	-	-	-	55,097
Perpetual care	-	-	-	2,107,016	2,107,016
Endowment	-	-	-	1,355,317	1,355,317
Advances	50,000	-	-	-	50,000
	<u>105,097</u>	<u>358,065</u>	<u>-</u>	<u>3,477,833</u>	<u>3,940,995</u>
Restricted					
Highways and streets	-	1,141,177	-	1,795,275	2,936,452
Public improvements	-	-	-	746,996	746,996
Public safety	-	-	-	27,844	27,844
Opioid settlement	-	-	-	118,176	118,176
Act 345 Pension	14,126	-	-	-	14,126
Downtown development	-	-	-	5,133,872	5,133,872
Debt service	-	-	-	198,978	198,978
	<u>14,126</u>	<u>1,141,177</u>	<u>-</u>	<u>8,021,141</u>	<u>9,176,444</u>
Committed					
Public safety	-	-	-	1,624,594	1,624,594
Culture and recreation	-	-	-	378,817	378,817
Community enrichment and development	-	-	-	410,187	410,187
Capital projects	-	-	-	155,535	155,535
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,569,133</u>	<u>2,569,133</u>
Unassigned (deficit)	<u>13,813,728</u>	<u>-</u>	<u>(1,540,108)</u>	<u>-</u>	<u>12,273,620</u>
Total fund balance	<u>\$ 13,932,951</u>	<u>\$ 1,499,242</u>	<u>\$ (1,540,108)</u>	<u>\$ 14,068,107</u>	<u>\$ 27,960,192</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

22. PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

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

Statement of Plan Net Position - June 30, 2023

	Employees’ Retirement System	Policemen’s and Firemen’s Pension Fund	Policemen’s and Firemen’s Pension - Act 345 Fund	Retiree Health Care	Total
Assets					
Pooled cash and investments	\$ 495,666	\$ -	\$ 17,235	\$ 287,743	\$ 800,644
Investments, at fair value:					
U.S. treasuries	-	-	4,556,004	-	4,556,004
Corporate bonds:					
Domestic bonds	-	-	4,342,756	-	4,342,756
Domestic mutual funds	11,443,388	1,425,644	12,253,191	-	25,122,223
Equities:					
Domestic stocks	5,947,842	-	-	-	5,947,842
Domestic mutual funds	16,738,745	1,237,299	21,073,760	-	39,049,804
International mutual funds	8,036,176	676,295	14,316,193	-	23,028,664
Money market funds	377,933	39,551	1,131,282	4,876,194	6,424,960
Total cash and investments	43,039,750	3,378,789	57,690,421	5,163,937	109,272,897
Receivables -					
Interest, dividends, and other	6,282	4,354	69,341	1,519	81,496
Total assets	43,046,032	3,383,143	57,759,762	5,165,456	109,354,393
Liabilities					
Refunds payable and other liabilities	-	4,264	474,876	-	479,140
Net position restricted for pension and other employee benefits	\$ 43,046,032	\$ 3,378,879	\$ 57,284,886	\$ 5,165,456	\$ 108,875,253

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2023

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Retiree Health Care	Total
Additions					
Contributions:					
Employer	\$ 1,210,604	\$ 260,185	\$ 5,674,911	\$ 2,323,516	\$ 9,469,216
Plan members	900,077	-	494,197	-	1,394,274
Other	-	-	-	54,724	54,724
Total contributions	<u>2,110,681</u>	<u>260,185</u>	<u>6,169,108</u>	<u>2,378,240</u>	<u>10,918,214</u>
Investment income:					
Net change in fair value of investments	3,954,923	242,887	4,025,193	337,872	8,560,875
Interest	143,057	8,036	406,255	1,519	558,867
Dividends	256,796	75,762	842,286	-	1,174,844
Total investment income	<u>4,354,776</u>	<u>326,685</u>	<u>5,273,734</u>	<u>339,391</u>	<u>10,294,586</u>
Less investment expense	<u>172,968</u>	<u>11,500</u>	<u>86,418</u>	<u>8,548</u>	<u>279,434</u>
Net investment income	<u>4,181,808</u>	<u>315,185</u>	<u>5,187,316</u>	<u>330,843</u>	<u>10,015,152</u>
Total additions	<u>6,292,489</u>	<u>575,370</u>	<u>11,356,424</u>	<u>2,709,083</u>	<u>20,933,366</u>
Deductions					
Benefits	3,584,116	491,672	6,423,883	2,323,516	12,823,187
Refunds of contributions	112,803	-	36,520	-	149,323
Administrative expense	52,808	13,602	65,995	-	132,405
Total deductions	<u>3,749,727</u>	<u>505,274</u>	<u>6,526,398</u>	<u>2,323,516</u>	<u>13,104,915</u>
Net change in net position	<u>2,542,762</u>	<u>70,096</u>	<u>4,830,026</u>	<u>385,567</u>	<u>7,828,451</u>
Net position, beginning of year	<u>40,503,270</u>	<u>3,308,783</u>	<u>52,454,860</u>	<u>4,779,889</u>	<u>101,046,802</u>
Net position, end of year	<u>\$ 43,046,032</u>	<u>\$ 3,378,879</u>	<u>\$ 57,284,886</u>	<u>\$ 5,165,456</u>	<u>\$ 108,875,253</u>

23. OPIOID SETTLEMENT

The City is part of a \$21 billion nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against the three largest pharmaceutical distributors: McKesson, Cardinal Health, and AmerisourceBergen (Distributors), and a \$5 billion nationwide settlement with manufacturer Janssen Pharmaceuticals, Inc. and its parent company Johnson & Johnson (Janssen). The term of the settlement varies by entity; however, the City expects to receive eighteen (18) installments from the Distributors with the first two installments being paid early in 2023 in the amount of \$29,789 and the remaining 16 installments expected to be made annually beginning in 2024. Additionally, the City expects to receive eleven (11) installments from Janssen with the first five installments being paid early in 2023 in the amount of \$88,387 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.1976% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$513,733 and \$118,081 from the Distributors and Janssen, respectively.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

As a result of the payment terms issued to the Directing Administrator of the National Opioid Settlements, the receivable for the Distributor and Janssen settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2023 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2023 is \$395,029.

Additional settlements with pharmacies and manufacturers were entered into during 2022 and 2023, including CVS, Walgreens, Walmart, Allergan and Teva. However, as of June 30, 2023, the amounts to be allocated to and collected by the City were not able to be determined, and as such, no amounts have been reported related to these settlements in the financial statements.

24. SUBSEQUENT EVENT

In July 2023, the City issued the Water System Junior Lien Revenue Bond, Series 2023 through the Drinking Water State Revolving Fund Program in the amount of \$8,112,745. Principal payments of \$337,745 - \$480,000 will be made through 2045, with interest of 1.875%.



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,				
	2023	2022	2021	2020	2019
Change in total pension liability					
Service cost	\$ 910,459	\$ 845,069	\$ 815,383	\$ 830,367	\$ 1,016,463
Interest	3,810,578	3,774,316	3,715,953	3,703,106	3,319,364
Changes of benefit terms	-	204,246	-	-	133,677
Differences between expected and actual experience	(814,793)	(603,545)	50,831	(595,688)	(320,658)
Changes of assumptions	2,957,154	-	-	-	(3,223,348)
Benefit payments, including refunds of member contributions	(3,696,919)	(3,749,897)	(3,740,072)	(3,745,423)	(3,867,034)
Net change in total pension liability	<u>3,166,479</u>	<u>470,189</u>	<u>842,095</u>	<u>192,362</u>	<u>(2,941,536)</u>
Total pension liability, beginning	<u>57,022,113</u>	<u>56,551,924</u>	<u>55,709,829</u>	<u>55,517,467</u>	<u>58,459,003</u>
Total pension liability, ending (a)	<u>60,188,592</u>	<u>57,022,113</u>	<u>56,551,924</u>	<u>55,709,829</u>	<u>55,517,467</u>
Change in plan fiduciary net position					
Contributions - employer	1,210,604	1,222,458	1,068,745	1,058,427	835,542
Contributions - employee	900,077	810,781	740,817	728,393	659,685
Net investment income (loss)	4,181,808	(5,622,263)	10,680,602	1,225,172	2,066,425
Benefit payments, including refunds of member contributions	(3,696,919)	(3,749,897)	(3,740,072)	(3,745,423)	(3,867,034)
Administrative expense	(52,808)	(35,385)	(39,183)	(48,142)	(45,654)
Net change in plan fiduciary net position	<u>2,542,762</u>	<u>(7,374,306)</u>	<u>8,710,909</u>	<u>(781,573)</u>	<u>(351,036)</u>
Plan fiduciary net position, beginning	<u>40,503,270</u>	<u>47,877,576</u>	<u>39,166,667</u>	<u>39,948,240</u>	<u>40,299,276</u>
Plan fiduciary net position, ending (b)	<u>43,046,032</u>	<u>40,503,270</u>	<u>47,877,576</u>	<u>39,166,667</u>	<u>39,948,240</u>
City's net pension liability, ending (a)-(b)	<u>\$ 17,142,560</u>	<u>\$ 16,518,843</u>	<u>\$ 8,674,348</u>	<u>\$ 16,543,162</u>	<u>\$ 15,569,227</u>
Plan fiduciary net position as a percentage of the total pension liability	71.52%	71.03%	84.66%	70.30%	71.96%
Covered payroll	\$ 10,148,031	\$ 9,306,929	\$ 8,758,144	\$ 8,676,772	\$ 8,345,344
City's net pension liability as a percentage of covered payroll	168.92%	177.49%	99.04%	190.66%	186.56%

See notes to required supplementary information.

Fiscal Year Ended June 30,				
2018	2017	2016	2015	2014
\$ 692,095	\$ 672,198	\$ 867,493	\$ 849,399	\$ 900,232
3,550,091	3,513,819	3,604,456	3,591,598	3,512,829
-	432,512	(1,585,716)	-	-
(7,660)	(467,503)	(1,544,806)	(559,714)	-
9,152,938	-	(2,963,368)	940,674	(610,014)
<u>(3,833,908)</u>	<u>(3,520,812)</u>	<u>(3,362,872)</u>	<u>(3,588,908)</u>	<u>(3,305,997)</u>
9,553,556	630,214	(4,984,813)	1,233,049	497,050
<u>48,905,447</u>	<u>48,275,233</u>	<u>53,260,046</u>	<u>52,026,997</u>	<u>51,529,947</u>
<u>58,459,003</u>	<u>48,905,447</u>	<u>48,275,233</u>	<u>53,260,046</u>	<u>52,026,997</u>
821,020	933,208	889,235	947,436	986,872
712,503	730,419	717,167	741,956	786,020
3,456,637	4,110,845	728,453	1,900,424	5,556,344
(3,833,908)	(3,520,812)	(3,362,872)	(3,588,908)	(3,305,997)
(41,788)	(226,794)	(93,838)	(95,161)	(214,364)
<u>1,114,464</u>	<u>2,026,866</u>	<u>(1,121,855)</u>	<u>(94,253)</u>	<u>3,808,875</u>
<u>39,184,812</u>	<u>37,157,946</u>	<u>38,279,801</u>	<u>38,374,054</u>	<u>34,565,179</u>
<u>40,299,276</u>	<u>39,184,812</u>	<u>37,157,946</u>	<u>38,279,801</u>	<u>38,374,054</u>
<u>\$ 18,159,727</u>	<u>\$ 9,720,635</u>	<u>\$ 11,117,287</u>	<u>\$ 14,980,245</u>	<u>\$ 13,652,943</u>
68.94%	80.12%	76.97%	71.87%	73.76%
\$ 7,758,909	\$ 7,510,596	\$ 7,427,165	\$ 7,837,558	\$ 8,209,105
234.05%	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,				
	2023	2022	2021	2020	2019
Change in total pension liability					
Interest	\$ 279,255	\$ 311,164	\$ 375,164	\$ 398,411	\$ 403,369
Differences between expected and actual experience	(227,615)	(314,016)	(821,567)	(80,185)	95,117
Changes of assumptions	(142,154)	-	-	-	173,597
Benefit payments, including refunds of member contributions	(491,672)	(566,251)	(674,274)	(737,101)	(772,316)
Net change in total pension liability	<u>(582,186)</u>	<u>(569,103)</u>	<u>(1,120,677)</u>	<u>(418,875)</u>	<u>(100,233)</u>
Total pension liability, beginning	<u>4,900,085</u>	<u>5,469,188</u>	<u>6,589,865</u>	<u>7,008,740</u>	<u>7,108,973</u>
Total pension liability, ending (a)	<u>4,317,899</u>	<u>4,900,085</u>	<u>5,469,188</u>	<u>6,589,865</u>	<u>7,008,740</u>
Change in plan fiduciary net position					
Contributions - employer	260,185	363,236	524,841	543,093	506,251
Net investment income (loss)	315,185	(473,815)	845,488	84,702	195,665
Benefit payments, including refunds of member contributions	(491,672)	(566,251)	(674,274)	(737,101)	(772,316)
Administrative expense	(13,602)	(11,395)	(10,450)	(13,137)	(10,424)
Net change in plan fiduciary net position	<u>70,096</u>	<u>(688,225)</u>	<u>685,605</u>	<u>(122,443)</u>	<u>(80,824)</u>
Plan fiduciary net position, beginning	<u>3,308,783</u>	<u>3,997,008</u>	<u>3,311,403</u>	<u>3,433,846</u>	<u>3,514,670</u>
Plan fiduciary net position, ending (b)	<u>3,378,879</u>	<u>3,308,783</u>	<u>3,997,008</u>	<u>3,311,403</u>	<u>3,433,846</u>
City's net pension liability, ending (a)-(b)	<u>\$ 939,020</u>	<u>\$ 1,591,302</u>	<u>\$ 1,472,180</u>	<u>\$ 3,278,462</u>	<u>\$ 3,574,894</u>
Plan fiduciary net position as a percentage of the total pension liability	78.25%	67.53%	73.08%	50.25%	48.99%
Covered payroll	N/A	N/A	N/A	N/A	N/A
City's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

See notes to required supplementary information.



Fiscal Year Ended June 30,				
2018	2017	2016	2015	2014
\$ 429,493	\$ 447,644	\$ 493,298	\$ 522,860	\$ 541,023
(87,297)	47,444	(163,757)	-	-
-	-	227,357	142,043	-
<u>(782,877)</u>	<u>(812,379)</u>	<u>(814,750)</u>	<u>(845,636)</u>	<u>(921,176)</u>
<u>(440,681)</u>	<u>(317,291)</u>	<u>(257,852)</u>	<u>(180,733)</u>	<u>(380,153)</u>
<u>7,549,654</u>	<u>7,866,945</u>	<u>8,124,797</u>	<u>8,305,530</u>	<u>8,685,683</u>
<u>7,108,973</u>	<u>7,549,654</u>	<u>7,866,945</u>	<u>8,124,797</u>	<u>8,305,530</u>
567,276	565,463	604,690	607,009	606,096
467,070	482,691	(193,908)	120,095	659,708
(782,877)	(812,379)	(814,750)	(845,636)	(921,176)
(10,076)	(30,765)	-	-	(35,868)
<u>241,393</u>	<u>205,010</u>	<u>(403,968)</u>	<u>(118,532)</u>	<u>308,760</u>
<u>3,273,277</u>	<u>3,068,267</u>	<u>3,472,235</u>	<u>3,590,767</u>	<u>3,282,007</u>
<u>3,514,670</u>	<u>3,273,277</u>	<u>3,068,267</u>	<u>3,472,235</u>	<u>3,590,767</u>
<u>\$ 3,594,303</u>	<u>\$ 4,276,377</u>	<u>\$ 4,798,678</u>	<u>\$ 4,652,562</u>	<u>\$ 4,714,763</u>

49.44% 43.36% 39.00% 42.74% 43.23%

N/A N/A 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,				
	2023	2022	2021	2020	2019
Change in total pension liability					
Service cost	\$ 1,023,745	\$ 891,288	\$ 1,030,158	\$ 1,103,384	\$ 856,511
Interest	4,843,023	4,921,948	4,930,684	4,813,775	4,911,204
Differences between expected and actual experience	195,362	(975,513)	570,805	657,259	359,507
Changes of assumptions	137,358	-	-	1,961,168	6,732,162
Benefit payments, including refunds of member contributions	(6,460,403)	(5,978,335)	(7,237,277)	(5,863,709)	(5,159,919)
Net change in total pension liability	<u>(260,915)</u>	<u>(1,140,612)</u>	<u>(705,630)</u>	<u>2,671,877</u>	<u>7,699,465</u>
Total pension liability, beginning	<u>83,435,386</u>	<u>84,575,998</u>	<u>85,281,628</u>	<u>82,609,751</u>	<u>74,910,286</u>
Total pension liability, ending (a)	<u>83,174,471</u>	<u>83,435,386</u>	<u>84,575,998</u>	<u>85,281,628</u>	<u>82,609,751</u>
Change in plan fiduciary net position					
Contributions - employer	5,674,911	5,939,831	5,916,061	5,559,682	4,422,430
Contributions - employee	494,197	447,336	485,464	514,402	507,173
Net investment income (loss)	5,187,316	(6,079,031)	12,479,372	1,318,109	2,328,889
Benefit payments, including refunds of member contributions	(6,460,403)	(5,978,335)	(7,237,277)	(5,863,709)	(5,159,919)
Administrative expense	(65,995)	(65,748)	(58,433)	(44,012)	(51,741)
Net change in plan fiduciary net position	<u>4,830,026</u>	<u>(5,735,947)</u>	<u>11,585,187</u>	<u>1,484,472</u>	<u>2,046,832</u>
Plan fiduciary net position, beginning	<u>52,454,860</u>	<u>58,190,807</u>	<u>46,605,620</u>	<u>45,121,148</u>	<u>43,074,316</u>
Plan fiduciary net position, ending (b)	<u>57,284,886</u>	<u>52,454,860</u>	<u>58,190,807</u>	<u>46,605,620</u>	<u>45,121,148</u>
City's net pension liability, ending (a)-(b)	<u>\$ 25,889,585</u>	<u>\$ 30,980,526</u>	<u>\$ 26,385,191</u>	<u>\$ 38,676,008</u>	<u>\$ 37,488,603</u>
Plan fiduciary net position as a percentage of the total pension liability	68.87%	62.87%	68.80%	54.65%	54.62%
Covered payroll	\$ 5,860,016	\$ 5,101,822	\$ 5,340,374	\$ 5,340,680	\$ 5,029,427
City's net pension liability as a percentage of covered payroll	441.80%	607.24%	494.07%	724.18%	745.39%

See notes to required supplementary information.



