

CITY OF
JACKSON 
MICHIGAN

2024 **ANNUAL**
FINANCIAL REPORT

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2024

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CITY OF JACKSON, MICHIGAN

ANNUAL COMPREHENSIVE FINANCIAL REPORT

**For the Fiscal Year Ended
June 30, 2024**

**Including
Single Audit Act Compliance**

Prepared by:

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

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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 (Asset) 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 | 110 |
| Schedule of Investment Returns | 111 |
| Notes to Required Supplementary Information | 112 |
| | |
| 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 |
| Brownfield Assessment 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 the 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

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December 17, 2024

**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, 2024.

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, 2024, 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, 2024, 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 2024 included signal replacements on Cooper Street, MLK Trail Reconstruction and Optimist Park Shelter, North Street (Wisner to West), High Street (South to Executive), Wildwood Avenue (West to Steward), and Brown Street (Morrell to Michigan). These projects accounted for over \$4 million in expenditures, making up 44% of the major street construction costs for the fiscal year. Federal funds contributed \$2.4 million, or 58%, of the total project costs. In addition to road reconstruction, the projects also included enhancements to crosswalks, as well as the installation of new water mains and sanitary sewers.

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 is rebuilding neighborhoods and creating affordable housing through the city. It is funded by the Coronavirus State and Local Fiscal Recovery funds allocated by the City Council in March 2023 of \$2.5 million to provide down payment assistance to eligible households. To date, 13 homes have been completed and sold, and 23 are under construction.
- The Hayes, originally built as in 1926 as a hotel, is in the heart of downtown Jackson. For the past 20 years, the City has been preserving the building for future development. In 2022, the City sold the building to a development company with plans for a \$40 million investment to rehabilitate the historic building to include 15 short-term rentals and 84 market-rate apartments. The completed development will also include event, office, and commercial spaces. In October 2024, the City received \$4.5 million from the Michigan Economic Development Corporation to help close a funding gap needed for The Hayes development to move forward. The renovation work on the property is expected to start in early 2025 and will continue the revitalization of downtown Jackson.
- A recent groundbreaking ceremony marked the start of the development of 94 new housing units on Jackson's east side in the Health District. The revitalization will include new single-family homes from private and public investors, along with the rebirth of the vacant Allen Elementary School as an apartment complex. It is anticipated that the new housing and private investments will stimulate local businesses and attract new opportunities, particularly in the E. Michigan Avenue commercial corridor.
- Construction is progressing on The Blackstone Apartments and The Greenwood Apartments, which began in fiscal year 2024. The Blackstone will be a 53-unit housing complex, while The Greenwood will be a 51-unit housing complex. Rent at both developments will be income-based and set to open in 2025. The combined \$30 million investment is utilizing vacant lots formerly owned by the City of Jackson.
- The City took advantage of a second State of Michigan Drinking Water State Revolving Fund loan program in September 2024. This program will allow the City to make needed water improvements totaling \$5.545 million while benefiting from 50% loan forgiveness and low-interest rates. Projects to be completed with the program include the replacement of approximately 6,369 linear feet of 4-inch diameter water main with 8-inch diameter water main and the replacement of lead service lines in accordance with the June 2018 revisions in the Michigan Lead and Copper Rule within the Safe Drinking Water Act 399 of 1976.
- The new Fix 36 program was launched in the fall of 2024. The program is aimed at making it easier for businesses to thrive in the city by providing more flexibility and support, allowing them to grow without being overwhelmed by immediate compliance demands. Business owners will be offered a 36-month window to complete improvements not directly tied to their principal building, such as landscaping, lighting, and parking lots. This extended timeline ensures that businesses can focus on their operations while meeting site plan standards at a manageable pace. The Fix 36 program reflects the City's commitment to building a strong, vibrant business community, which in turn, will strengthen Jackson's economy.

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 did 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 \$772 million in tax year 2024 (31.1% 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 71% from 2016 to 2024. 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 \$176,256 (3.3%) in total to \$5,457,788. This increase was comprised of an increase of \$61,342 in constitutional and an increase of \$114,914 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% (June 2020) from the previous fiscal year June rate of 6.8%. The unemployment rate has since improved to 7.9% as of June 2024 with income taxes decreasing slightly from the previous year to over \$11.0 million.