Fiscal Year Ended June 30,				
2018	2017	2016	2015	2014
\$ 911,249	\$ 893,487	\$ 1,008,965	\$ 965,176	\$ 987,637
4,873,412	4,949,452	4,859,213	4,990,906	4,928,088
146,242	(78,307)	1,353,815	(962,506)	-
-	(1,212,234)	1,326,844	791,987	(244,312)
<u>(5,527,374)</u>	<u>(5,848,163)</u>	<u>(5,345,160)</u>	<u>(5,799,429)</u>	<u>(4,735,567)</u>
403,529	(1,295,765)	3,203,677	(13,866)	935,846
<u>74,506,757</u>	<u>75,802,522</u>	<u>72,598,845</u>	<u>72,612,711</u>	<u>71,676,865</u>
<u>74,910,286</u>	<u>74,506,757</u>	<u>75,802,522</u>	<u>72,598,845</u>	<u>72,612,711</u>
4,219,714	4,098,288	3,709,507	3,534,236	3,012,344
498,083	489,369	478,630	517,062	542,751
4,355,776	5,393,796	(2,123,241)	1,268,531	6,607,787
<u>(5,527,374)</u>	<u>(5,848,163)</u>	<u>(5,345,160)</u>	<u>(5,799,429)</u>	<u>(4,735,567)</u>
<u>(71,180)</u>	<u>(302,135)</u>	<u>-</u>	<u>-</u>	<u>-</u>
3,475,019	3,831,155	(3,280,264)	(479,600)	5,427,315
<u>39,599,297</u>	<u>35,768,142</u>	<u>39,048,406</u>	<u>39,528,006</u>	<u>34,100,691</u>
<u>43,074,316</u>	<u>39,599,297</u>	<u>35,768,142</u>	<u>39,048,406</u>	<u>39,528,006</u>
<u>\$ 31,835,970</u>	<u>\$ 34,907,460</u>	<u>\$ 40,034,380</u>	<u>\$ 33,550,439</u>	<u>\$ 33,084,705</u>
57.50%	53.15%	47.19%	53.79%	54.44%
\$ 4,829,089	\$ 4,622,259	\$ 4,782,487	\$ 5,148,271	\$ 5,124,768
659.25%	755.20%	837.10%	651.68%	645.58%

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of City Contributions

Fiscal Year Ended June 30,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Employees' Retirement System (ERS)					
2023	\$ 1,210,604	\$ 1,210,604	\$ -	\$ 10,148,031	11.93%
2022	1,222,458	1,222,458	-	9,306,929	13.13%
2021	1,068,745	1,068,745	-	8,758,144	12.20%
2020	1,058,427	1,058,427	-	8,676,772	12.20%
2019	835,542	835,542	-	8,345,344	10.01%
2018	821,020	821,020	-	7,758,909	10.58%
2017	933,208	933,208	-	7,510,596	12.43%
2016	889,235	889,235	-	7,427,165	11.97%
2015	947,436	947,436	-	7,837,558	12.09%
2014	986,872	986,872	-	8,209,105	12.02%
Policemen's and Firemen's Pension (PFP)					
2023	\$ 260,185	\$ 260,185	\$ -	N/A	N/A
2022	363,236	363,236	-	N/A	N/A
2021	524,841	524,841	-	N/A	N/A
2020	543,093	543,093	-	N/A	N/A
2019	506,251	506,251	-	N/A	N/A
2018	567,276	567,276	-	N/A	N/A
2017	565,463	565,463	-	N/A	N/A
2016	604,690	604,690	-	N/A	N/A
2015	607,009	607,009	-	N/A	N/A
2014	606,096	606,096	-	N/A	N/A
Policemen's and Firemen's Pension - Act 345 (Act 345)					
2023	\$ 5,674,911	\$ 5,674,911	\$ -	\$ 5,860,016	96.84%
2022	5,939,831	5,939,831	-	5,101,822	116.43%
2021	5,916,061	5,916,061	-	5,340,374	110.78%
2020	5,559,682	5,559,682	-	5,340,680	104.10%
2019	4,422,430	4,422,430	-	5,029,427	87.93%
2018	4,219,714	4,219,714	-	4,829,089	87.38%
2017	4,098,288	4,098,288	-	4,622,259	88.66%
2016	3,709,507	3,709,507	-	4,782,487	77.56%
2015	3,534,236	3,534,236	-	5,148,271	68.65%
2014	3,012,344	3,012,344	-	5,124,768	58.78%

See notes to required supplementary information.

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Schedule of Investment Returns

Fiscal Year Ended June 30,	Annual Money- Weighted Rate of Return, Net of Investment Expense
Employees' Retirement System	
2023	11.41%
2022	-11.41%
2021	28.98%
2020	4.13%
2019	6.13%
2018	9.72%
2017	11.64%
2016	2.59%
2015	5.85%
2014	16.60%
Policemen's and Firemen's Pension	
2023	10.19%
2022	-11.79%
2021	27.30%
2020	3.48%
2019	6.83%
2018	13.21%
2017	15.62%
2016	-5.00%
2015	3.71%
2014	20.30%
Policemen's and Firemen's Pension - Act 345	
2023	10.36%
2022	-9.83%
2021	27.40%
2020	3.48%
2019	6.00%
2018	11.93%
2017	14.73%
2016	-5.17%
2015	3.58%
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,						
	2023	2022	2021	2020	2019	2018	2017
Change in total OPEB liability							
Service cost	\$ 220,389	\$ 228,352	\$ 277,432	\$ 331,315	\$ 346,426	\$ 555,506	\$ 665,665
Interest	1,685,444	1,897,961	1,918,887	2,016,801	1,997,281	2,807,139	2,774,192
Changes of benefit terms	-	32,450	-	-	-	(8,055,839)	-
Differences between expected and actual experience	(192,159)	(3,992,472)	(142,795)	(1,912,117)	-	(2,570,525)	-
Changes of assumptions	-	-	-	-	481,638	(6,161,265)	-
Benefit payments, including refunds of member contributions	(2,323,516)	(2,501,806)	(2,393,165)	(2,341,514)	(2,513,271)	(2,821,992)	(2,629,714)
Net change in total OPEB liability	(609,842)	(4,335,515)	(339,641)	(1,905,515)	312,074	(16,246,976)	810,143
Total OPEB liability, beginning	34,760,441	39,095,956	39,435,597	41,341,112	41,029,038	57,276,014	56,465,871
Total OPEB liability, ending (a)	34,150,599	34,760,441	39,095,956	39,435,597	41,341,112	41,029,038	57,276,014
Change in plan fiduciary net position							
Contributions - employer	2,323,516	2,774,735	2,393,165	2,654,014	3,763,271	4,071,992	2,629,714
Contributions - other	54,724	-	-	-	-	-	-
Net investment income (loss)	330,843	(414,994)	983,694	105,140	91,192	100,268	112,584
Benefit payments, including refunds of member contributions	(2,323,516)	(2,501,806)	(2,393,165)	(2,341,514)	(2,513,271)	(2,821,992)	(2,629,714)
Administrative expense	-	(17,900)	(25,017)	(6,722)	(23,850)	(15,500)	(2,121)
Net change in plan fiduciary net position	385,567	(159,965)	958,677	410,918	1,317,342	1,334,768	110,463
Plan fiduciary net position, beginning	4,779,889	4,939,854	3,981,177	3,570,259	2,252,917	918,149	807,686
Plan fiduciary net position, ending (b)	5,165,456	4,779,889	4,939,854	3,981,177	3,570,259	2,252,917	918,149
City's net OPEB liability, ending (a)-(b)	\$ 28,985,143	\$ 29,980,552	\$ 34,156,102	\$ 35,454,420	\$ 37,770,853	\$ 38,776,121	\$ 56,357,865
Plan fiduciary net position as a percentage of the total OPEB liability	15.13%	13.75%	12.64%	10.10%	8.64%	5.49%	1.60%
Covered-employee payroll	\$ 5,296,427	\$ 5,636,537	\$ 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	547.26%	531.90%	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 Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2023	\$ 2,305,509	\$ 2,323,516	\$ (18,007)	\$ 5,296,427	43.9%
2022	2,664,941	2,774,735	(109,794)	5,636,537	49.2%
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 Ended June 30,	Annual Money-Weighted Rate of Return, Net of Investment Expense
2023	7.46%
2022	-8.24%
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

Employees' Retirement System

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

- 2022:
 - For MAPE members hired on or after July 1, 2012, the benefit multiplier was raised from 1.25% to 1.50%.
 - For Non-Union Members, normal retirement conditions were changed.

- 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:

- 2023:
 - The discount rate decreased from 6.85% to 6.45%.
 - Updated demographic and economic assumptions per the 2017-2022 Experience Study.

- 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:

- 2023:
 - Updated demographic and economic assumptions per the 2017-2022 Experience Study.
- 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:

- 2023:
 - Updated demographic and economic assumptions per the 2017-2022 Experience Study.
- 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, 2022

Notes Actuarially determined contribution rates are calculated as of June 30 of odd numbered years, which 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 24 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 5 years beginning with the fiscal year ending 2024

Act 345 7 years closed for 6/30/2015 active UAAL; 3 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

ERS 4-year smoothed market

PFP 4-year smoothed market

Act 345 4-year smoothed market; no corridor

Inflation:

ERS 3.00%

PFP N/A

Act 345 3.00%

Salary increases:

ERS 3.00% to 7.00% including inflation

PFP N/A

Act 345 3.00% to 12.00%

CITY OF JACKSON, MICHIGAN

Notes to Required Supplementary Information

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	N/A
Retirement age:	
ERS	Experience-based table of rates that are specific to the type of eligibility condition.
PFP	N/A - no active participants remaining in the plan (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:

- 2022:
 - There were a number of changes to the eligibility and cost sharing provisions of the plan. This change had an upward effect on contribution rates for the affected groups.
- 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 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, 2021

Notes Actuarially determined contribution rates are calculated as of June 30 that is 24 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, closed
Remaining amortization period	29 years beginning with the fiscal year ending June 30, 2022
Asset valuation method	Fair value
Healthcare cost trend rates	Non-Medicare trend: 7.5% in 2022, grading to 3.5% in 2034; Medicare trend: 6.25% in 2022, grading to 3.5% in 2034
Inflation rate	2.50%
Salary increases	3.00% - 7.00% for General Group, including inflation; 3.00% - 12.00% for Police/Fire Group, 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-2014 Healthy Annuitant, Disabled Annuitant, and Employees tables adjusted for mortality improvement using projection scale MP-2018 form 2006 on a fully generational basis.
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.

This page intentionally left blank.

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

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds
June 30, 2023

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Assets					
Pooled cash and investments	\$ 5,850,598	\$ 198,978	\$ 5,272,277	\$ 3,462,333	\$ 14,784,186
Accounts receivable, net	696,939	-	-	-	696,939
Interest receivable	26,350	-	26,950	-	53,300
Leases receivable	-	-	2,872,262	-	2,872,262
Due from other governments	649,154	-	-	-	649,154
Due from other funds	427,090	-	-	-	427,090
Inventories	15,500	-	-	-	15,500
Total assets	<u>\$ 7,665,631</u>	<u>\$ 198,978</u>	<u>\$ 8,171,489</u>	<u>\$ 3,462,333</u>	<u>\$ 19,498,431</u>
Liabilities					
Accounts payable	\$ 733,360	\$ -	\$ 9,820	\$ -	\$ 743,180
Accrued payroll	45,881	-	-	-	45,881
Other liabilities	160,598	-	-	-	160,598
Unearned revenue	41,587	-	-	-	41,587
Due to other funds	1,121,787	-	-	-	1,121,787
Long-term advance from other funds	50,000	-	-	-	50,000
Total liabilities	<u>2,153,213</u>	<u>-</u>	<u>9,820</u>	<u>-</u>	<u>2,163,033</u>
Deferred inflows of resources					
Unavailable revenue - opioid settlement	395,029	-	-	-	395,029
Deferred lease amounts	-	-	2,872,262	-	2,872,262
Total deferred inflows of resources	<u>395,029</u>	<u>-</u>	<u>2,872,262</u>	<u>-</u>	<u>3,267,291</u>
Fund balances					
Nonspendable	15,500	-	-	3,462,333	3,477,833
Restricted	2,688,291	198,978	5,133,872	-	8,021,141
Committed	2,413,598	-	155,535	-	2,569,133
Total fund balances	<u>5,117,389</u>	<u>198,978</u>	<u>5,289,407</u>	<u>3,462,333</u>	<u>14,068,107</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,665,631</u>	<u>\$ 198,978</u>	<u>\$ 8,171,489</u>	<u>\$ 3,462,333</u>	<u>\$ 19,498,431</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, 2023

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
Revenues					
Property taxes	\$ 1,200,004	\$ 662,370	\$ 1,752,449	\$ -	\$ 3,614,823
Intergovernmental	5,743,910	1,281,387	162,999	-	7,188,296
Charges for services	4,194,150	-	1,500,000	34,127	5,728,277
Investment income	209,791	-	215,719	43,897	469,407
Miscellaneous	248,671	-	-	-	248,671
Total revenues	11,596,526	1,943,757	3,631,167	78,024	17,249,474
Expenditures					
Current:					
Public safety	1,415,549	-	-	-	1,415,549
Public works	1,334,296	-	-	-	1,334,296
Culture and recreation	2,221,006	-	-	-	2,221,006
Community enrichment and development	5,244,314	-	500,499	-	5,744,813
Debt service:					
Principal	42,139	4,353,765	-	-	4,395,904
Interest and fiscal charges	-	3,200,200	-	-	3,200,200
Total expenditures	10,257,304	7,553,965	500,499	-	18,311,768
Revenues over (under) expenditures	1,339,222	(5,610,208)	3,130,668	78,024	(1,062,294)
Other financing sources (uses)					
Issuance of bonds, notes, and other long-term liabilities	283,253	-	-	-	283,253
Transfers in	571,430	5,646,289	590,075	-	6,807,794
Transfers out	(1,588,577)	-	(2,945,323)	(76,025)	(4,609,925)
Total other financing sources (uses)	(733,894)	5,646,289	(2,355,248)	(76,025)	2,481,122
Net change in fund balances	605,328	36,081	775,420	1,999	1,418,828
Fund balances, beginning of year	4,512,061	162,897	4,513,987	3,460,334	12,649,279
Fund balances, end of year	\$ 5,117,389	\$ 198,978	\$ 5,289,407	\$ 3,462,333	\$ 14,068,107

This page intentionally left blank.

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.

Affordable Housing Fund - This fund was established to account for a \$4.5 million allocation by City Council of American Rescue Plan Act funding which had been approved by Congress and signed by the President on March 11, 2021.

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).

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.

SAFER Grant Fund - This fund is used to account for the expenditure of a Federal S.A.F.E.R. (Staffing for Adequate Fire and Emergency Response) grant awarded to the City by the Federal Emergency Management Agency (FEMA).

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.

Opioid Settlement Fund - This fund was established to track the funds received from the nationwide settlement reached in July 2021 to resolve all Opioids litigation brought by states and local political subdivisions against several major pharmaceutical distributors.