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. Since 2021, 248 vacant lots 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 neighborhood revitalization. These efforts by the City not only reduce operating costs and are more cost-efficient, they also 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, 2023. This was the thirty-second 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

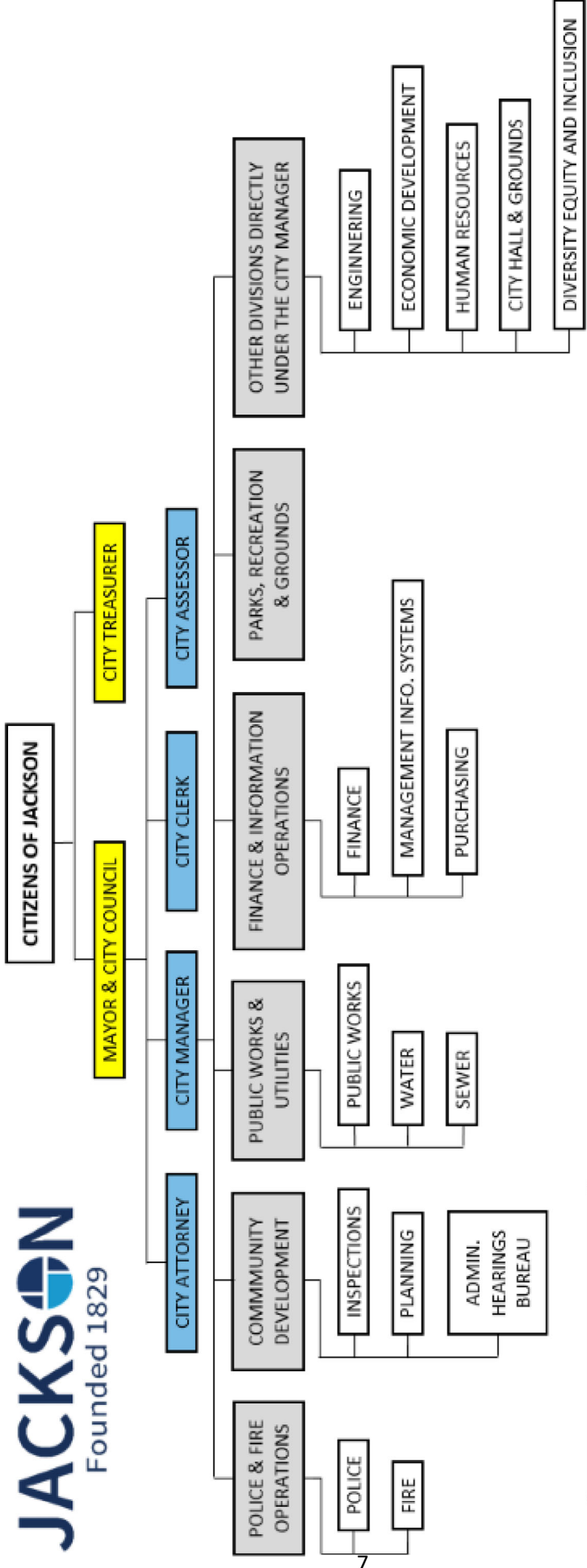
**City of Jackson
Michigan**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO



| | |
|--|------------------|
| | Elected |
| | Appointed |
| | Direct Authority |

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



CITY COUNCIL

Daniel Mahoney, Mayor

| | |
|--------------------------|-----------------|
| Arlene Robinson | 1st Ward |
| Freddie C. Dancy | 2nd Ward |
| Angelita V. Gunn | 3rd Ward |
| Conner Wood | 4th Ward |
| Christy May Davis | 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

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INDEPENDENT AUDITORS' REPORT

December 17, 2024

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, 2024, 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, 2024, 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 17, 2024, 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 "Lehmann 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, 2024. 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 | \$ 213,416,421 |
| • Change in total net position | 35,250,523 |
| • Fund balances, governmental funds | 33,938,215 |
| • Change in fund balances, governmental funds | 5,978,023 |
| • Unassigned fund balance, general fund | 15,624,676 |
| • Change in fund balance, general fund | 1,883,003 |
| • Bonds and installment purchase agreements outstanding | 45,285,510 |
| • Change in bonds and installment purchase agreements outstanding | 3,784,416 |

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 two major enterprise funds to account for its sanitary sewer and water purification and distribution operations while the operations of the City's 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 \$213,416,421 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 | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Assets | | | | | | |
| Current and other assets | \$ 61,582,524 | \$ 67,552,538 | \$ 55,942,000 | \$ 50,175,454 | \$ 117,524,524 | \$ 117,727,992 |
| Capital assets, net | 130,343,454 | 125,191,910 | 99,254,330 | 84,556,637 | 229,597,784 | 209,748,547 |
| Total assets | 191,925,978 | 192,744,448 | 155,196,330 | 134,732,091 | 347,122,308 | 327,476,539 |
| Deferred outflows of resources | 4,501,184 | 4,591,897 | 227,552 | 191,292 | 4,728,736 | 4,783,189 |
| Liabilities | | | | | | |
| Long-term liabilities | 93,531,452 | 103,025,781 | 18,165,572 | 15,562,158 | 111,697,024 | 118,587,939 |
| Other liabilities | 17,520,384 | 28,680,699 | 2,930,097 | 2,122,690 | 20,450,481 | 30,803,389 |
| Total liabilities | 111,051,836 | 131,706,480 | 21,095,669 | 17,684,848 | 132,147,505 | 149,391,328 |
| Deferred inflows of resources | 5,453,416 | 4,603,748 | 833,702 | 98,754 | 6,287,118 | 4,702,502 |
| Net position | | | | | | |
| Net investment in capital assets | 90,360,863 | 82,347,338 | 93,742,001 | 84,251,875 | 184,102,864 | 166,599,213 |
| Restricted | 18,947,145 | 15,148,854 | - | - | 18,946,200 | 15,148,854 |
| Unrestricted (deficit) | (29,386,098) | (36,470,075) | 39,752,510 | 32,887,906 | 10,367,357 | (3,582,169) |
| Total net position | \$ 79,921,910 | \$ 61,026,117 | \$ 133,494,511 | \$ 117,139,781 | \$ 213,416,421 | \$ 178,165,898 |

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

| | Changes in Net Position | | | | | |
|--|-------------------------|----------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 8,943,744 | \$ 9,048,747 | \$ 20,541,370 | \$ 20,035,993 | \$ 29,485,114 | \$ 29,084,740 |
| Operating grants and contributions | 9,453,056 | 9,484,160 | 852,729 | 2,297,549 | 10,305,785 | 11,781,709 |
| Capital grants and contributions | 3,715,222 | 13,946,527 | - | - | 3,715,222 | 13,946,527 |
| General revenues: | | | | | | |
| Property taxes | 14,245,203 | 13,716,121 | - | - | 14,245,203 | 13,716,121 |
| Income taxes | 11,020,164 | 11,418,387 | - | - | 11,020,164 | 11,418,387 |
| Grants and contributions not restricted to specific programs | 10,835,164 | 8,463,448 | 7,522,263 | 2,025,793 | 18,357,427 | 10,489,241 |
| Other | 2,010,452 | 1,088,365 | 2,804,934 | 1,715,364 | 4,815,386 | 2,803,729 |
| Total revenues | 60,223,005 | 67,165,755 | 31,721,296 | 26,074,699 | 91,944,301 | 93,240,454 |
| Expenses | | | | | | |
| Legislative | 94,687 | 119,106 | - | - | 94,687 | 119,106 |
| General government | 4,985,971 | 3,892,672 | - | - | 4,985,971 | 3,892,672 |
| Public safety | 15,319,528 | 15,476,677 | - | - | 15,319,528 | 15,476,677 |
| Public works | 7,511,167 | 6,087,572 | - | - | 7,511,167 | 6,087,572 |
| Culture and recreation | 4,035,916 | 3,896,658 | - | - | 4,035,916 | 3,896,658 |
| Community enrichment and development | 7,031,925 | 7,778,547 | - | - | 7,031,925 | 7,778,547 |
| Interest and fiscal charges | 3,155,084 | 3,109,499 | - | - | 3,155,084 | 3,109,499 |
| Sewer | - | - | 4,983,190 | 4,626,107 | 4,983,190 | 4,626,107 |
| Water | - | - | 8,684,677 | 8,598,300 | 8,684,677 | 8,598,300 |
| Parking system | - | - | 891,633 | 681,392 | 891,633 | 681,392 |
| Total expenses | 42,134,278 | 40,360,731 | 14,559,500 | 13,905,799 | 56,693,778 | 54,266,530 |
| Change in net position before transfers | 18,088,727 | 26,805,024 | 17,161,796 | 12,168,900 | 35,250,523 | 38,973,924 |
| Transfers | 807,066 | 834,385 | (807,066) | (834,385) | - | - |
| Change in net position | 18,895,793 | 27,639,409 | 16,354,730 | 11,334,515 | 35,250,523 | 38,973,924 |
| Net position, beginning of year | 61,026,117 | 33,386,708 | 117,139,781 | 105,805,266 | 178,165,898 | 139,191,974 |
| Net position, end of year | \$ 79,921,910 | \$ 61,026,117 | \$ 133,494,511 | \$ 117,139,781 | \$ 213,416,421 | \$ 178,165,898 |

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Governmental activities. Governmental activities increased the City's net position by \$18,895,793 during fiscal year 2024 compared to an increase of \$27,639,409 during fiscal 2023. Some significant elements of this change from prior year to current year are as follows:

- Charges for services decreased \$105,000 largely due to a reduction in non-owner property registrations due to the cyclical nature of the inspection program.
- Operating grants and contributions decreased \$31,000 largely due to a decrease in projects supported with Community Development Block grant funds.
- Capital grants and contributions decreased \$10.2 million due to a reduction in major street reconstruction projects supported with federal funds.
- Property taxes increased \$529,000 due to a 6.3% increase in the taxable property values for fiscal year 2023/24.
- Income taxes decreased \$398,000 as a result of improved collection efforts in recent years, which lead to a reduction in past-due income tax accounts.
- Grants and contributions not restricted to specific programs increased \$2.4 million due to use of ARPA SLFRF funding of \$2.2 million.
- Other revenues increased \$922,000 due to the receipt of additional investment income as a result of additional grant funds received in advance and investing strategically.
- Legislative expenses decreased \$24,000 due to reductions in supplies and education and training.
- General government expenses increased \$1.1 million due to changes in the net OPEB liability and compensated absences.
- Public safety expenses decreased \$157,000 due to decreases in pension assets/liabilities.
- Public works expenses increased \$1.4 million largely due to reduced construction in conjunction with federal sources on major streets.
- Culture and recreation expenses increased \$139,000 largely due to needed maintenance at the Nixon Water Park.
- Community enrichment and development expenses decreased \$747,000 largely due to one-time projects utilizing Community Development Block Grant funds and Coronavirus State and Local Fiscal Recovery Funds in the previous year.
- Interest and fiscal charges increased \$46,000 primarily due to higher interest expenses associated with the 2001 DDA TIF bond debt servicing.