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2023

	Local Street	Ella W. Sharp Park Operating	Affordable Housing	Public Improvement	Building Department	Building Demolitions
Assets						
Pooled cash and investments	\$ 1,563,486	\$ 62,710	\$ 63,287	\$ 324,646	\$ 828,272	\$ 49,635
Accounts receivables, net	-	-	-	-	-	127,080
Interest receivable	8,251	-	-	4,135	3,532	-
Due from other governments	190,031	-	-	-	-	-
Due from other funds	393,227	-	-	-	-	950
Inventories	-	15,500	-	-	-	-
Total assets	<u>\$ 2,154,995</u>	<u>\$ 78,210</u>	<u>\$ 63,287</u>	<u>\$ 328,781</u>	<u>\$ 831,804</u>	<u>\$ 177,665</u>
Liabilities						
Negative equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	358,839	31,153	46,418	-	16,683	625
Accrued payroll	881	12,618	-	-	6,711	-
Other liabilities	-	-	-	-	145,538	-
Unearned revenue	-	-	-	-	-	-
Due to other funds	-	-	16,869	-	6,735	-
Long-term advance from other funds	-	-	-	-	-	-
Total liabilities	<u>359,720</u>	<u>43,771</u>	<u>63,287</u>	<u>-</u>	<u>175,667</u>	<u>625</u>
Deferred inflows of resources						
Unavailable revenue - opioid settlement	-	-	-	-	-	-
Fund balances						
Nonspendable for - Inventories	-	15,500	-	-	-	-
Restricted for:						
Highways and streets	1,795,275	-	-	-	-	-
Public improvements	-	-	-	328,781	-	-
Public safety	-	-	-	-	-	-
Opioid settlement	-	-	-	-	-	-
Committed for:						
Public safety	-	-	-	-	656,137	177,040
Culture and recreation	-	18,939	-	-	-	-
Community enrichment and development	-	-	-	-	-	-
Total fund balances	<u>1,795,275</u>	<u>34,439</u>	<u>-</u>	<u>328,781</u>	<u>656,137</u>	<u>177,040</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,154,995</u>	<u>\$ 78,210</u>	<u>\$ 63,287</u>	<u>\$ 328,781</u>	<u>\$ 831,804</u>	<u>\$ 177,665</u>

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Recreation Millage
\$ 28,689	\$ 360,269	\$ 894,929	\$ 88,034	\$ 633,920	\$ 438,449
-	-	-	-	174,830	-
-	1,901	-	-	3,252	2,314
-	-	269,277	7,655	-	-
-	-	32,913	-	-	-
-	-	-	-	-	-
<u>\$ 28,689</u>	<u>\$ 362,170</u>	<u>\$ 1,197,119</u>	<u>\$ 95,689</u>	<u>\$ 812,002</u>	<u>\$ 440,763</u>

\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
845	1,784	35,004	51,497	7,127	12,320
-	508	3,711	-	11,224	10,228
-	-	15,060	-	-	-
-	-	-	41,587	-	-
-	-	1,093,344	2,605	2,234	-
-	-	50,000	-	-	-
<u>845</u>	<u>2,292</u>	<u>1,197,119</u>	<u>95,689</u>	<u>20,585</u>	<u>22,548</u>

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

-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	418,215
27,844	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	791,417	-
-	359,878	-	-	-	-
-	-	-	-	-	-
<u>27,844</u>	<u>359,878</u>	<u>-</u>	<u>-</u>	<u>791,417</u>	<u>418,215</u>

<u>\$ 28,689</u>	<u>\$ 362,170</u>	<u>\$ 1,197,119</u>	<u>\$ 95,689</u>	<u>\$ 812,002</u>	<u>\$ 440,763</u>
------------------	-------------------	---------------------	------------------	-------------------	-------------------

continued...

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2023

	Cortland Street Redevelopment Projects Fund	Byrne/JAG Programs	SAFER Grant	Project Safe Neighborhood Grant	Opioid Settlement	Totals
Assets						
Pooled cash and investments	\$ 566,912	\$ -	\$ -	\$ -	\$ 118,176	\$ 6,021,414
Accounts receivables, net	-	-	-	-	395,029	696,939
Interest receivable	2,965	-	-	-	-	26,350
Due from other governments	-	6,490	166,764	8,937	-	649,154
Due from other funds	-	-	-	-	-	427,090
Inventories	-	-	-	-	-	15,500
Total assets	\$ 569,877	\$ 6,490	\$ 166,764	\$ 8,937	\$ 513,205	\$ 7,836,447
Liabilities						
Negative equity in pooled cash and investments	\$ -	\$ -	\$ 166,764	\$ 4,052	\$ -	\$ 170,816
Accounts payable	159,690	6,490	-	4,885	-	733,360
Accrued payroll	-	-	-	-	-	45,881
Other liabilities	-	-	-	-	-	160,598
Unearned revenue	-	-	-	-	-	41,587
Due to other funds	-	-	-	-	-	1,121,787
Long-term advance from other funds	-	-	-	-	-	50,000
Total liabilities	159,690	6,490	166,764	8,937	-	2,324,029
Deferred inflows of resources						
Unavailable revenue - opioid settlement	-	-	-	-	395,029	395,029
Fund balances						
Nonspendable for - Inventories	-	-	-	-	-	15,500
Restricted for:						
Highways and streets	-	-	-	-	-	1,795,275
Public improvements	-	-	-	-	-	746,996
Public safety	-	-	-	-	-	27,844
Opioid settlement	-	-	-	-	118,176	118,176
Committed for:						
Public safety	-	-	-	-	-	1,624,594
Culture and recreation	-	-	-	-	-	378,817
Community enrichment and development	410,187	-	-	-	-	410,187
Total fund balances	410,187	-	-	-	118,176	5,117,389
Total liabilities, deferred inflows of resources and fund balances	\$ 569,877	\$ 6,490	\$ 166,764	\$ 8,937	\$ 513,205	\$ 7,836,447

concluded.

This page intentionally left blank.

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, 2023

	Local Street	Ella W. Sharp Park Operating	Affordable Housing	Public Improvement	Building Department	Building Demolitions
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ 1,200,004	\$ -	\$ -
Intergovernmental	1,119,809	-	678,325	102,484	-	-
Charges for services	-	714,342	-	-	527,425	208,109
Investment income	67,442	624	-	50,537	26,467	4,116
Miscellaneous	-	-	-	-	-	-
Total revenues	1,187,251	714,966	678,325	1,353,025	553,892	212,225
Expenditures						
Current:						
Public safety	-	-	-	-	573,321	219,399
Public works	1,334,296	-	-	-	-	-
Culture and recreation	-	1,287,062	-	-	-	-
Community enrichment and development	-	-	678,325	-	-	-
Debt service - Principal	-	18,216	-	-	6,278	-
Total expenditures	1,334,296	1,305,278	678,325	-	579,599	219,399
Revenues over (under) expenditures	(147,045)	(590,312)	-	1,353,025	(25,707)	(7,174)
Other financing sources (uses)						
Issuance of bonds, notes, and other long-term liabilities	-	283,253	-	-	-	-
Transfers in	334,126	237,304	-	-	-	-
Transfers out	(87,279)	-	-	(1,501,298)	-	-
Total other financing sources (uses)	246,847	520,557	-	(1,501,298)	-	-
Net change in fund balances	99,802	(69,755)	-	(148,273)	(25,707)	(7,174)
Fund balances, beginning of year	1,695,473	104,194	-	477,054	681,844	184,214
Fund balances, end of year	\$ 1,795,275	\$ 34,439	\$ -	\$ 328,781	\$ 656,137	\$ 177,040

Drug Law Enforcement	Recreation Activity	Community Development Block Grant	Community Development Home Grant	Housing Code Enforcement	Recreation Millage
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	2,482,015	288,294	-	-
-	286,533	-	-	1,664,786	674,779
1,054	12,268	-	-	25,841	10,369
3,764	-	182,447	-	62,460	-
<u>4,818</u>	<u>298,801</u>	<u>2,664,462</u>	<u>288,294</u>	<u>1,753,087</u>	<u>685,148</u>
14,281	-	-	-	-	-
-	-	-	-	-	-
-	262,143	-	-	-	671,801
-	-	2,664,462	288,294	1,113,651	-
-	-	-	-	17,645	-
<u>14,281</u>	<u>262,143</u>	<u>2,664,462</u>	<u>288,294</u>	<u>1,131,296</u>	<u>671,801</u>
<u>(9,463)</u>	<u>36,658</u>	<u>-</u>	<u>-</u>	<u>621,791</u>	<u>13,347</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(9,463)</u>	<u>36,658</u>	<u>-</u>	<u>-</u>	<u>621,791</u>	<u>13,347</u>
<u>37,307</u>	<u>323,220</u>	<u>-</u>	<u>-</u>	<u>169,626</u>	<u>404,868</u>
<u>\$ 27,844</u>	<u>\$ 359,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791,417</u>	<u>\$ 418,215</u>

continued...

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds

For the Fiscal Year Ended June 30, 2023

	Cortland Street Redevelopment Projects Fund	Byrne/JAG Programs	SAFER Grant	Project Safe Neighborhood Grant	Opioid Settlement	Totals
Revenues						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,200,004
Intergovernmental	464,435	75,103	440,098	93,347	-	5,743,910
Charges for services	-	-	-	-	118,176	4,194,150
Investment income	11,073	-	-	-	-	209,791
Miscellaneous	-	-	-	-	-	248,671
Total revenues	475,508	75,103	440,098	93,347	118,176	11,596,526
Expenditures						
Current:						
Public safety	-	75,103	440,098	93,347	-	1,415,549
Public works	-	-	-	-	-	1,334,296
Culture and recreation	-	-	-	-	-	2,221,006
Community enrichment and development	499,582	-	-	-	-	5,244,314
Debt service - Principal	-	-	-	-	-	42,139
Total expenditures	499,582	75,103	440,098	93,347	-	10,257,304
Revenues over (under) expenditures	(24,074)	-	-	-	118,176	1,339,222
Other financing sources (uses)						
Issuance of bonds, notes, and other long-term liabilities	-	-	-	-	-	283,253
Transfers in	-	-	-	-	-	571,430
Transfers out	-	-	-	-	-	(1,588,577)
Total other financing sources (uses)	-	-	-	-	-	(733,894)
Net change in fund balances	(24,074)	-	-	-	118,176	605,328
Fund balances, beginning of year	434,261	-	-	-	-	4,512,061
Fund balances, end of year	\$ 410,187	\$ -	\$ -	\$ -	\$ 118,176	\$ 5,117,389

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 870,000	\$ 1,119,809	\$ 249,809	\$ 1,093,151
Investment income	17,000	67,442	50,442	6,328
Miscellaneous	-	-	-	32,815
Total revenues	887,000	1,187,251	300,251	1,132,294
Expenditures				
Current - public works:				
Street construction	981,137	1,081,022	99,885	1,081,444
Street maintenance	642,274	567,069	(75,205)	547,539
Traffic services	3,062	779	(2,283)	742
Winter maintenance	189,857	86,807	(103,050)	151,931
Reimbursements	(4,208)	(401,381)	(397,173)	(390,306)
Total expenditures	1,812,122	1,334,296	(477,826)	1,391,350
Revenues over (under) expenditures	(925,122)	(147,045)	778,077	(259,056)
Other financing sources (uses)				
Transfers in	334,126	334,126	-	296,967
Transfers out	(87,279)	(87,279)	-	(89,322)
Total other financing sources (uses)	246,847	246,847	-	207,645
Net change in fund balance	(678,275)	99,802	778,077	(51,411)
Fund balance, beginning of year	1,695,473	1,695,473	-	1,746,884
Fund balance, end of year	\$ 1,017,198	\$ 1,795,275	\$ 778,077	\$ 1,695,473

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 733,450	\$ 714,342	\$ (19,108)	\$ 658,578
Investment income	575	624	49	287
Total revenues	<u>734,025</u>	<u>714,966</u>	<u>(19,059)</u>	<u>658,865</u>
Expenditures				
Current - culture and recreation:				
Personnel services	374,684	354,975	(19,709)	327,676
Materials and supplies	206,384	512,727	306,343	232,200
Contractual and other services	449,369	419,360	(30,009)	337,210
Debt service -				
Principal	18,216	18,216	-	337,210
Total expenditures	<u>1,048,653</u>	<u>1,305,278</u>	<u>256,625</u>	<u>1,234,296</u>
Revenues under expenditures	<u>(314,628)</u>	<u>(590,312)</u>	<u>(275,684)</u>	<u>(238,221)</u>
Other financing sources				
Issuance of bonds, notes, and other long-term liabilities	-	283,253	283,253	184,476
Transfers in	247,337	237,304	(10,033)	184,476
Total other financing sources	<u>247,337</u>	<u>520,557</u>	<u>273,220</u>	<u>368,952</u>
Net change in fund balance	<u>(67,291)</u>	<u>(69,755)</u>	<u>(2,464)</u>	<u>(53,745)</u>
Fund balance, beginning of year	<u>104,194</u>	<u>104,194</u>	<u>-</u>	<u>157,939</u>
Fund balance, end of year	<u>\$ 36,903</u>	<u>\$ 34,439</u>	<u>\$ (2,464)</u>	<u>\$ 104,194</u>

CITY OF JACKSON, MICHIGAN

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

Affordable Housing Special Revenue Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 845,700	\$ 678,325	\$ (167,375)	\$ 134,540
Expenditures				
Current - community enrichment and development - Contractual and other services	845,700	678,325	(167,375)	134,540
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

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

Public Improvement Special Revenue Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Property taxes	\$ 1,184,000	\$ 1,200,004	\$ 16,004	\$ 1,137,442
Intergovernmental	85,000	102,484	17,484	98,390
Investment income	20,000	50,537	30,537	6,050
Total revenues	1,289,000	1,353,025	64,025	1,241,882
Expenditures				
Current - community enrichment and development	37,925	-	(37,925)	26,980
Revenues over expenditures	1,251,075	1,353,025	101,950	1,214,902
Other financing uses				
Transfers out	(1,466,285)	(1,501,298)	35,013	(1,223,633)
Net change in fund balance	(215,210)	(148,273)	66,937	(8,731)
Fund balance, beginning of year	477,054	477,054	-	485,785
Fund balance, end of year	\$ 261,844	\$ 328,781	\$ 66,937	\$ 477,054

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 488,380	\$ 527,425	\$ 39,045	\$ 569,470
Investment income	6,800	26,467	19,667	1,755
Total revenues	<u>495,180</u>	<u>553,892</u>	<u>58,712</u>	<u>571,225</u>
Expenditures				
Current - public safety:				
Personnel services	509,685	499,089	(10,596)	410,519
Materials and supplies	22,108	20,904	(1,204)	10,980
Contractual and other services	71,922	53,328	(18,594)	40,609
Debt service -				
Principal	6,278	6,278	-	7,626
Total expenditures	<u>609,993</u>	<u>579,599</u>	<u>(30,394)</u>	<u>469,734</u>
Net change in fund balance	(114,813)	(25,707)	89,106	101,491
Fund balance, beginning of year	681,844	681,844	-	580,353
Fund balance, end of year	<u>\$ 567,031</u>	<u>\$ 656,137</u>	<u>\$ 89,106</u>	<u>\$ 681,844</u>

CITY OF JACKSON, MICHIGAN

Schedule of Revenues, Expenditures and Changes in Fund Balance - Amended Budget and Actual
 Building Demolitions Special Revenue Fund
 For the Fiscal Year Ended June 30, 2023
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ 55,861
Charges for services	159,296	208,109	48,813	194,944
Investment income (loss)	1,340	4,116	2,776	(5,937)
Total revenues	160,636	212,225	51,589	244,868
Expenditures				
Current - public safety - Contractual and other services	344,850	219,399	(125,451)	337,456
Revenues under expenditures	(184,214)	(7,174)	177,040	(92,588)
Other financing sources				
Transfers in	-	-	-	120,000
Net change in fund balance	(184,214)	(7,174)	177,040	27,412
Fund balance, beginning of year	184,214	184,214	-	156,802
Fund balance, end of year	\$ -	\$ 177,040	\$ 177,040	\$ 184,214