Business-type activities. Business-type activities increased the City's net position by \$16,354,730 during fiscal year 2024 compared to an increase of \$11,334,515 during fiscal year 2023. Key elements of this change are as follows:

- The sewage increase in net position is due to reduced maintenance expenses and increased capital contributions from the issuance of debt for improvements.
- The water increase in net position is due to revenues from investments and from capital contributions for projects utilizing funds from the ARPA - SLFRF grant.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

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 \$33,938,215, an increase of \$5,978,023 from the prior year. Approximately 40.7 percent of this total amount, or \$13,804,637 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 \$345,650, prepaid items \$128,812, funds advanced on a long-term basis \$50,000, cemetery perpetual care \$2,135,618 and endowments related to Ella Sharp Park and facilities \$1,389,598; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$14,973,996; and 3) committed which indicate funds that have self-imposed limitations, which total \$1,109,904. A summary of the nonspendable, restricted and committed components of fund balance can be found in the notes to financial statements section of this report.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$15,624,676, while total fund balance was \$15,815,954. 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 48.4 percent of total general fund expenditures and transfers out while total fund balance represents 49.0 percent of total general fund expenditures and transfers out.

The fund balance of the City's general fund increased by \$1,883,003 during the current fiscal year. This is largely due to favorable investment rates and advance receipt of Coronavirus State and Local Fiscal Recovery Funds (CSLFRF) leading to interest income earned of \$705,000. In addition, the City sold three vacant parcels for \$410,000 to be used for redevelopment and utilized \$1,000,000 of CSLFRF for the provisioning of general governmental services.

The major streets special revenue fund's fund balance decreased \$347,532 from the prior fiscal year leaving a total surplus of \$1,151,710 at fiscal year-end. A decrease of \$967,256 was budgeted in fiscal year 2024. 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, increased the amount of its fund deficit by \$279,931. This fund, which has a deficit by its nature, recorded \$1,413,804 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$841,621.

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 \$12,442,180 and \$26,264,234, respectively. The sewage fund had an increase in net position for the year of \$7,040,122, and the water fund had an increase of \$9,720,067. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues totaled \$2,551,749. These amendments were largely related to increases in investment earnings of \$640,000, and the use of ARPA-SLFRF funds for general governmental services of \$837,000.

Actual revenues were less than final amended budgeted amounts by \$374,157. This is largely due to budgeting for the application of GASB 87 inflows for leases that were not completed during the fiscal year.

Differences between the original and final amended budgeted expenditures totaled \$2,337,080. These amendments were related to implementation of a multi-year software subscription of \$377,000, leased vehicles of \$518,000, fire station improvements of \$242,000, acquisition of a new fire truck of \$837,000, repairs at Nixon Pool of \$90,000, and citywide parks improvements of \$175,000.

Actual expenditures were less than final amended budgeted amounts by \$2,873,218. This is due largely to lower than anticipated expenses in the police department of \$543,000, the fire department of \$146,000, parks and facilities maintenance of \$427,000, the finance department of \$137,000, city hall and grounds maintenance of \$200,000, personnel and labor relations of \$225,000, forestry of \$116,000, and sidewalk construction of \$116,000.

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, 2024, amounted to \$229,597,784 (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, lease vehicles, and subscription assets. The total net increase in the City's investment in capital assets for the current fiscal year was \$19,849,237 or 9.5 percent.

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

- Governmental activities largest changes include street projects, DPW equipment, acquisition of a new fire truck, and improvements at Optimist Park.
- Business-type activities largest increases were for non-interceptor sewer improvements, sodium hydroxide and clarifier improvements at the water treatment plant, and water distribution main replacements.

| | Capital Assets (Net of Depreciation/Amortization) | | | | | |
|--------------------------------|---|-----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Land | \$ 2,395,280 | \$ 2,395,280 | \$ 8,956,886 | \$ 8,956,886 | \$ 11,352,166 | \$ 11,352,166 |
| Construction in progress | 6,014,171 | 4,086,451 | 15,003,117 | 3,206,395 | 21,017,288 | 7,292,846 |
| Systems | - | - | 56,691,769 | 54,011,481 | 56,691,769 | 54,011,481 |
| Infrastructure | 89,025,719 | 87,470,428 | - | - | 89,025,719 | 87,470,428 |
| Land improvements | 9,546,601 | 9,844,573 | 3,393,640 | 3,574,068 | 12,940,241 | 13,418,641 |
| Buildings and improvements | 10,191,321 | 10,338,768 | 8,731,199 | 9,006,638 | 18,922,520 | 19,345,406 |
| Park and recreation facilities | 8,317,494 | 7,845,825 | - | - | 8,317,494 | 7,845,825 |
| Machinery and equipment | 4,229,656 | 2,542,759 | 6,210,103 | 5,518,960 | 10,439,759 | 8,061,719 |
| Lease vehicles | 465,532 | 667,826 | 267,616 | 282,209 | 733,148 | 950,035 |
| Subscription assets | 157,680 | - | - | - | 157,680 | - |
| Total | \$ 130,343,454 | \$ 125,191,910 | \$ 99,254,330 | \$ 84,556,637 | \$ 229,597,784 | \$ 209,748,547 |

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

CITY OF JACKSON, MICHIGAN

Management's Discussion and Analysis

Long-term debt. At the end of the current fiscal year, the City had total debt outstanding of \$45,285,510. Of this amount, \$45,170,704 comprises debt backed by the full faith and credit of the government.

| | Outstanding Debt | | | | | |
|--------------------------------|-------------------------|----------------------|--------------------------|-------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General obligation bonds | \$ 40,411,368 | \$ 41,236,098 | \$ 4,759,336 | \$ - | \$ 45,170,704 | \$ 41,236,098 |
| Installment purchase agreement | 114,806 | 264,996 | - | - | 114,806 | 264,996 |
| Total | \$ 40,526,174 | \$ 41,501,094 | \$ 4,759,336 | \$ - | \$ 45,285,510 | \$ 41,501,094 |

The City made principal payments on existing agreements in the amount of \$4,624,920 during the current fiscal year. Additionally, the City issued the Michigan Transportation Fund Bonds, Series 2024 in the amount of \$3,650,000 and made draws of \$4,759,336 on the Sewer System Junior Lien Revenue Bonds, Series 2022.

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 \$141,198,256, which is significantly in excess of the City’s outstanding general obligation debt of \$45,170,704.

Additional information related to long-term debt can be found in Note 12 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The following factors were considered in preparing the City’s budget for the 2024/2025 fiscal year:

- The City's unemployment rate is currently 7.1% (September 2024), which is a 0.6% increase from a rate of 6.5% a year ago. While this rate is higher than both the state average of 4.2% and the national average of 3.9%, The City has experienced relatively stable employment levels, which has contributed to a stabilizing effect on income tax revenues. Furthermore, the City is engaged in several ongoing and upcoming developments, including two new housing developments, the redevelopment of a neighborhood, and the revitalization of The Hayes located in the downtown area. These initiatives are expected to positively impact both income tax and property tax collections upon their completion.
- Ad valorem (real and personal) taxable values of property have increased 6.3% from the prior fiscal year. State equalized values, however, have increased 14.5% during this same time and have shown growth for the tenth 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 unfavorably to national indices. The City administration will continue to focus on economic diversification, supporting local businesses, investing in infrastructure, and promoting affordability to create a more stable environment that is better equipped to handle the pressures of inflation.

During the 2024 fiscal year, unassigned fund balance in the general fund increased from \$13,813,728 to \$15,624,676. The current budget anticipates that this fund balance amount will decrease by \$2.6 million.

Requests for Information

This financial report is designed to provide a general overview of the City’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, 161 W. Michigan Avenue, Jackson, Michigan 49201.