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Investment income	\$ 200	\$ 1,054	\$ 854	\$ 138
Miscellaneous	20,000	3,764	(16,236)	26,018
Total revenues	<u>20,200</u>	<u>4,818</u>	<u>(15,382)</u>	<u>26,156</u>
Expenditures				
Current - public safety:				
Personnel services	12,309	11,820	(489)	17,704
Materials and supplies	9,115	2,461	(6,654)	1,595
Total expenditures	<u>21,424</u>	<u>14,281</u>	<u>(7,143)</u>	<u>19,299</u>
Revenues under expenditures	(1,224)	(9,463)	(8,239)	6,857
Other financing sources				
Sale of capital assets	500	-	(500)	2,743
Net change in fund balance	<u>(724)</u>	<u>(9,463)</u>	<u>(8,739)</u>	<u>9,600</u>
Fund balance, beginning of year	<u>37,307</u>	<u>37,307</u>	<u>-</u>	<u>27,707</u>
Fund balance, end of year	<u>\$ 36,583</u>	<u>\$ 27,844</u>	<u>\$ (8,739)</u>	<u>\$ 37,307</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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 273,750	\$ 286,533	\$ 12,783	\$ 210,632
Investment income	1,500	12,268	10,768	1,473
Total revenues	<u>275,250</u>	<u>298,801</u>	<u>23,551</u>	<u>212,105</u>
Expenditures				
Current - culture and recreation:				
Personnel services	99,024	80,356	(18,668)	62,421
Materials and supplies	75,000	53,509	(21,491)	54,355
Contractual and other services	128,300	128,278	(22)	59,645
Total expenditures	<u>302,324</u>	<u>262,143</u>	<u>(40,181)</u>	<u>176,421</u>
Net change in fund balance	(27,074)	36,658	63,732	35,684
Fund balance, beginning of year	<u>323,220</u>	<u>323,220</u>	-	<u>287,536</u>
Fund balance, end of year	<u>\$ 296,146</u>	<u>\$ 359,878</u>	<u>\$ 63,732</u>	<u>\$ 323,220</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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 3,244,799	\$ 2,482,015	\$ (762,784)	\$ 1,343,585
Miscellaneous	32,278	182,447	150,169	202,835
Total revenues	<u>3,277,077</u>	<u>2,664,462</u>	<u>(612,615)</u>	<u>1,546,420</u>
Expenditures				
Current -				
Community enrichment and development:				
Rehabilitation	267,811	72,208	(195,603)	322,242
Administration	221,440	99,739	(121,701)	144,637
Public services	-	-	-	26,226
Culture and recreation	1,797,476	1,698,665	(98,811)	178,279
Street construction	505,922	403,096	(102,826)	466,491
Public facility demolition	484,428	390,754	(93,674)	408,545
Total expenditures	<u>3,277,077</u>	<u>2,664,462</u>	<u>(612,615)</u>	<u>1,546,420</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

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

Community Development Home Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 1,159,317	\$ 288,294	\$ (871,023)	\$ 426,165
Miscellaneous	-	-	-	47,393
Total revenues	<u>1,159,317</u>	<u>288,294</u>	<u>(871,023)</u>	<u>473,558</u>
Expenditures				
Current - community enrichment and development - Community housing development organizations	<u>1,159,317</u>	<u>288,294</u>	<u>(871,023)</u>	<u>473,558</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF JACKSON, MICHIGAN

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

Housing Code Enforcement Special Revenue Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 1,494,500	\$ 1,664,786	\$ 170,286	\$ 1,062,520
Investment income	7,500	25,841	18,341	4,685
Miscellaneous	48,000	62,460	14,460	61,413
Total revenues	<u>1,550,000</u>	<u>1,753,087</u>	<u>203,087</u>	<u>1,128,618</u>
Expenditures				
Current -				
Community enrichment and development	1,276,534	1,113,651	(162,883)	1,065,351
Debt service -				
Principal	17,645	17,645	-	20,046
Total expenditures	<u>1,294,179</u>	<u>1,131,296</u>	<u>(162,883)</u>	<u>1,085,397</u>
Net change in fund balance	255,821	621,791	365,970	43,221
Fund balance, beginning of year	<u>169,626</u>	<u>169,626</u>	<u>-</u>	<u>126,405</u>
Fund balance, end of year	<u>\$ 425,447</u>	<u>\$ 791,417</u>	<u>\$ 365,970</u>	<u>\$ 169,626</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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 648,500	\$ 674,779	\$ 26,279	\$ 644,681
Investment income	1,500	10,369	8,869	855
Total revenues	<u>650,000</u>	<u>685,148</u>	<u>35,148</u>	<u>645,536</u>
Expenditures				
Current - culture and recreation:				
Personnel services	452,186	465,715	13,529	466,925
Materials and supplies	244,000	190,468	(53,532)	139,262
Contractual and other services	17,200	15,618	(1,582)	19,006
Total expenditures	<u>713,386</u>	<u>671,801</u>	<u>(41,585)</u>	<u>625,193</u>
Net change in fund balance	(63,386)	13,347	76,733	20,343
Fund balance, beginning of year	<u>404,868</u>	<u>404,868</u>	-	<u>384,525</u>
Fund balance, end of year	<u>\$ 341,482</u>	<u>\$ 418,215</u>	<u>\$ 76,733</u>	<u>\$ 404,868</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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 2,500,000	\$ 464,435	\$ (2,035,565)	\$ 9,796
Investment income	1,000	11,073	10,073	405
Total revenues	2,501,000	475,508	(2,025,492)	10,201
Expenditures				
Current -				
Community enrichment and development -				
Economic development	2,523,391	499,582	(2,023,809)	40,020
Net change in fund balance	(22,391)	(24,074)	(1,683)	(29,819)
Fund balance, beginning of year	434,261	434,261	-	464,080
Fund balance, end of year	\$ 411,870	\$ 410,187	\$ (1,683)	\$ 434,261

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, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 77,715	\$ 75,103	\$ (2,612)	\$ 25,428
Expenditures				
Current - public safety - Contractual and other services	77,715	75,103	(2,612)	25,428
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

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

SAFER Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 562,182	\$ 440,098	\$ (122,084)	\$ 192,526
Expenditures				
Current - public safety - Personnel services	562,182	440,098	(122,084)	192,526
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

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

Project Safe Neighborhood Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 149,135	\$ 93,347	\$ (55,788)	\$ 57,189
Expenditures				
Current - public safety:				
Personnel services	39,766	28,438	(11,328)	14,415
Community enrichment	109,369	64,909	(44,460)	42,774
Total expenditures	<u>149,135</u>	<u>93,347</u>	<u>(55,788)</u>	<u>57,189</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF JACKSON, MICHIGAN

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

Opioid Settlement Special Revenue Fund

For the Fiscal Year Ended June 30, 2023

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2022

	2023			2022 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Charges for services	\$ 118,176	\$ 118,176	\$ -	\$ -
Net change in fund balance	118,176	118,176	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ 118,176</u>	<u>\$ 118,176</u>	<u>\$ -</u>	<u>\$ -</u>

This page intentionally left blank.

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.

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 Bonds 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 \$2,000,000 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, 2023

	2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding
Assets				
Pooled cash and investments	\$ 637	\$ -	\$ -	\$ 1,900
Fund balances				
Restricted for debt service	\$ 637	\$ -	\$ -	\$ 1,900



2017 Michigan Transportation Bonds	2019 DDA Refunding	2020 Capital Improvement Bonds	Special Assessment	2021 City Hall Refunding	2021 Brownfield Refunding	Totals
<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 7,088</u>	<u>\$ -</u>	<u>\$ 188,524</u>	<u>\$ 618</u>	<u>\$ 198,978</u>
<u>\$ -</u>	<u>\$ 211</u>	<u>\$ 7,088</u>	<u>\$ -</u>	<u>\$ 188,524</u>	<u>\$ 618</u>	<u>\$ 198,978</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, 2023

	2001 DDA TIF	2013 City Hall Refunding	2016 Capital Improvement Bonds	2017 Brownfield Refunding
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	420,556
Total revenues	-	-	-	420,556
Expenditures				
Debt service:				
Principal	801,765	-	959,000	205,000
Interest and fiscal charges	1,933,985	3,142	595,087	215,556
Total expenditures	2,735,750	3,142	1,554,087	420,556
Revenues over (under) expenditures	(2,735,750)	(3,142)	(1,554,087)	-
Other financing sources				
Transfers in	2,735,750	-	1,554,087	-
Net change in fund balances	-	(3,142)	-	-
Fund balances, beginning of year	637	3,142	-	1,900
Fund balances, end of year	\$ 637	\$ -	\$ -	\$ 1,900

2017 Michigan Transportation Bonds	2019 DDA Refunding	2020 Capital Improvement Bonds	Special Assessment	2021 City Hall Refunding	2021 Brownfield Refunding	Totals
\$ -	\$ -	\$ -	\$ -	\$ 662,370	\$ -	\$ 662,370
-	-	-	-	88,319	772,512	1,281,387
-	-	-	-	750,689	772,512	1,943,757
615,000	40,000	190,000	142,000	693,000	708,000	4,353,765
146,889	169,573	33,702	19,288	18,466	64,512	3,200,200
761,889	209,573	223,702	161,288	711,466	772,512	7,553,965
(761,889)	(209,573)	(223,702)	(161,288)	39,223	-	(5,610,208)
761,889	209,573	223,702	161,288	-	-	5,646,289
-	-	-	-	39,223	-	36,081
-	211	7,088	-	149,301	618	162,897
\$ -	\$ 211	\$ 7,088	\$ -	\$ 188,524	\$ 618	\$ 198,978

This page intentionally left blank.

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.

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.

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

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2023

	Capital Projects	2020 Capital Improvements Bonds Construction	Downtown Development Authority Project	Totals
Assets				
Pooled cash and investments	\$ 165,355	\$ -	\$ 5,106,922	\$ 5,272,277
Interest receivable	-	-	26,950	26,950
Leases receivable	-	-	2,872,262	2,872,262
Total assets	<u>\$ 165,355</u>	<u>\$ -</u>	<u>\$ 8,006,134</u>	<u>\$ 8,171,489</u>
Liabilities				
Accounts payable	\$ 9,820	\$ -	\$ -	\$ 9,820
Deferred inflows of resources				
Deferred lease amounts	-	-	2,872,262	2,872,262
Fund balances				
Restricted for downtown development	-	-	5,133,872	5,133,872
Committed for capital projects	155,535	-	-	155,535
Total fund balances	<u>155,535</u>	<u>-</u>	<u>5,133,872</u>	<u>5,289,407</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 165,355</u>	<u>\$ -</u>	<u>\$ 8,006,134</u>	<u>\$ 8,171,489</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Capital Projects Funds

For the Fiscal Year Ended June 30, 2023

	Capital Projects	2020 Capital Improvements Bonds Construction	Downtown Development Authority Project	Totals
Revenues				
Property taxes	\$ -	\$ -	\$ 1,752,449	\$ 1,752,449
Intergovernmental	-	-	162,999	162,999
Charges for services	-	-	1,500,000	1,500,000
Investment income	569	-	215,150	215,719
Total revenues	569	-	3,630,598	3,631,167
Expenditures				
Current -				
Community enrichment and development	500,499	-	-	500,499
Revenues over (under) expenditures	(499,930)	-	3,630,598	3,130,668
Other financing sources (uses)				
Transfers in	590,075	-	-	590,075
Transfers out	-	-	(2,945,323)	(2,945,323)
Total other financing sources (uses)	590,075	-	(2,945,323)	(2,355,248)
Net change in fund balances	90,145	-	685,275	775,420
Fund balances, beginning of year	65,390	-	4,448,597	4,513,987
Fund balances, end of year	\$ 155,535	\$ -	\$ 5,133,872	\$ 5,289,407

This page intentionally left blank.

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, 2023

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
Assets				
Pooled cash and investments - restricted	\$ 1,074,780	\$ 2,107,016	\$ 280,537	\$ 3,462,333
Fund balances				
Nonspendable for:				
Perpetual care	\$ -	\$ 2,107,016	\$ -	\$ 2,107,016
Endowment	1,074,780	-	280,537	1,355,317
Total fund balances	<u>\$ 1,074,780</u>	<u>\$ 2,107,016</u>	<u>\$ 280,537</u>	<u>\$ 3,462,333</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, 2023

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Lloyd E. Mount Endowment	Total
Revenues				
Charges for services	\$ -	\$ 34,127	\$ -	\$ 34,127
Investment income (loss)	(1,642)	46,196	(657)	43,897
Total revenues	(1,642)	80,323	(657)	78,024
Other financing uses				
Transfers out	(24,418)	(46,196)	(5,411)	(76,025)
Net change in fund balances	(26,060)	34,127	(6,068)	1,999
Fund balances, beginning of year	1,100,840	2,072,889	286,605	3,460,334
Fund balances, end of year	<u>\$ 1,074,780</u>	<u>\$ 2,107,016</u>	<u>\$ 280,537</u>	<u>\$ 3,462,333</u>

This page intentionally left blank.

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, 2023

	Automobile Parking System	Parking Assessment	Totals
Assets			
Current assets:			
Pooled cash and investments	\$ 135,510	\$ 265,100	\$ 400,610
Accounts receivable	-	5,855	5,855
Interest receivable	-	1,399	1,399
Total current assets	<u>135,510</u>	<u>272,354</u>	<u>407,864</u>
Noncurrent assets:			
Capital assets not being depreciated/amortized	1,682,727	-	1,682,727
Capital assets being depreciated/amortized, net	2,599,468	-	2,599,468
Total noncurrent assets	<u>4,282,195</u>	<u>-</u>	<u>4,282,195</u>
Total assets	<u>4,417,705</u>	<u>272,354</u>	<u>4,690,059</u>
Liabilities			
Current liabilities:			
Accounts payable	-	2,394	2,394
Accrued payroll	-	1,155	1,155
Total liabilities	<u>-</u>	<u>3,549</u>	<u>3,549</u>
Net position			
Investment in capital assets	4,282,195	-	4,282,195
Unrestricted	135,510	268,805	404,315
Total net position	<u>\$ 4,417,705</u>	<u>\$ 268,805</u>	<u>\$ 4,686,510</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, 2023

	Automobile Parking System	Parking Assessment	Totals
Operating revenues			
Charges for sales and services	\$ 2,302	\$ 186,069	\$ 188,371
Other	-	33,654	33,654
Total operating revenues	<u>2,302</u>	<u>219,723</u>	<u>222,025</u>
Operating expenses			
Personnel services	878	68,869	69,747
Contractual and other services	42,510	164,846	207,356
Depreciation/amortization	144,969	-	144,969
Total operating expenses	<u>188,357</u>	<u>233,715</u>	<u>422,072</u>
Operating loss	(186,055)	(13,992)	(200,047)
Nonoperating revenues			
Investment income	4,473	12,938	17,411
Loss before transfers	(181,582)	(1,054)	(182,636)
Transfers in	92,143	80,000	172,143
Transfers out	(102,789)	(92,143)	(194,932)
Change in net position	<u>(192,228)</u>	<u>(13,197)</u>	<u>(205,425)</u>
Net position, beginning of year	4,609,933	282,002	4,891,935
Net position, end of year	<u>\$ 4,417,705</u>	<u>\$ 268,805</u>	<u>\$ 4,686,510</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2023

	Automobile Parking System	Parking Assessment	Totals
Cash flows from operating activities			
Receipts from customers and users	\$ 2,302	\$ 214,236	\$ 216,538
Payments to employees	(878)	(68,869)	(69,747)
Payments to vendors and claimants	(47,160)	(166,432)	(213,592)
Net cash used in operating activities	<u>(45,736)</u>	<u>(21,065)</u>	<u>(66,801)</u>
Cash flows from noncapital financing activities			
Transfers in	92,143	80,000	172,143
Transfers out	(102,789)	(92,143)	(194,932)
Net cash used in noncapital financing activities	<u>(10,646)</u>	<u>(12,143)</u>	<u>(22,789)</u>
Cash flows from investing activities			
Interest received on investments	4,473	11,539	16,012
Net change in cash and cash equivalents	(51,909)	(21,669)	(73,578)
Cash and cash equivalents, beginning of year	187,419	286,769	474,188
Cash and cash equivalents, end of year	<u>\$ 135,510</u>	<u>\$ 265,100</u>	<u>\$ 400,610</u>
Reconciliation of operating loss to net cash used in operating activities			
Operating loss	\$ (186,055)	\$ (13,992)	\$ (200,047)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation/amortization	144,969	-	144,969
Change in operating assets and liabilities that provided (used) cash:			
Accounts receivable	-	(5,855)	(5,855)
Due from other funds	-	368	368
Accounts payable	(4,650)	261	(4,389)
Accrued payroll	-	(1,847)	(1,847)
Net cash used in operating activities	<u>\$ (45,736)</u>	<u>\$ (21,065)</u>	<u>\$ (66,801)</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 reimbursement basis.

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

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

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

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

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

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

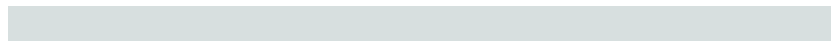
CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2023

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Assets			
Current assets:			
Pooled cash and investments	\$ 946,185	\$ 717,083	\$ 884,127
Accounts receivable	-	-	16,128
Interest receivable	2,882	-	4,666
Prepaid items	-	-	593,928
Restricted cash -			
Cash on hand with agents	46,000	-	-
Total current assets	<u>995,067</u>	<u>717,083</u>	<u>1,498,849</u>
Noncurrent assets -			
Capital assets being depreciated/amortized, net	-	-	1,207,354
Total assets	<u>995,067</u>	<u>717,083</u>	<u>2,706,203</u>
Liabilities			
Current liabilities:			
Accounts payable	24,465	14,602	31,705
Accrued payroll	-	-	3,961
Estimated claims payable	206,005	-	-
Current portion of notes and other long-term liabilities	-	-	181,500
Total current liabilities	<u>230,470</u>	<u>14,602</u>	<u>217,166</u>
Noncurrent liabilities -			
Notes and other long-term liabilities, net of current portion	-	-	145,223
Total liabilities	<u>230,470</u>	<u>14,602</u>	<u>362,389</u>
Net position			
Net investment in capital assets	-	-	880,631
Unrestricted	764,597	702,481	1,463,183
Total net position	<u>\$ 764,597</u>	<u>\$ 702,481</u>	<u>\$ 2,343,814</u>



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 316,221	\$ 254,722	\$ 307,858	\$ 3,426,196
43,517	3,846	-	63,491
1,416	1,344	1,301	11,609
-	-	-	593,928
-	-	-	46,000
<u>361,154</u>	<u>259,912</u>	<u>309,159</u>	<u>4,141,224</u>
-	-	-	1,207,354
<u>361,154</u>	<u>259,912</u>	<u>309,159</u>	<u>5,348,578</u>
11,155	7,848	-	89,775
4,767	3,547	-	12,275
-	-	-	206,005
-	-	-	181,500
<u>15,922</u>	<u>11,395</u>	<u>-</u>	<u>489,555</u>
-	-	-	145,223
<u>15,922</u>	<u>11,395</u>	<u>-</u>	<u>634,778</u>
-	-	-	880,631
<u>345,232</u>	<u>248,517</u>	<u>309,159</u>	<u>3,833,169</u>
<u>\$ 345,232</u>	<u>\$ 248,517</u>	<u>\$ 309,159</u>	<u>\$ 4,713,800</u>

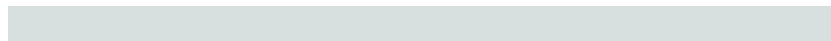
CITY OF JACKSON, MICHIGAN

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

Internal Service Funds

For the Fiscal Year Ended June 30, 2023

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Operating revenues			
Charges for services	\$ 538,364	\$ 5,681,201	\$ 205,533
Miscellaneous	-	-	1,288,995
Total operating revenues	<u>538,364</u>	<u>5,681,201</u>	<u>1,494,528</u>
Operating expenses			
Personnel services	-	-	337,445
Administration	-	-	-
Materials and supplies	-	-	438,278
Contractual and other services	4,572	5,394,601	143,631
Benefit payments	449,900	-	-
Depreciation/amortization	-	-	268,956
Total operating expenses	<u>454,472</u>	<u>5,394,601</u>	<u>1,188,310</u>
Operating income (loss)	<u>83,892</u>	<u>286,600</u>	<u>306,218</u>
Nonoperating revenues			
Intergovernmental	-	-	1,012,542
Investment income	23,891	1,699	25,381
Total nonoperating revenues	<u>23,891</u>	<u>1,699</u>	<u>1,037,923</u>
Income (loss) before transfers	107,783	288,299	1,344,141
Transfers out	-	-	(52,170)
Change in net position	107,783	288,299	1,291,971
Net position, beginning of year	<u>656,814</u>	<u>414,182</u>	<u>1,051,843</u>
Net position, end of year	<u>\$ 764,597</u>	<u>\$ 702,481</u>	<u>\$ 2,343,814</u>



Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 336,640	\$ 269,675	\$ 114,659	\$ 7,146,072
-	-	-	1,288,995
<u>336,640</u>	<u>269,675</u>	<u>114,659</u>	<u>8,435,067</u>
275,927	228,907	-	842,279
69,646	65,249	-	134,895
-	-	-	438,278
-	-	22,500	5,565,304
-	-	-	449,900
-	-	-	268,956
<u>345,573</u>	<u>294,156</u>	<u>22,500</u>	<u>7,699,612</u>
<u>(8,933)</u>	<u>(24,481)</u>	<u>92,159</u>	<u>735,455</u>
-	-	-	1,012,542
<u>19,377</u>	<u>10,332</u>	<u>8,297</u>	<u>88,977</u>
<u>19,377</u>	<u>10,332</u>	<u>8,297</u>	<u>1,101,519</u>
10,444	(14,149)	100,456	1,836,974
-	-	-	(52,170)
10,444	(14,149)	100,456	1,784,804
<u>334,788</u>	<u>262,666</u>	<u>208,703</u>	<u>2,928,996</u>
<u>\$ 345,232</u>	<u>\$ 248,517</u>	<u>\$ 309,159</u>	<u>\$ 4,713,800</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2023

	Workers' Compensation	Self Insurance Health	Motor Pool and Garage
Cash flows from operating activities			
Receipts for interfund services provided	\$ 538,364	\$ 5,681,201	\$ 1,478,618
Payments to employees	-	-	(343,792)
Payments to vendors and claimants	(355,087)	(5,394,686)	(1,157,406)
Net cash provided by (used in) operating activities	<u>183,277</u>	<u>286,515</u>	<u>(22,580)</u>
Cash flows from noncapital financing activities			
Intergovernmental revenue	-	-	1,012,542
Transfers out	-	-	(52,170)
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>	<u>960,372</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	-	-	(482,484)
Principal paid on notes and other long-term liabilities	-	-	(176,280)
Net cash used in capital and related financing activities	<u>-</u>	<u>-</u>	<u>(658,764)</u>
Cash flows from investing activities			
Interest received on investments	21,009	1,699	20,715
Net change in cash and cash equivalents	204,286	288,214	299,743
Cash and cash equivalents, beginning of year	787,899	428,869	584,384
Cash and cash equivalents, end of year	<u>\$ 992,185</u>	<u>\$ 717,083</u>	<u>\$ 884,127</u>
Statement of net position classification of cash			
Pooled cash and investments	\$ 946,185	\$ 717,083	\$ 884,127
Restricted cash -			
Cash on hand with agents	46,000	-	-
	<u>\$ 992,185</u>	<u>\$ 717,083</u>	<u>\$ 884,127</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ 83,892	\$ 286,600	\$ 306,218
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation/amortization	-	-	268,956
Change in operating assets and liabilities that provided (used) cash:			
Accounts receivable	-	-	(15,910)
Prepaid items	-	-	(593,928)
Accounts payable	6,615	(85)	18,431
Accrued payroll	-	-	(6,347)
Estimated claims payable	92,770	-	-
Net cash provided by (used in) operating activities	<u>\$ 183,277</u>	<u>\$ 286,515</u>	<u>\$ (22,580)</u>

Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 322,321	\$ 275,699	\$ 114,659	\$ 8,410,862
(287,452)	(233,754)	-	(864,998)
(73,229)	(61,173)	(22,500)	(7,064,081)
(38,360)	(19,228)	92,159	481,783
-	-	-	1,012,542
-	-	-	(52,170)
-	-	-	960,372
-	-	-	(482,484)
-	-	-	(176,280)
-	-	-	(658,764)
17,961	8,988	6,996	77,368
(20,399)	(10,240)	99,155	860,759
336,620	264,962	208,703	2,611,437
<u>\$ 316,221</u>	<u>\$ 254,722</u>	<u>\$ 307,858</u>	<u>\$ 3,472,196</u>
\$ 316,221	\$ 254,722	\$ 307,858	\$ 3,426,196
-	-	-	46,000
<u>\$ 316,221</u>	<u>\$ 254,722</u>	<u>\$ 307,858</u>	<u>\$ 3,472,196</u>
\$ (8,933)	\$ (24,481)	\$ 92,159	\$ 735,455
-	-	-	268,956
(14,319)	6,024	-	(24,205)
-	-	-	(593,928)
(3,583)	4,076	-	25,454
(11,525)	(4,847)	-	(22,719)
-	-	-	92,770
<u>\$ (38,360)</u>	<u>\$ (19,228)</u>	<u>\$ 92,159</u>	<u>\$ 481,783</u>

This page intentionally left blank.

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.

CITY OF JACKSON, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2023

	Jeopardy Tax	County and School Tax Collection	Total
Net position			
Restricted for payments to other governments	\$ -	\$ -	\$ -

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Fiduciary Net Position

Custodial Funds

For the Fiscal Year Ended June 30, 2023

	Jeopardy Tax	County and School Tax Collection	Total
Additions			
Taxes collected for other governments	\$ 11,067	\$ 28,387,322	\$ 28,398,389
Deductions			
Payments of taxes to other governments	<u>11,067</u>	<u>28,387,322</u>	<u>28,398,389</u>
Change in net position	-	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>	<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, 2023

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
Assets			
Pooled cash and investments	\$ 1,836,510	-	1,836,510
Interest receivable	10,015	-	10,015
Total assets	<u>\$ 1,846,525</u>	<u>-</u>	<u>1,846,525</u>
Liabilities			
Accounts payable	\$ 348,608	-	348,608
Salaries payable	168	-	168
Total liabilities	348,776	-	348,776
Fund balance			
Committed	1,497,749	(1,497,749)	-
Total liabilities and fund balance	<u>\$ 1,846,525</u>		
Net position - unrestricted		<u>\$ 1,497,749</u>	<u>\$ 1,497,749</u>

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities

Brownfield Redevelopment Authority Component Unit

For the Fiscal Year Ended June 30, 2023

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Activities
Revenues			
Property taxes	\$ 1,873,061	\$ -	\$ 1,873,061
Interest revenue	59,857	-	59,857
Total revenues	1,932,918	-	1,932,918
Expenditures/Expenses			
Community enrichment	1,843,547	-	1,843,547
Net change in fund balance	89,371	(89,371)	-
Change in net position	-	89,371	89,371
Fund balance / net position, beginning of year	1,408,378	-	1,408,378
Fund balance / net position, end of year	<u>\$ 1,497,749</u>	<u>\$ -</u>	<u>\$ 1,497,749</u>

CITY OF JACKSON, MICHIGAN

Balance Sheet / Statement of Net Position

MLK Corridor Improvement Authority Component Unit

June 30, 2023

	MLK Corridor Improvement Authority	Adjustments	Statement of Net Position
Assets			
Pooled cash and investments	\$ 44,545	\$ -	\$ 44,545
Liabilities			
Accounts payable	\$ 44,545	-	44,545
Fund balance			
Committed	-	-	-
Total liabilities and fund balance	\$ 44,545		
Net position - unrestricted		\$ -	\$ -

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities

MLK Corridor Improvement Authority Component Unit

For the Fiscal Year Ended June 30, 2023

	MLK Corridor Improvement Authority	Adjustments	Statement of Activities
Revenues			
Intergovernmental	\$ 20,620	\$ -	\$ 20,620
Miscellaneous	124,034	-	124,034
Total revenues	144,654	-	144,654
Expenditures/Expenses			
Community enrichment	144,654	-	144,654
Net change in fund balance	-	-	-
Change in net position	-	-	-
Fund balance / net position, beginning of year	-	-	-
Fund balance / net position, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

This page intentionally left blank.

STATISTICAL SECTION

This page intentionally left blank.

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	<u>Page</u>
-----------------	--------------------

Financial Trends (schedules 1 thru 5)	184
--	-----

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)	195
--	-----

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)	200
---	-----

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)	205
---	-----

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)	207
---	-----

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)

	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 37,303,547	\$ 38,234,548	\$ 41,858,320	\$ 46,037,381
Restricted	7,181,966	7,972,469	7,208,873	7,592,831
Unrestricted (deficit)	(11,088,913)	(62,538,673)	(67,681,747)	(64,742,170)
Total governmental activities net position	<u>\$ 33,396,600</u>	<u>\$ (16,331,656)</u>	<u>\$ (18,614,554)</u>	<u>\$ (11,111,958)</u>
Business-type activities				
Net investment in capital assets	\$ 57,537,510	\$ 59,159,505	\$ 62,021,038	\$ 64,851,145
Restricted	62,500	62,500	-	-
Unrestricted	23,712,577	22,498,646	22,422,024	23,100,849
Total business-type activities net position	<u>\$ 81,312,587</u>	<u>\$ 81,720,651</u>	<u>\$ 84,443,062</u>	<u>\$ 87,951,994</u>
Primary government				
Net investment in capital assets	\$ 94,841,057	\$ 97,394,053	\$ 103,879,358	\$ 110,888,526
Restricted	7,244,466	8,034,969	7,208,873	7,592,831
Unrestricted (deficit)	12,623,664	(40,040,027)	(45,259,723)	(41,641,321)
Total primary government net position	<u>\$ 114,709,187</u>	<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>	<u>\$ 76,840,036</u>

Source: City of Jackson Finance Department

2018	2019	2020	2021	2022	2023
\$ 51,108,178	\$ 54,931,404	\$ 53,606,187	\$ 56,712,552	\$ 62,821,769	\$ 82,347,338
12,047,542	12,471,809	19,370,145	15,698,597	14,813,873	15,148,854
(64,345,914)	(58,450,664)	(63,759,803)	(51,690,787)	(44,248,934)	(36,470,075)
<u>\$ (1,190,194)</u>	<u>\$ 8,952,549</u>	<u>\$ 9,216,529</u>	<u>\$ 20,720,362</u>	<u>\$ 33,386,708</u>	<u>\$ 61,026,117</u>
\$ 68,554,581	\$ 72,433,199	\$ 76,607,394	\$ 78,429,317	\$ 80,891,095	\$ 84,251,875
-	-	-	-	-	-
3,005,828	7,188,718	14,797,454	19,866,402	24,914,171	32,887,906
<u>\$ 71,560,409</u>	<u>\$ 79,621,917</u>	<u>\$ 91,404,848</u>	<u>\$ 98,295,719</u>	<u>\$ 105,805,266</u>	<u>\$ 117,139,781</u>
\$ 119,662,759	\$ 127,364,603	\$ 130,213,581	\$ 135,141,869	\$ 143,712,864	\$ 166,599,213
12,047,542	12,471,809	19,370,145	15,698,597	14,813,873	15,148,854
(61,340,086)	(51,261,946)	(48,962,349)	(31,824,385)	(19,334,763)	(3,582,169)
<u>\$ 70,370,215</u>	<u>\$ 88,574,466</u>	<u>\$ 100,621,377</u>	<u>\$ 119,016,081</u>	<u>\$ 139,191,974</u>	<u>\$ 178,165,898</u>

CITY OF JACKSON, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2014	2015	2016	2017
Revenue				
Governmental activities:				
Program revenues:				
Charges for services	\$ 4,848,628	\$ 5,552,879	\$ 6,865,865	\$ 7,230,063
Operating grants and contributions	4,954,371	8,168,083	8,528,481	8,057,043
Capital grants and contributions	1,715,400	2,616,526	4,382,916	4,912,701
General revenues:				
Property taxes	9,347,632	9,848,721	10,098,963	11,107,219
Income taxes	8,080,526	8,806,662	8,269,968	9,021,888
Grants and contributions not restricted to specific programs	4,350,343	4,473,462	4,529,640	4,587,193
Other	205,048	220,316	273,697	236,961
Total governmental activities revenues	<u>33,501,948</u>	<u>39,686,649</u>	<u>42,949,530</u>	<u>45,153,068</u>
Business-type activities:				
Program revenues:				
Charges for services	12,747,090	12,157,199	12,950,095	14,689,369
Operating grants and contributions	2,297,549	-	-	-
General revenues:				
Grants and contributions not restricted to specific programs	502,598	494,502	484,125	482,229
Other	91,290	79,121	65,603	74,213
Total business-type activities revenues	<u>15,638,527</u>	<u>12,730,822</u>	<u>13,499,823</u>	<u>15,245,811</u>
Total primary government revenues	<u>49,140,475</u>	<u>52,417,471</u>	<u>56,449,353</u>	<u>60,398,879</u>
Expenses				
Governmental activities:				
Legislative	80,442	77,646	86,196	88,390
General government	5,316,441	4,430,955	4,919,166	4,757,600
Public safety	18,040,231	20,342,158	23,831,644	16,974,653
Public works	5,909,656	6,078,035	6,008,799	6,217,969
Culture and recreation	2,592,620	2,925,356	3,001,248	3,386,015
Community enrichment & development	3,049,440	2,955,101	3,853,316	3,622,160
Interest on long-term debt	1,275,528	1,212,116	2,224,745	2,501,062
Total governmental activities expenses	<u>36,264,358</u>	<u>38,021,367</u>	<u>43,925,114</u>	<u>37,547,849</u>
Business-type activities:				
Sewer	4,528,885	4,269,366	4,697,987	4,545,319
Water	6,388,397	6,671,055	6,837,381	6,761,160
Stormwater utilities	524,814	679,023	-	-
Parking system	633,440	590,951	507,451	498,772
Golf practice center	50,620	53,489	41,907	34,251
Total business-type activities expenses	<u>12,126,156</u>	<u>12,263,884</u>	<u>12,084,726</u>	<u>11,839,502</u>
Total primary government expenses	<u>48,390,514</u>	<u>50,285,251</u>	<u>56,009,840</u>	<u>49,387,351</u>
Change in net position	749,961	2,132,220	439,513	11,011,528
Net position, beginning of year, as restated	<u>116,256,775</u>	<u>63,256,775</u>	<u>65,388,995</u>	<u>65,828,508</u>
Net position, end of year	<u>\$ 117,006,736</u>	<u>\$ 65,388,995</u>	<u>\$ 65,828,508</u>	<u>\$ 76,840,036</u>

Source: City of Jackson Finance Department.