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Statement of Net Position

June 30, 2024

| | Primary Government | | | Component Units |
|---|-------------------------|--------------------------|-----------------------|---------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets | | | | |
| Pooled cash and investments | \$ 31,422,128 | \$ 47,983,810 | \$ 79,405,938 | \$ 2,067,162 |
| Restricted cash: | | | | |
| Cash on hand with agents | 46,000 | - | 46,000 | - |
| Pooled cash and investments | 17,487,889 | - | 17,487,889 | - |
| Receivables, net | 12,401,718 | 7,081,146 | 19,482,864 | 71,600 |
| Internal balances | (253,690) | 253,690 | - | - |
| Inventories and prepaid items | 477,534 | 623,354 | 1,100,888 | - |
| Net pension asset | 945 | - | 945 | - |
| Capital assets not being depreciated/amortized | 8,409,451 | 23,960,003 | 32,369,454 | - |
| Capital assets being depreciated/amortized, net | 121,934,003 | 75,294,327 | 197,228,330 | - |
| Total assets | 191,925,978 | 155,196,330 | 347,122,308 | 2,138,762 |
| Deferred outflows of resources | | | | |
| Deferred charge on bond refunding | 428,499 | - | 428,499 | - |
| Deferred pension amounts | 4,029,856 | 187,443 | 4,217,299 | - |
| Deferred OPEB amounts | 42,829 | 40,109 | 82,938 | - |
| Total deferred outflows of resources | 4,501,184 | 227,552 | 4,728,736 | - |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 3,468,633 | 2,930,097 | 6,398,730 | 64,769 |
| Unearned revenue | 14,051,751 | - | 14,051,751 | 140,029 |
| Bonds, notes and other long-term liabilities: | | | | |
| Due within one year | 6,107,091 | 526,341 | 6,633,432 | - |
| Due in more than one year | 38,053,682 | 4,906,428 | 42,960,110 | - |
| Net pension liability (due in more than one year) | 36,733,253 | 897,480 | 37,630,733 | - |
| Net OPEB liability (due in more than one year) | 12,637,426 | 11,835,323 | 24,472,749 | - |
| Total liabilities | 111,051,836 | 21,095,669 | 132,147,505 | 204,798 |
| Deferred inflows of resources | | | | |
| Deferred pension amounts | 2,883,951 | 52,950 | 2,936,901 | - |
| Deferred OPEB amounts | 833,665 | 780,752 | 1,614,417 | - |
| Deferred lease amounts | 1,735,800 | - | 1,735,800 | - |
| Total deferred inflows of resources | 5,453,416 | 833,702 | 6,287,118 | - |
| Net position | | | | |
| Net investment in capital assets | 90,360,863 | 93,742,001 | 184,102,864 | - |
| Restricted for: | | | | |
| Highways and streets | 5,792,436 | - | 5,792,436 | - |
| Public improvement and recreation | 6,699,429 | - | 6,699,429 | - |
| Public safety | 1,945,086 | - | 1,945,086 | - |
| Opioid settlement | 970,067 | - | 970,067 | - |
| Act 345 Pension | 13,966 | - | 13,966 | - |
| Perpetual care - | | | | |
| Endowments (nonspendable) | 3,525,216 | - | 3,525,216 | - |
| Pension | 945 | - | 945 | - |
| Unrestricted (deficit) | (29,386,098) | 39,752,510 | 10,367,357 | 1,933,964 |
| Total net position | \$ 79,921,910 | \$ 133,494,511 | \$ 213,416,421 | \$ 1,933,964 |

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, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net Revenues (Expenses) |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|-------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| Primary government | | | | | |
| Governmental activities: | | | | | |
| Legislative | \$ 94,687 | \$ - | \$ - | \$ - | \$ (94,687) |
| General government | 4,985,971 | 2,033,880 | 1,211,982 | - | (1,740,109) |
| Public safety | 15,319,528 | 3,649,966 | 1,106,217 | - | (10,563,345) |
| Public works | 7,511,167 | 332,977 | 5,178,078 | 3,715,222 | 1,715,110 |
| Culture and recreation | 4,035,916 | 1,091,146 | 591 | - | (2,944,179) |
| Community enrichment and development | 7,031,925 | 1,835,775 | 1,956,188 | - | (3,239,962) |
| Interest and fiscal charges | 3,155,084 | - | - | - | (3,155,084) |
| Total governmental activities | 42,134,278 | 8,943,744 | 9,453,056 | 3,715,222 | (20,022,256) |
| Business-type activities: | | | | | |
| Sewer | 4,983,190 | 6,708,133 | 514,680 | - | 2,239,623 |
| Water | 8,684,677 | 13,619,683 | 293,697 | - | 5,228,703 |
| Parking system | 891,633 | 213,554 | 44,352 | - | (633,727) |
| Total business-type activities | 14,559,500 | 20,541,370 | 852,729 | - | 6,834,599 |
| Total primary government | \$ 56,693,778 | \$ 29,485,114 | \$ 10,305,785 | \$ 3,715,222 | \$ (13,187,657) |
| Component units | | | | | |
| Brownfield redevelopment authority | \$ 1,649,925 | \$ - | \$ - | \$ - | \$ (1,649,925) |
| MLK corridor improvement authority | 851,046 | - | - | - | (851,046) |
| Downtown development authority | 273,038 | 144,935 | - | - | (128,103) |
| Total component units | \$ 2,774,009 | \$ 144,935 | \$ - | \$ - | \$ (2,629,074) |

continued...

CITY OF JACKSON, MICHIGAN

Statement of Activities

For the Fiscal Year Ended June 30, 2024

| | Primary Government | | | Component Units |
|---|----------------------------|-----------------------------|------------------------|-----------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Net revenues (expenses) | <u>\$ (20,022,256)</u> | <u>\$ 6,834,599</u> | <u>\$ (13,187,657)</u> | <u>\$ (2,629,074)</u> |
| General revenues | | | | |
| Property taxes | 14,245,203 | - | 14,245,203 | 1,769,084 |
| Income taxes | 11,020,164 | - | 11,020,164 | - |
| Grants and contributions not restricted to specific purposes | 10,835,164 | 7,522,263 | 18,357,427 | 949,080 |
| Unrestricted interest earnings | 1,969,053 | 2,804,934 | 4,773,987 | 107,198 |
| Transfers - internal activities | 807,066 | (807,066) | - | - |
| Gain on sale of capital assets | 41,399 | - | 41,399 | - |
| Total general revenues and transfers | <u>38,918,049</u> | <u>9,520,131</u> | <u>48,438,180</u> | <u>2,825,362</u> |
| Change in net position | 18,895,793 | 16,354,730 | 35,250,523 | 196,288 |
| Net position, beginning of year | <u>61,026,117</u> | <u>117,139,781</u> | <u>178,165,898</u> | <u>1,737,676</u> |
| Net position, end of year | <u>\$ 79,921,910</u> | <u>\$ 133,494,511</u> | <u>\$ 213,416,421</u> | <u>\$ 1,933,964</u> |

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

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FUND FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Balance Sheet

Governmental Funds
June 30, 2024

| | General | Major Streets | American Rescue Plan Act | Special Assessment Capital Projects | Nonmajor Governmental Funds | Totals |
|---|----------------------|---------------------|--------------------------|-------------------------------------|-----------------------------|----------------------|
| Assets | | | | | | |
| Pooled cash and investments | \$ 10,950,460 | \$ 185,201 | \$ - | \$ 500,219 | \$ 19,659,903 | \$ 31,295,783 |
| Restricted pooled cash and investments | - | - | 13,918,779 | - | - | 13,918,779 |
| Accounts receivables, net | 892,870 | 21,904 | - | - | 966,528 | 1,881,302 |
| Interest receivable | 43,173 | - | - | - | 57,849 | 101,022 |
| Taxes receivable, net | 2,402,775 | - | - | - | - | 2,402,775 |
| Special assessment receivables | - | - | - | 3,848,110 | - | 3,848,110 |
| Leases receivable | 277,370 | - | - | - | 1,458,430 | 1,735,800 |
| Due from other governments | 923,147 | 1,118,482 | - | - | 335,807 | 2,377,436 |
| Due from other funds | 2,320,258 | - | - | - | 89,442 | 2,409,700 |
| Inventories | - | 330,150 | - | - | 15,500 | 345,650 |
| Prepaid items | 127,312 | - | - | - | 1,500 | 128,812 |
| Long-term advances to other funds | 50,000 | - | - | - | - | 50,000 |
| Total assets | \$ 17,987,365 | \$ 1,655,737 | \$ 13,918,779 | \$ 4,348,329 | \$ 22,584,959 | \$ 60,495,169 |
| Liabilities | | | | | | |
| Accounts payable | \$ 892,631 | \$ 496,240 | \$ - | \$ - | \$ 995,133 | \$ 2,384,004 |
| Accrued payroll | 235,661 | 7,787 | - | - | 58,427 | 301,875 |
| Other liabilities | 118,104 | - | - | - | 236,024 | 354,128 |
| Unearned revenue | - | - | 13,918,779 | - | 132,972 | 14,051,751 |
| Due to other funds | 3,398 | - | - | 2,320,258 | 86,044 | 2,409,700 |
| Long-term advances from other funds | - | - | - | - | 50,000 | 50,000 |
| Total liabilities | 1,249,794 | 504,027 | 13,918,779 | 2,320,258 | 1,558,600 | 19,551,458 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - Administrative Hearings Bureau | 644,247 | - | - | - | - | 644,247 |
| Unavailable revenue - special assessment receivable | - | - | - | 3,848,110 | - | 3,848,110 |
| Unavailable revenue - opioid settlement | - | - | - | - | 777,339 | 777,339 |
| Deferred lease amounts | 277,370 | - | - | - | 1,458,430 | 1,735,800 |
| Total deferred inflows of resources | 921,617 | - | - | 3,848,110 | 2,235,769 | 7,005,496 |
| Fund balances | | | | | | |
| Nonspendable | 177,312 | 330,150 | - | - | 3,542,216 | 4,049,678 |
| Restricted | 13,966 | 821,560 | - | - | 14,138,470 | 14,973,996 |
| Committed | - | - | - | - | 1,109,904 | 1,109,904 |
| Unassigned (deficit) | 15,624,676 | - | - | (1,820,039) | - | 13,804,637 |
| Total fund balances (deficit) | 15,815,954 | 1,151,710 | - | (1,820,039) | 18,790,590 | 33,938,215 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 17,987,365 | \$ 1,655,737 | \$ 13,918,779 | \$ 4,348,329 | \$ 22,584,959 | \$ 60,495,169 |