2018	2019	2020	2021	2022	2023
\$ 7,633,281	\$ 8,518,198	\$ 7,212,485	\$ 8,863,355	\$ 7,918,596	\$ 9,048,747
7,188,154	10,617,226	7,342,490	8,476,639	8,906,042	9,484,160
8,725,585	3,304,842	4,332,079	2,044,314	3,163,971	13,946,527
11,426,851	11,897,574	12,634,482	13,179,820	13,541,770	13,716,121
9,042,070	9,882,250	9,056,222	9,217,674	11,252,147	11,418,387
4,667,253	4,769,735	5,309,368	7,045,117	6,228,557	8,463,448
353,866	856,080	778,808	259,416	151,005	1,088,365
<u>49,037,060</u>	<u>49,845,905</u>	<u>46,665,934</u>	<u>49,086,335</u>	<u>51,162,088</u>	<u>67,165,755</u>
15,207,460	16,191,522	17,252,403	18,884,512	19,501,003	20,035,993
-	1,441,018	1,379,553	1,357,416	748,050	2,297,549
556,648	-	-	-	-	2,025,793
137,466	361,329	339,176	77,735	175,133	1,715,364
<u>15,901,574</u>	<u>17,993,869</u>	<u>18,971,132</u>	<u>20,319,663</u>	<u>20,424,186</u>	<u>26,074,699</u>
<u>64,938,634</u>	<u>67,839,774</u>	<u>65,637,066</u>	<u>69,405,998</u>	<u>71,586,274</u>	<u>93,240,454</u>
108,282	103,078	100,797	97,924	96,556	119,106
(191,739)	3,452,770	4,454,511	4,203,847	3,784,852	3,892,672
14,191,120	18,321,150	19,210,546	14,862,879	15,836,142	15,476,677
7,401,586	3,832,094	5,672,141	7,619,674	8,358,239	6,087,572
3,137,477	3,209,702	3,083,804	1,581,726	3,465,676	3,896,658
4,965,201	5,420,109	5,344,897	7,058,777	4,571,346	7,778,547
2,496,690	3,127,526	3,137,665	3,057,159	3,237,005	3,109,499
<u>32,108,617</u>	<u>37,466,429</u>	<u>41,004,361</u>	<u>38,481,986</u>	<u>39,349,816</u>	<u>40,360,731</u>
2,759,909	3,702,480	5,438,938	5,254,598	6,619,284	4,626,107
4,001,789	7,874,503	6,538,937	6,693,155	4,832,133	8,598,300
-	-	-	-	-	-
559,056	536,176	568,341	581,555	609,148	681,392
33,139	55,935	39,578	-	-	-
<u>7,353,893</u>	<u>12,169,094</u>	<u>12,585,794</u>	<u>12,529,308</u>	<u>12,060,565</u>	<u>13,905,799</u>
<u>39,462,510</u>	<u>49,635,523</u>	<u>53,590,155</u>	<u>51,011,294</u>	<u>51,410,381</u>	<u>54,266,530</u>
25,476,124	18,204,251	12,046,911	18,394,704	20,175,893	38,973,924
<u>44,894,091</u>	<u>70,370,215</u>	<u>88,574,466</u>	<u>100,621,377</u>	<u>119,016,081</u>	<u>139,191,974</u>
<u>\$ 70,370,215</u>	<u>\$ 88,574,466</u>	<u>\$ 100,621,377</u>	<u>\$ 119,016,081</u>	<u>\$ 139,191,974</u>	<u>\$ 178,165,898</u>

CITY OF JACKSON, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
General fund				
Nonspendable	\$ 60,073	\$ 66,122	\$ 67,427	\$ 99,168
Restricted	-	-	-	-
Unassigned	4,757,198	5,475,601	6,041,453	7,199,991
Total general fund	<u>\$ 4,817,271</u>	<u>\$ 5,541,723</u>	<u>\$ 6,108,880</u>	<u>\$ 7,299,159</u>
All other governmental funds				
Nonspendable	\$ 3,185,209	\$ 3,312,687	\$ 3,472,264	\$ 3,629,388
Restricted	3,996,757	4,951,422	4,137,161	11,876,369
Committed	812,627	2,026,938	956,075	808,067
Unassigned (deficit)	(1,054,511)	(1,100,354)	(1,134,975)	(791,262)
Total all other governmental funds	<u>6,940,082</u>	<u>9,190,693</u>	<u>7,430,525</u>	<u>15,522,562</u>
Total governmental funds	<u>\$ 11,757,353</u>	<u>\$ 14,732,416</u>	<u>\$ 13,539,405</u>	<u>\$ 22,821,721</u>

Source: City of Jackson Finance Department.

2018	2019	2020	2021	2022	2023
\$ 95,466	\$ 80,802	\$ 64,330	\$ 78,847	\$ 761,772	\$ 105,097
-	297,934	192,808	56,761	17,316	14,126
8,881,658	7,877,478	7,042,296	10,521,234	12,399,625	13,813,728
<u>\$ 8,977,124</u>	<u>\$ 8,256,214</u>	<u>\$ 7,299,434</u>	<u>\$ 10,656,842</u>	<u>\$ 13,178,713</u>	<u>\$ 13,932,951</u>
\$ 3,612,791	\$ 3,692,649	\$ 3,759,457	\$ 3,809,681	\$ 3,754,418	\$ 3,835,898
21,283,514	19,537,130	11,968,434	9,478,645	9,028,078	9,162,318
1,084,236	1,608,967	2,412,325	1,828,750	1,947,249	2,569,133
(509,505)	(2,834,910)	(3,315,558)	(1,881,815)	(1,570,952)	(1,540,108)
25,471,036	22,003,836	14,824,658	13,235,261	13,158,793	14,027,241
<u>\$ 34,448,160</u>	<u>\$ 30,260,050</u>	<u>\$ 22,124,092</u>	<u>\$ 23,892,103</u>	<u>\$ 26,337,506</u>	<u>\$ 27,960,192</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues				
Taxes	\$ 17,428,158	\$ 18,655,383	\$ 18,368,931	\$ 20,129,107
Licenses and permits	265,297	269,871	269,932	269,406
Intergovernmental	10,841,106	15,052,090	17,545,877	15,330,415
Charges for services	3,588,723	3,794,081	3,581,590	4,460,375
Fines and forfeits	184,411	251,069	291,348	470,675
Special assessments	288,255	372,646	347,218	377,824
Donations	-	-	-	296,103
Investment income	186,120	208,663	294,770	199,316
Miscellaneous	771,598	1,077,636	2,273,206	2,879,191
Total revenues	33,553,668	39,681,439	42,972,872	44,412,412
Expenditures				
Legislative	80,442	77,646	86,196	88,390
General government	4,111,567	4,265,628	4,381,350	4,631,716
Public safety	15,829,087	17,659,079	19,869,088	17,310,595
Public works	5,044,025	5,483,350	9,533,378	10,698,179
Culture and recreation	2,545,604	2,634,120	2,943,178	3,093,474
Community enrichment and development	2,002,541	3,474,674	3,938,264	3,910,791
Capital outlay	781,655	434,097	-	-
Debt service:				
Principal	710,000	765,000	1,694,125	1,980,346
Interest and fiscal charges	1,272,030	1,187,255	2,184,775	2,387,036
Other	-	-	-	-
Total expenditures	32,376,951	35,980,849	44,630,354	44,100,527
Excess of revenues over (under) expenditures	1,176,717	3,700,590	(1,657,482)	311,885
Other financing sources (uses)				
Sale of capital assets	12,140	8,939	12,292	18,054
Insurance recovery	-	-	-	-
Issuance of bonds, notes and other long-term liabilities	-	-	1,759,493	18,050,000
Premium on bonds	-	-	-	-
Payment to refunding escrow agent	(8,995,000)	-	-	(8,995,000)
Transfers in	3,059,835	3,550,761	5,308,321	7,341,083
Transfers out	(2,717,902)	(4,285,227)	(6,615,635)	(7,443,706)
Total other financing sources (uses)	(8,640,927)	(725,527)	464,471	8,970,431
Net change in fund balances	\$ (7,464,210)	\$ 2,975,063	\$ (1,193,011)	\$ 9,282,316
Debt service as a percentage of noncapital expenditures	6.8%	6.4%	10.7%	12.2%

Source: City of Jackson Finance Department.

	2018	2019	2020	2021	2022	2023
\$	20,468,921	\$ 21,779,824	\$ 21,690,704	\$ 22,397,494	\$ 24,793,917	\$ 25,134,508
	264,555	258,778	314,806	373,098	418,412	377,587
	19,675,248	14,775,492	15,304,535	16,800,484	17,641,466	31,067,349
	4,876,739	6,613,293	5,773,117	5,929,899	6,133,395	7,120,310
	550,696	398,997	862,897	441,684	278,458	424,204
	491,945	839,022	1,026,392	633,416	1,104,061	894,886
	405	20,000	-	254	20,422	5,400
	313,662	870,659	804,907	251,341	91,745	1,043,909
	2,587,444	1,022,657	747,410	2,458,936	1,151,608	860,630
	<u>49,229,615</u>	<u>46,578,722</u>	<u>46,524,768</u>	<u>49,286,606</u>	<u>51,633,484</u>	<u>66,928,783</u>
	108,282	103,078	100,797	97,924	96,556	119,106
	4,640,313	5,443,624	5,927,302	4,974,574	5,220,243	5,928,478
	16,182,352	16,768,693	17,540,680	17,669,489	19,751,167	20,229,353
	17,146,093	9,847,476	11,913,597	11,164,104	9,889,310	20,405,263
	3,226,680	3,386,304	3,143,300	2,544,686	3,278,216	4,646,756
	5,607,003	6,200,895	5,918,174	6,731,676	4,251,586	7,707,756
	-	-	-	-	-	-
	2,810,675	3,699,841	3,732,415	4,039,044	4,485,638	4,595,365
	2,472,640	3,164,727	3,203,796	3,139,798	3,175,416	3,202,157
	-	-	75,302	137,608	-	-
	<u>52,194,038</u>	<u>48,614,638</u>	<u>51,555,363</u>	<u>50,498,903</u>	<u>50,148,132</u>	<u>66,834,234</u>
	(2,964,423)	(2,035,916)	(5,030,595)	(1,212,297)	1,485,352	94,549
	13,056	13,895	21,625	618,744	2,743	-
	-	15,005	26,909	26,189	49,843	90,363
	14,890,000	-	7,719,000	10,150,000	-	551,219
	1,721,868	-	-	-	-	-
	-	-	(5,638,737)	(8,769,759)	-	-
	9,001,694	15,332,834	10,568,423	10,108,706	6,942,825	7,574,759
	(11,035,756)	(17,513,928)	(15,802,583)	(9,153,572)	(6,035,360)	(6,688,204)
	<u>14,590,862</u>	<u>(2,152,194)</u>	<u>(3,105,363)</u>	<u>2,980,308</u>	<u>960,051</u>	<u>1,528,137</u>
\$	<u>11,626,439</u>	<u>\$ (4,188,110)</u>	<u>\$ (8,135,958)</u>	<u>\$ 1,768,011</u>	<u>\$ 2,445,403</u>	<u>\$ 1,622,686</u>
	<u>14.3%</u>	<u>18.5%</u>	<u>17.5%</u>	<u>17.7%</u>	<u>18.2%</u>	<u>17.4%</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

	2014	2015	2016	2017
Revenues				
Taxes	\$ 15,034,328	\$ 16,185,035	\$ 15,925,081	\$ 17,230,302
Licenses and permits	265,297	269,871	269,932	269,406
Intergovernmental	4,244,084	4,382,628	4,417,029	4,470,342
Charges for services	1,218,086	1,077,458	1,231,701	1,502,943
Fines and forfeits	184,411	251,069	291,348	470,675
Donations	-	-	-	-
Investment income	26,901	28,652	26,733	58,743
Miscellaneous	167,695	180,446	110,815	204,103
Total revenues	21,140,802	22,375,159	22,272,639	24,206,514
Expenditures				
Legislative	80,442	77,646	86,196	88,390
General government	4,111,567	4,265,628	4,381,350	4,631,716
Public safety	12,731,670	13,376,704	13,647,101	14,241,448
Public works	693,097	574,188	799,946	809,563
Culture and recreation	1,454,265	1,460,110	1,436,002	1,541,764
Community enrichment and development	254,537	316,852	662,416	716,768
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	19,325,578	20,071,128	21,013,011	22,029,649
Excess of revenues over (under) expenditures	1,815,224	2,304,031	1,259,628	2,176,865
Other financing sources (uses)				
Sale of capital assets	12,140	8,939	12,292	18,054
Issuance of bonds, notes and other long-term liabilities	-	-	-	-
Insurance recovery	-	-	-	-
Transfers in	30,353	28,133	24,755	24,015
Transfers out	(1,291,488)	(1,616,651)	(729,518)	(1,028,655)
Total other financing sources (uses)	(1,248,995)	(1,579,579)	(692,471)	(986,586)
Net change in fund balances	\$ 566,229	\$ 724,452	\$ 567,157	\$ 1,190,279

Source: City of Jackson Finance Department.

	2018	2019	2020	2021	2022	2023
\$	17,443,707	\$ 18,587,398	\$ 18,475,449	\$ 19,001,018	\$ 21,322,816	\$ 21,519,685
	264,555	258,778	314,806	373,098	418,412	377,587
	4,608,142	4,688,571	4,867,735	6,636,974	6,824,753	6,841,182
	1,558,627	1,512,139	1,542,890	1,240,254	1,253,986	1,392,033
	550,696	398,997	862,897	441,684	278,458	424,204
	-	20,000	-	254	20,422	5,400
	218,608	223,003	194,980	120,140	79,146	539,266
	150,098	430,720	130,769	1,591,010	492,061	411,689
	<u>24,794,433</u>	<u>26,119,606</u>	<u>26,389,526</u>	<u>29,404,432</u>	<u>30,690,054</u>	<u>31,511,046</u>
	108,282	103,078	100,797	97,924	96,556	119,106
	4,640,313	5,443,624	5,927,302	4,974,574	5,220,243	5,928,478
	14,501,003	14,711,218	16,255,519	16,651,896	18,489,934	18,719,581
	810,425	1,177,920	1,482,846	1,339,518	1,405,826	1,363,153
	1,697,173	1,793,059	1,699,989	1,305,894	1,579,516	2,425,750
	604,840	585,620	586,760	1,465,395	842,250	1,962,943
	-	-	56,962	58,745	190,269	199,461
	-	-	7,558	17,517	3,852	1,957
	<u>22,362,036</u>	<u>23,814,519</u>	<u>26,117,733</u>	<u>25,911,463</u>	<u>27,828,446</u>	<u>30,720,429</u>
	<u>2,432,397</u>	<u>2,305,087</u>	<u>271,793</u>	<u>3,492,969</u>	<u>2,861,608</u>	<u>790,617</u>
	13,056	13,895	21,625	120,894	-	-
	-	-	-	-	-	267,966
	-	15,005	22,725	26,189	49,843	90,363
	43,876	82,279	79,133	4,393	6,387	46,196
	<u>(811,364)</u>	<u>(3,137,176)</u>	<u>(1,352,056)</u>	<u>(287,037)</u>	<u>(395,967)</u>	<u>(440,904)</u>
	<u>(754,432)</u>	<u>(3,025,997)</u>	<u>(1,228,573)</u>	<u>(135,561)</u>	<u>(339,737)</u>	<u>(36,379)</u>
\$	<u>1,677,965</u>	<u>\$ (720,910)</u>	<u>\$ (956,780)</u>	<u>\$ 3,357,408</u>	<u>\$ 2,521,871</u>	<u>\$ 754,238</u>

This page intentionally left blank.

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				
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
2022	314,557,042	191,252,505	35,796,106	149,676,128	691,281,781	1,747,623,218	18.2420
2023	338,193,164	189,952,625	42,853,582	155,909,439	726,908,810	1,886,604,600	18.1501

(1) The tax year 2023 taxable values are for the tax year beginning July 1, 2023, i.e... for the fiscal year ending June 30, 2024.

(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)

	2014	2015	2016	2017
City direct rates				
Operating	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9197	1.9197	1.9197	1.9197
City hall debt	1.0600	1.0640	1.1700	1.2500
Act 345 pension	6.2800	6.3300	7.2300	7.3000
Total direct rate	15.9789	16.0329	17.0389	17.1889
Overlapping rates				
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	0.2500	0.2500
Senior services	0.2500	0.2500	0.2500	0.2500
Lifeways	-	-	-	-
County Parks	-	-	-	-
Animal Control	-	-	-	-
District library	1.2593	1.2593	1.2593	1.7593
	7.2529	7.2529	7.3631	7.8631
Intermediate School District:				
Operating	0.3422	0.3422	0.3422	0.3422
Special & vocational education	8.4178	8.4178	8.4178	8.4178
	8.7600	8.7600	8.7600	8.7600
Jackson Community College:	1.1446	1.1446	1.1446	1.1446
Jackson Transit Authority - operating	1.0000	1.0000	1.0000	1.0000
Downtown Dev. Authority - operating	1.9996	1.9996	1.9996	1.9996
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	3.2500	3.2500	3.2500	3.2500
Recreation	0.2000	0.5000	0.5000	0.5000
	27.4500	27.7500	27.7500	27.7500
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
	31.0000	31.0000	31.0000	31.0000
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	-	-	2.9900	2.9900
	24.0000	24.0000	26.9900	26.9900
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	4.8145	4.7690	4.7879	4.6949
	28.8145	28.7690	28.7879	28.6949

Note: Levy shown is as of July 1. The July 1, 2023 levy is for the fiscal year ending June 30, 2024.

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.

2018	2019	2020	2021	2022	2023
6.7192	6.7158	6.7158	6.7158	6.6828	6.6828
1.9197	1.9187	1.9187	1.9187	1.9092	1.9092
1.2500	1.2500	1.2500	1.0000	0.9500	0.9500
7.4500	9.2100	9.5100	9.6100	8.7000	8.6081
17.3389	19.0945	19.3945	19.2445	18.2420	18.1501
5.1187	5.1120	5.0941	5.0767	5.0660	5.0660
0.4851	0.4844	0.4827	0.4810	-	-
0.2500	0.2496	0.2491	0.2482	0.2476	0.2476
0.2500	0.2496	0.6000	0.5979	0.5966	0.5966
0.5000	0.4993	0.4975	0.4958	0.4947	0.4947
0.5000	0.4993	0.4982	0.4965	0.4954	0.4954
0.2500	0.2496	0.2491	0.2482	0.2476	0.2476
1.7593	1.7570	1.7508	1.7448	1.7411	1.7411
9.1131	9.1008	9.4215	9.3891	8.8890	8.8890
0.3422	0.3422	0.3415	0.3404	0.3400	0.3400
8.4178	8.4178	8.4025	8.3755	8.3678	8.3678
8.7600	8.7600	8.7440	8.7159	8.7078	8.7078
1.1446	1.1431	1.1390	1.1351	1.1327	1.1327
1.0000	0.9995	0.9995	0.9995	0.9946	0.9946
1.9996	1.9996	1.9996	1.9996	1.9996	1.9996
18.0000	17.8920	17.8920	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
6.2000	6.2000	6.2000	6.2000	6.2000	6.2000
0.5000	0.4982	0.4982	0.4977	0.4952	0.4952
30.7000	30.5902	30.5902	30.6977	30.6952	30.6952
18.0000	17.8893	18.0000	18.0000	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	30.8893	31.0000	31.0000	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	2.9000	2.9000	2.9000
26.9900	26.9900	26.9900	26.9000	26.9000	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
4.6627	4.2992	4.1835	4.0787	4.0787	4.0787
28.6627	28.2992	28.1835	28.0787	28.0787	28.0787

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

Taxpayer	2023			2014		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Consumers Energy/Kinder Morgan/Alphagen	\$ 161,838,552	1	22.26%	\$ 132,469,060	1/2	21.82%
Jackson Crossing Realty (Ramco)	7,064,600	2	0.97%	9,031,925	4	1.49%
LG Grand River Ridge LLC	6,771,700	3	0.93%	-	-	-
Objectiv E. Washington, LLC	4,403,700	4	0.61%	-	-	-
Allegiance/Henry Ford/Foote/Health Center	4,217,443	5	0.58%	6,769,645	5	1.11%
Jackson Downtown Partners	3,971,567	6	0.55%	-	-	-
Alro Steel Corporation	3,816,357	7	0.53%	6,497,329	6	1.07%
Wolverine Technologies/Certainteed	3,633,195	8	0.50%	9,615,278	3	1.58%
Comcast of Michigan LLC	3,487,000	9	0.48%	-	-	-
Wood Jackson (1100 W. Argyle St.)	2,887,941	10	0.40%	-	-	-
Aeroquip (Eaton Corp.)	-	-	-	4,334,291	7	0.71%
Jackson Iron & Metal/Omnisource	-	-	-	4,261,866	8	0.70%
Equestor Partners LLC/Production Engineering	-	-	-	3,158,800	9	0.52%
Bank of America Leasing & Capital	-	-	-	3,086,200	10	0.51%
	<u>\$ 202,092,055</u>		<u>27.80%</u>	<u>\$ 179,224,394</u>		<u>29.51%</u>

Note 1: Total Ad Valorem Taxable Valuation as of June 30, 2023 = \$726,908,810 (valuation for fiscal year 2024). Total Ad Valorem Taxable Valuation as of June 30, 2014 = \$607,235,756 (valuation for fiscal year 2015).

Note 2: Consumers Energy acquired Kinder Morgan/Alphagen in tax year 2015. Those values are reported together in 2014 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
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%
2022	2021	12,751,868	12,054,159	94.53%	689,149	12,743,308	99.93%
2023	2022	12,901,203	12,251,940	94.97%	639,576	12,891,516	99.92%

Source: City of Jackson Assessors Department.

CITY OF JACKSON, MICHIGAN

Ratios of Outstanding Debt by Type

Last Ten Years

Fiscal Year	Governmental Activities			Business-type Activities		Total Primary Government
	General Obligation Bonds (1)	Notes from Direct Borrowings/ Placements	Leases Payable	Revenue Bonds	Leases Payable	
2014	\$ 39,535,749	\$ -	\$ -	\$ 200,000	\$ -	\$ 39,735,749
2015	38,741,973	-	-	100,000	-	38,841,973
2016	38,379,072	399,493	-	-	-	38,778,565
2017	45,526,527	426,636	-	-	-	45,953,163
2018	59,348,022	321,394	-	-	-	59,669,416
2019	55,555,368	266,161	-	-	-	55,821,529
2020	54,097,620	873,895	-	-	-	54,971,515
2021	51,235,055	676,619	539,688	-	154,669	52,606,031
2022	46,852,567	473,686	353,452	-	149,123	47,828,828
2023	42,384,011	264,996	695,481	-	304,762	43,649,250

(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 2021 or 2022.

Schedule 10a
Unaudited

% of Personal Income	Total Outstanding Debt Per Capita
3.48%	\$ 1,188
3.25%	1,161
3.11%	1,159
3.68%	1,374
4.60%	1,784
4.20%	1,669
3.99%	1,760
3.55%	1,684
n/a	1,531
n/a	1,397

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
2014	\$ 39,535,749	\$ -	\$ 39,535,749	3.46%	6.51%	\$ 1,182
2015	38,741,973	-	38,741,973	3.24%	6.42%	1,158
2016	38,379,072	-	38,379,072	3.07%	6.52%	1,148
2017	45,526,527	-	45,526,527	3.65%	7.70%	1,361
2018	59,348,022	53,120	59,294,902	4.57%	9.92%	1,774
2019	55,555,368	42,810	55,512,558	4.17%	8.99%	1,661
2020	54,097,620	122,245	53,975,375	3.91%	8.54%	1,732
2021	51,235,055	135,011	51,100,044	3.44%	7.88%	1,640
2022	46,852,567	-	46,852,567	n/a	6.78%	1,500
2023	42,384,011	-	42,384,011	n/a	5.83%	1,357

(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 2021 or 2022.

Computation of Net Direct and Overlapping Debt
June 30, 2023

	Debt Outstanding	Percentage Applicable to City	Estimated Share of Overlapping Debt
Direct debt			
General obligation bonds (1)	\$ 42,384,011	100%	\$ 42,384,011
Notes from direct borrowings/placements	264,996	100%	264,996
Leases payable	695,481	100%	695,481
	<u>43,344,488</u>		<u>43,344,488</u>
Net direct debt			<u>43,344,488</u>
Overlapping debt			
School Districts:			
Jackson School District	\$ 91,535,000	49.59%	45,392,207
East Jackson School District	26,961,888	0.08%	21,570
Michigan Center School District	8,490,000	1.16%	98,484
Northwest School District	26,130,000	0.17%	44,421
			<u>45,556,681</u>
Jackson County at large	105,515,000	13.55%	14,297,283
Jackson College	27,425,000	13.55%	3,716,088
Jackson County Intermediate School District	6,070,000	13.40%	813,380
			<u>64,383,431</u>
Net overlapping debt			<u>64,383,431</u>
Total direct and overlapping debt			<u>\$ 107,727,919</u>
Per capita debt: (31,235 from 2020 Census)			
Gross direct debt			\$ 1,387.69
Net direct debt			1,387.69
Net overlapping debt			2,061.26
Total net direct and overlapping debt			3,448.95
Percent of taxable valuation: (\$730,635,649 total taxable valuation at 6/30/23)			
Net direct debt			5.93%
Net overlapping debt			<u>8.81%</u>
Total net debt			<u>14.74%</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 2023

State equalized value as of December 31, 2022 (for taxes levied by the City on July 1, 2023)	\$ 955,301,600
Act 198 Adjustment - one-half of the IFT taxable value amount abated	517,700
State Revenue Sharing Adjustment (1)	289,525,929
Personal Property Tax Reimbursement Adjustment for 2023 (2)	22,007,293
Total 2023 state equalized value, as adjusted	<u>\$ 1,267,352,522</u>
Debt limit (10% of state equalized value)	\$ 126,735,252
Total debt - (See Schedule 11)	\$ 43,344,488
Less Exempt obligations	
2017 Michigan Transportation Fund Bonds	(5,480,000)
2020 Special Assessment Bonds	<u>(1,218,000)</u>
	<u>(6,698,000)</u> <u>36,646,488</u>
Legal debt margin	<u>\$ 90,088,764</u>
Non-exempt debt outstanding as a percentage of 2023 state equalized valuation, as adjusted	<u>2.89%</u>

- (1) The 2023 constitutional and statutory revenue sharing of \$ 5,281,532 divided by the millage rate of 18.2420.
- (2) Represents Assessed Value Equivalent of Personal Property Taxes reimbursed under the Local Community Stabilization Authority Act, Public Act 86 of 2014, as per State Treasury Numbered Letter 2018-4.

Source: City of Jackson Finance Department.

Demographic and Economic Statistics
Last Ten Years

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income (000's)	(3) Per Capita Income
2014	33,445	14,363	12,752	1,611	11.2%	\$ 1,143,250	\$ 34,183
2015	33,445	14,183	12,848	1,335	9.4%	1,196,261	35,768
2016	33,445	14,411	13,205	1,206	8.4%	1,248,468	37,329
2017	33,445	14,081	12,968	1,113	7.9%	1,264,689	37,814
2018	33,445	14,180	13,144	1,036	7.3%	1,316,362	39,359
2019	33,445	14,009	13,056	953	6.8%	1,351,613	40,413
2020	31,235	15,238	12,345	2,893	19.0%	1,402,108	44,889
2021	31,235	13,656	12,326	1,330	9.7%	1,483,756	47,503
2022	31,235	13,976	12,823	1,153	8.2%	n/a	n/a
2023	31,235	14,408	13,347	1,061	7.4%	n/a	n/a

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2023 represents June, 2023.

- (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 2022 or 2023.

Principal Employers

Current Year and Nine Years Ago

Employer	2023			2014			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Henry Ford Allegiance Health System	4,000	1	20.82%	3,620	(a)	1	20.89%
Consumers Energy	2,000	2	9.02%	2,400	(b)	2	9.05%
Local Government	870	3	6.04%	870		4	6.06%
Jackson Public Schools	782	4	5.43%	782		5	5.44%
Eaton Corporation	700	5	4.86%	636		6	4.43%
Alro Steel Corporation	400	6	2.78%	271		9	1.89%
Elara Caring/Great Lakes Home Health	313	7	2.17%	1,118		3	7.78%
Anesthesia Business Consultants	260	8	1.80%	284		7	1.98%
Center for Family Health	219	9	1.52%	-		-	-
Elm Plating	208	10	1.44%	-		-	-
Lifeways/Community Connections	-		-	275		8	1.91%
Way Bakeries	-		-	152		10	1.06%
	<u>9,752</u>		<u>55.89%</u>	<u>10,408</u>			<u>60.49%</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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
City manager	3	3	3	3	4	4	5	3	3	3
Finance	4	4	4	4	4	4	4	4	4	4
City assessor	3	3	5	4	5	5	5	4	4	4
City attorney	4	5	5	5	4	4	5	4	5	5
City clerk/elections	1	1	2	2	2	2	2	3	3	3
Personnel	1	2	2	1	1	2	1	1	2	2
Purchasing/city hall	1	1	1	1	1	1	1	1	1	1
City treasurer/income tax	3	3	3	4	4	5	5	5	5	5
Mgt. information services	3	2	2	2	2	2	2	2	2	2
Public safety:										
Police - civilian	10	10	11	11	16	13	9	8	8	9
Police - enforcement	47	42	43	46	46	46	45	42	45	45
Fire - protection	26	26	17	26	23	26	20	24	31	31
Public works:										
Public works	15	16	11	12	16	12	13	15	12	13
Engineering	8	8	8	6	6	7	8	5	5	6
Culture & recreation:										
Parks, recreation & grounds	15	13	15	13	14	15	8	15	14	13
Diversity, equity & inclusion	-	-	-	-	-	-	-	1	2	2
Neighborhood Economic Operations:										
Public safety/community enrichment & development	11	9	14	13	14	14	5	12	14	14
Building inspection	5	6	3	3	3	2	2	2	3	3
Enterprise funds:										
Sewer	11	12	12	13	12	12	13	13	13	13
Water	26	26	28	28	29	29	29	27	31	41
Total	197	192	189	197	206	205	182	191	207	219

Source: City of Jackson Finance Department payroll records.

Operating Indicators by Function/Program
Last Ten Years

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Police:										
Physical arrests	2,645	2,514	2,887	2,779	2,714	2,595	2,607	1,695	1,594	1,029
Traffic violations	5,578	3,976	5,111	5,333	3,502	3,529	3,382	2,415	3,192	1,370
Engineering - Traffic Division:										
Parking violations	2,123	1,966	1,982	2,056	2,245	2,456	1,186	747	901	2,607
Fire:										
Calls answered	4,540	4,662	4,259	4,863	4,808	5,088	5,125	4,532	5,397	5,484
Inspections conducted	97	172	43	79	40	42	76	31	62	165
Sewer system										
Service connections	11,620	11,449	11,407	11,330	11,923	12,118	12,156	11,806	11,032	11,287
Daily average treatment (mg)	11.2	9.3	9.6	10.1	9.0	11.2	11.4	9.8	12.3	11.3
Maximum daily capacity (mg)	19	19	19	19	19	19	19	19	19	19
Township service (bulk metering)	5	5	5	5	5	5	5	5	5	5
Water system										
Service connections	14,314	14,307	14,549	14,112	14,879	15,855	15,893	15,252	15,460	15,412
Daily average consumption (mg)	6.64	6.47	7.66	7.58	7.57	7.36	6.71	6.92	6.26	5.59
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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public Safety										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	30	29	29	29	31	32	22	22	22	24
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	11	11	11	11	9	10	10	5	5	9
Culture and recreation										
Parks:										
Number	26	26	26	26	26	26	27	27	27	29
Acreage	639	639	639	639	639	639	645	645	645	645
Community centers	2	2	2	2	2	2	2	2	2	3
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	1	1
Inline skate rink	1	1	1	1	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1	1	1	1	1
Basketball courts	14	14	14	14	14	14	16	16	16	9
Tennis courts	14	14	14	14	14	14	13	12	12	6
Public works										
Miles of streets	171	171	171	171	171	171	171	171	171	171
Street lights	2,719	2,719	2,719	2,719	2,863	2,839	2,975	3,026	3,026	3,176
Sewer system										
Miles of sanitary sewers	165	165	165	165	165	165	165	165	165	159
Miles of storm sewers	110	110	110	110	110	110	110	110	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
Water system										
Miles of water mains	244	244	244	244	244	244	242	244	244	240
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	2,156	2,156	2,160

(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. Two stations were in use during fiscal year 2022 and 2023.

Source: City of Jackson Finance Department.

Schedule of Insurance

As of June 30, 2023

Type of Coverage	Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u>		7/1/22-6/30/23	\$ 209,852	All risk coverage on buildings and contents. \$189,043,759. limit with \$2,500 deductible per occurrence.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Automobile</u>		7/1/22-6/30/23	96,857	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Liability</u>		7/1/22-6/30/23	286,583	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with no deductible except \$1,000,000 limit per Employee Benefit Liability.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Crime/Bonds</u>		7/1/22-6/30/23	125	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/counterfeit paper coverages, computer fraud, funds transfer fraud, impersonation fraud. \$100,000 liability limit.
	<i>Michigan Municipal Liability and Property Pool</i>			
<u>Workers Compensation</u>				
	<i>Midwest Employers Casualty</i>	9/1/22-8/31/24	70,646	Excess insurance above \$500,000 retention.
	<i>Broadspire Services</i>	9/1/22-8/31/24	12,766	TPA for claims service.
<u>Community Blue-PPO</u>		Monthly	Varies	City's self-insured PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and substantially all retired City personnel.
<u>Health & Prescription Drug Coverage</u>				
	<i>Blue Cross / Blue Shield</i>			
<u>Life</u>		Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary. All full-time employees are covered.
	<i>Hartford Life Insurance Company</i>			
<u>Long-term Disability</u>		Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.
	<i>Hartford Life Insurance Company</i>			

Source: City of Jackson Finance Department.

State Equalized Valuation/Taxable Valuation
Fiscal Years Ended June 30, 2014 Through 2023

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)
2013	2014	2015	\$ 623,168,550	\$ 607,235,756	\$ 615,976,761
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
2021	2022	2023	880,333,309	691,281,781	694,962,009
2022	2023	2024	955,301,600	726,908,810	730,635,649

Per capita 2023 ad valorem taxable valuation is \$23,272 and per capita 2023 total taxable valuation is \$23,392 based on the City's 2020 U.S. census population of 31,235.

(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	2022	2023
Use:										
Commercial		29.88%	30.88%	26.72%	30.97%	31.42%	31.49%	31.66%	31.63%	30.12%
Industrial		27.65%	25.81%	29.70%	24.88%	24.50%	23.93%	23.34%	23.07%	23.53%
Residential		42.47%	43.31%	43.58%	44.15%	44.08%	44.58%	45.00%	45.30%	46.35%
		<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>	<u>100.00%</u>	<u>100.00%</u>
Class:										
Real		76.89%	78.80%	79.14%	80.11%	76.82%	77.41%	78.24%	78.44%	78.66%
Personal		23.11%	21.20%	20.86%	19.89%	23.18%	22.59%	21.76%	21.56%	21.34%
		<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>	<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	
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	-	-	-	-
2022	6,873,961	5,332,355	1,541,606	-	-	-	-
2023	7,055,483	3,659,763	3,395,720	-	-	-	-

- (1) Total revenues including interest, excluding intergovernmental revenues.
- (2) Total operating expenses, excluding depreciation/amortization.
- (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	
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	-	-	-	-
2022	12,922,376	3,664,750	9,257,626	-	-	-	-
2023	14,761,581	7,682,326	7,079,255	-	-	-	-

- (1) Total revenues including interest.
- (2) Total operating expenses, excluding depreciation/amortization.
- (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.

CITY OF JACKSON, MICHIGAN

Water Supply System

Last Ten Fiscal Years

	Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Water pumped vs. water sold: (in million gallons)					
Pumped	2,425	2,363	2,795	2,768	2,754
Sold	2,115	2,036	2,266	2,394	2,281
Sold as a % of pumped	87.22%	86.16%	81.07%	86.49%	82.82%
Number of customers:					
Residential	12,231	12,166	12,060	11,986	12,000
Commercial	1,982	1,958	1,878	1,845	1,887
Industrial	174	172	169	171	168
Total	<u>14,387</u>	<u>14,296</u>	<u>14,107</u>	<u>14,002</u>	<u>14,055</u>
Percent of water consumption by category:					
Residential	31.67%	30.00%	26.00%	25.20%	24.97%
Commercial	54.95%	49.00%	43.00%	41.10%	41.55%
Industrial	13.38%	21.00%	31.00%	33.70%	33.48%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
History of water rates (average consumption - 22 HCF / average 5/8 inch meter)					
Metered per quarter	\$ 72.48	\$ 72.48	\$ 72.48	\$ 79.73	\$ 87.89
% Change (in average consumption)	0.00%	0.00%	0.00%	10.00%	10.23%
Water supply system annual revenues:					
Metered revenue	\$ 7,584,137	\$ 7,348,461	\$ 7,917,879	\$ 8,677,881	\$ 9,316,942
% increase (decrease)	-5.37%	-3.11%	7.75%	9.60%	7.36%
Water supply system revenues by user class:					
Residential	\$ 3,361,445	\$ 3,116,062	\$ 3,033,734	\$ 3,371,231	\$ 3,665,473
Commercial	3,547,818	3,332,473	3,297,299	3,657,125	3,891,952
Industrial	674,874	899,926	1,586,846	1,649,525	1,759,517
Sewer - billing & collection charges	248,499	264,581	251,416	223,028	238,536
Total	<u>\$ 7,832,636</u>	<u>\$ 7,613,042</u>	<u>\$ 8,169,295</u>	<u>\$ 8,900,909</u>	<u>\$ 9,555,478</u>
Water supply revenues by user class as a % of total revenues:					
Residential	42.91%	40.93%	37.14%	37.88%	38.36%
Commercial	45.30%	43.77%	40.36%	41.09%	40.73%
Industrial	8.62%	11.82%	19.42%	18.53%	18.41%
Sewer - billing & collection charges	3.17%	3.48%	3.08%	2.50%	2.50%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

Source: City Water Department.

Schedule 22
Unaudited

Fiscal Year Ended June 30				
2019	2020	2021	2022	2023
2,688	2,458	2,359	2,109	2,084
2,260	2,067	2,100	1,809	1,746
84.08%	84.09%	89.02%	85.78%	83.81%
11,979	12,088	12,120	12,032	12,039
2,075	2,116	2,187	2,184	2,191
229	228	229	227	222
<u>14,283</u>	<u>14,432</u>	<u>14,536</u>	<u>14,443</u>	<u>14,452</u>
20.95%	26.08%	26.71%	28.94%	29.27%
49.20%	40.80%	38.65%	45.16%	46.00%
29.85%	33.12%	34.64%	25.90%	24.73%
<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
\$ 91.50	\$ 95.14	\$ 100.88	\$ 112.99	\$ 126.61
4.11%	3.98%	6.03%	12.00%	12.05%
\$ 10,332,492	\$ 10,451,663	\$ 12,559,104	\$ 12,647,260	\$ 13,826,642
10.90%	1.15%	20.16%	0.70%	9.33%
\$ 3,763,268	\$ 3,820,711	\$ 4,132,760	\$ 4,453,940	\$ 4,912,737
4,708,645	4,409,784	4,996,143	5,638,015	6,250,888
1,860,579	2,221,168	3,430,201	2,555,305	2,663,016
251,754	263,234	287,617	291,549	342,458
<u>\$ 10,584,246</u>	<u>\$ 10,714,897</u>	<u>\$ 12,846,721</u>	<u>\$ 12,938,809</u>	<u>\$ 14,169,099</u>
35.56%	35.66%	32.17%	34.43%	34.67%
44.49%	41.16%	38.89%	43.57%	44.12%
17.58%	20.73%	26.70%	19.75%	18.79%
2.37%	2.45%	2.24%	2.25%	2.42%
<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, 2023

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
Consumers Energy - Jackson Generating	236,357	13.54%	\$ 1,417,260	10.00%
* Michigan Department of Corrections	190,978	10.94%	1,107,028	7.81%
Elm Plating Company	44,345	2.54%	276,444	1.95%
Henry Ford - Allegiance Health/Health Center	32,611	1.87%	295,650	2.09%
* Sun Communities Inc.	24,431	1.40%	183,034	1.29%
* JSP International LLC	18,252	1.05%	132,893	0.94%
Eaton Aerospace	17,430	1.00%	161,080	1.14%
Jackson Tumble Finish	16,143	0.92%	139,021	0.98%
* Walnut Ridge	13,689	0.78%	104,390	0.74%
* Chemtall US Inc.	13,091	0.75%	94,191	0.66%

(1) Unit = thousand gallons (TG)

(2) Based on June 30, 2023 total water sold (Schedule 22) of 1,746 MG's (million gallons).

(3) Based on June 30, 2023 water supply system revenues by user class (Schedule 22) of \$ 14,169,099.

* Located outside of City limits.

Source: City Water Department.

Industrial Facilities Tax Roll

For the Fiscal Year Ended June 30, 2023

Tax Year (1) of Transfer To Ad Valorem Tax Roll	(2) I.F.T. S.E.V. Amount
2023	\$ -
2024	-
2025	195,100
2026	225,200
2027	31,300
2028	-
2029	-
2030	90,800
2031	493,000
	<u>\$ 1,035,400</u>

(1) Tax year shown is as of July 1. The July 1, 2023 tax year is for the fiscal year ending June 30, 2024.

(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
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
2022	1,843,805	1,500,000	2,803,617	540,188	1.19
2023	1,915,448	1,500,000	2,945,323	470,125	1.16

(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
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
2022	1,271,668	1,174,404	97,264	1.08
2023	1,327,361	1,193,068	134,293	1.11

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

Miscellaneous Supplemental Disclosures

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

Fiscal Year	Constitutional Component	Statutory/ E.V.I.P. (1) Component	Total Revenue Sharing Payments
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
2022	3,461,910	1,809,677	5,271,587
2023	3,363,274	1,918,258	5,281,532

(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
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%
2022	11,252,147	22.07%
2023	11,418,387	1.48%

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
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
2022	4,710,942	762,955	6.17
2023	4,930,276	762,955	6.46

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

City Pension Funds - Funding Progress (1)

	Valuation Date	Actuarial Value Assets (2)	Actuarial Accrued Liability (2)	Unfunded Actuarial Accrued Liability (2)	Funding Ratio
Employees Retirement System					
	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%
	2021	42,827	56,154	13,327	76.3%
	2022	43,307	56,466	13,159	76.7%
Policemen's and Firemen's Pension					
	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%
	2021	3,577	5,173	1,596	69.1%
	2022	3,539	4,685	1,146	75.5%
Policemen's and Firemen's Pension - Act 345					
	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%
	2021	51,725	83,656	31,931	61.8%
	2022	54,939	83,687	28,748	65.6%

(1) See Note 18 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 of Employees	Contract Expiration Date
International Association of Firefighters	31	June 30, 2024
Police Officers Labor Council - Supervisory	8	June 30, 2024
Police Officers Labor Council - Non-Supervisory	35	June 30, 2024
Michigan Association of Public Employees	77	June 30, 2025
Non-Union	68	
	<u>219</u>	

This page intentionally left blank.

**SINGLE AUDIT
ACT COMPLIANCE**

This page intentionally left blank.

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

December 14, 2023

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, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 14, 2023, 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 Lobson LLC



This page intentionally left blank.

CITY OF JACKSON, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2023

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	Direct	B20MC260021	\$ 112,045
Community Development Block Grant	14.218	Direct	B21MC260021	1,311,780
Community Development Block Grant	14.218	Direct	B22MC260021	593,942
Community Development Block Grant - CV	14.218	Direct	B20MW260021	464,248
				<u>2,482,015</u>
Home Investment Partnership Programs	14.239	Direct	M19MC260214	144,946
Home Investment Partnership Programs	14.239	Direct	M20MC260214	135,693
Home Investment Partnership Programs	14.239	Direct	M21MP260214	7,655
				<u>288,294</u>
Total U.S. Department of Housing and Urban Development				<u>2,770,309</u>
U.S. Department of Justice				
Bulletproof Vest Partnership Program	16.607	Direct	n/a	5,357
Project Safe Neighborhoods	16.609	Direct	n/a	93,347
Byrne Recovery Act Grant	16.804	Direct	2015-DJ-BX-0775	75,103
				<u>173,807</u>
Total U.S. Department of Justice				<u>173,807</u>
U.S. Department of Transportation				
Safe Communities Traffic Programs	20.602	R2 PC	n/a	7,860
U.S. Department of Treasury				
COVID-19 - State and Local Fiscal Recovery Fund (CSLFRF):				
American Rescue Plan Act - CSLFRF	21.027	Direct	n/a	4,922,350
American Rescue Plan Act - CSLFRF	21.027	EGLE	7537-01	381,805
				<u>5,304,155</u>
U.S. Environmental Protection Agency				
Clean Water State Revolving Fund Cluster - Capitalization Grants for Clean Water State Revolving Funds				
	66.458	EGLE	5740-01	1,193,379
Drinking Water State Revolving Fund Cluster - State Drinking Water Revolving Loan Fund Program				
	66.468	EGLE	7537-01	214
				<u>1,193,593</u>
Total U.S. Environmental Protection Agency				<u>1,193,593</u>
U.S. Department of Homeland Security				
Assistance to Firefighters Grant	97.044	Direct	n/a	440,098
				<u>440,098</u>
Total expenditures of federal awards				<u>\$ 9,889,822</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, 2023. 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
EGLE	Michigan Department of Environment, Great Lakes, and Energy
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 14, 2023

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, 2023, 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 14, 2023.

Report on 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs, as items 2023-001 and -002 that we consider to be material weaknesses.



Report on 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*.

City of Jackson, Michigan's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

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

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

December 14, 2023

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the ***City of Jackson, Michigan*** (the "City") with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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 each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

This page intentionally left blank.

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

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? X yes 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>
14.218	Community Development Block Grant Entitlement Grants Cluster	Unmodified
21.027	Coronavirus State and Local Fiscal Recovery Funds	Unmodified
66.458	Clean Water State Revolving Fund Cluster	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes no

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-001 - Preparation of Schedule of Expenditures of Federal Awards (SEFA)

Finding Type. Material weakness in internal controls over financial reporting.

Criteria. The Uniform Guidance requires that the City identify “in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the Assistance Listing title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any.” In addition, the City is required to prepare appropriate financial statements, including the SEFA.

Condition. While management was able to provide a SEFA during the audit fieldwork, the SEFA inappropriately excluded the Clean Water State Revolving Fund Cluster and the Drinking Water State Revolving Fund Cluster.

Cause. This condition was the result of unfamiliarity with the aforementioned programs.

Effect. As a result of this condition, the SEFA initially presented understated expenditures of federal awards by approximately \$1.2 million.

Recommendation. We recommend that the City clearly assign the responsibility for grant reporting and preparation and review of the SEFA each year. All grant financial reports should be reviewed centrally by a member of management prior to submission, and compared against the City’s accounting records. Incoming grant receipts should similarly be reviewed to determine the appropriate program for coding. Differences between amounts requested, amounts received, and/or amounts reported on the City’s accounting records should be promptly investigated and resolved.

View of Responsible Official. There was an oversight during the process of compiling federal awards for the SEFA. Two new bond issues included federal funding as part of the financing structure. Responsible personnel missed including the federal awards received through these bond issues during the fiscal year under audit as the funding structure for the bonds was unusual and new to staff. Staff has reviewed the process to identify federal awards when compiling data for the SEFA and documented the process to ensure all federal awards are included in the SEFA going forward.

Responsible Official. Finance Director

Estimated Completion Date. June 30, 2024

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

2023-002 - Material Audit Adjustment (Capital Assets)

Finding Type. Material weakness in internal controls over financial reporting.

Criteria. Management is responsible for maintaining its accounting records in accordance with generally accepted accounting principles (GAAP).

Condition. During our audit, we identified and proposed an adjustment (which was approved and posted by management) that was material to the City's financial statements. Capital assets in governmental activities were initially understated by approximately \$1.6 million.

Cause. Internal controls did not detect all adjustments necessary to properly record year-end balances.

Effect. As a result of this condition, the City's capital assets were initially misstated by an amount that was material to the financial statements.

Recommendation. Management has already taken appropriate corrective action by reviewing and approving the proposed audit adjustment. In future periods, we recommend that management implement updated procedures to ensure that all capital asset additions are appropriately identified and capitalized at year end.

View of Responsible Official. The finance department experienced significant turnover during the fiscal year under audit. New personnel was not familiar with the system used to track capital assets and did not receive proper direction from the department head. This lack of familiarity lead to the misstatement in capital assets. A detailed process to recognize all material capital assets has been reviewed and documented by staff to ensure capital asset additions are properly identified and capitalized going forward.

Responsible Official. Finance Director

Estimated Completion Date. June 30, 2024

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2023

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, 2023

None reported.



This page intentionally left blank.