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, 2024

| | |
|--|----------------------|
| Fund balances - total governmental funds | \$ 33,938,215 |
| <p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p> | |
| <p>Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.</p> | |
| Capital assets not being depreciated/amortized | 8,409,451 |
| Capital assets being depreciated/amortized, net | 121,934,003 |
| Less capital assets accounted for in the internal service funds | (2,057,708) |
| <p>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.</p> | |
| Unavailable Administrative Hearings Bureau receivables | 644,247 |
| Unavailable special assessments | 3,848,110 |
| Unavailable opioid settlement | 777,339 |
| <p>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.</p> | |
| Net pension asset | 945 |
| Net pension liability | (36,733,253) |
| Deferred outflows related to the net pension liability | 4,029,856 |
| Deferred inflows related to the net pension liability | (2,883,951) |
| Net OPEB liability | (12,637,426) |
| Deferred outflows related to the net OPEB liability | 42,829 |
| Deferred inflows related to the net OPEB liability | (833,665) |
| <p>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.</p> | |
| Net position of governmental activities accounted for in the internal service funds | 5,580,743 |
| Portion of the internal service funds net position attributed to business-type activities | (253,690) |
| <p>Certain liabilities and deferred outflows of resources, such as Bonds, notes and other long-term liabilities, 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.</p> | |
| Unamortized deferred charge on refunding | 428,499 |
| Bonds, notes and other long-term liabilities | (41,134,215) |
| Less Bonds, notes and other long-term liabilities accounted for in the internal service funds | 145,223 |
| Unamortized bond premium | (1,357,257) |
| Compensated absences | (1,669,301) |
| Accrued interest on long-term liabilities | (297,084) |
| Net position of governmental activities | \$ 79,921,910 |

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, 2024

| | General | Major Streets | American Rescue Plan Act | Special Assessment Capital Projects | Nonmajor Governmental Funds | Totals |
|---|----------------------|---------------------|--------------------------|-------------------------------------|-----------------------------|----------------------|
| Revenues | | | | | | |
| Property taxes | \$ 10,570,956 | \$ - | \$ - | \$ - | \$ 3,674,247 | \$ 14,245,203 |
| Income taxes | 11,020,164 | - | - | - | - | 11,020,164 |
| Licenses and permits | 329,426 | - | - | - | - | 329,426 |
| Intergovernmental | 8,555,785 | 6,775,785 | 12,555 | - | 7,081,935 | 22,426,060 |
| Charges for services | 1,446,727 | - | - | - | 5,482,927 | 6,929,654 |
| Fines and forfeits | 173,290 | - | - | - | - | 173,290 |
| Special assessments | - | - | - | 841,621 | - | 841,621 |
| Donations | 8,735 | - | - | - | - | 8,735 |
| Investment income | 993,343 | 22,243 | - | - | 914,273 | 1,929,859 |
| Miscellaneous | 583,906 | 208,784 | - | - | 303,446 | 1,096,136 |
| Total revenues | 33,682,332 | 7,006,812 | 12,555 | 841,621 | 17,456,828 | 59,000,148 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Legislative | 94,687 | - | - | - | - | 94,687 |
| General government | 6,454,006 | - | - | - | - | 6,454,006 |
| Public safety | 19,524,752 | - | 12,555 | - | 1,634,864 | 21,172,171 |
| Public works | 1,319,530 | 8,485,517 | - | - | 1,330,626 | 11,135,673 |
| Culture and recreation | 2,447,975 | - | - | - | 2,046,906 | 4,494,881 |
| Community enrichment and development | 919,186 | - | - | - | 5,901,328 | 6,820,514 |
| Debt service: | | | | | | |
| Principal | 225,238 | - | - | - | 4,474,730 | 4,699,968 |
| Interest and fiscal charges | - | - | - | - | 3,238,059 | 3,238,059 |
| Total expenditures | 30,985,374 | 8,485,517 | 12,555 | - | 18,626,513 | 58,109,959 |
| Revenues over (under) expenditures | 2,696,958 | (1,478,705) | - | 841,621 | (1,169,685) | 890,189 |
| Other financing sources (uses) | | | | | | |
| Proceeds from sale of capital assets | 3,943 | - | - | - | - | 3,943 |
| Insurance recovery | 81,079 | - | - | - | - | 81,079 |
| Issuance of bonds, notes, and other long-term liabilities | 169,108 | - | - | - | 3,650,000 | 3,819,108 |
| Premium on issuance of bonds | - | - | - | - | 324,135 | 324,135 |
| Transfers in | 199,393 | 1,901,293 | - | 292,252 | 7,477,950 | 9,870,888 |
| Transfers out | (1,267,478) | (770,120) | - | (1,413,804) | (5,559,917) | (9,011,319) |
| Total other financing sources (uses) | (813,955) | 1,131,173 | - | (1,121,552) | 5,892,168 | 5,087,834 |
| Net change in fund balances | 1,883,003 | (347,532) | - | (279,931) | 4,722,483 | 5,978,023 |
| Fund balances (deficit), beginning of year | 13,932,951 | 1,499,242 | - | (1,540,108) | 14,068,107 | 27,960,192 |
| Fund balances (deficit), end of year | \$ 15,815,954 | \$ 1,151,710 | \$ - | \$ (1,820,039) | \$ 18,790,590 | \$ 33,938,215 |

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, 2024

Net change in fund balances - total governmental funds \$ 5,978,023

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 | 11,579,345 |
| Proceeds from sale of capital assets | (3,943) |
| Loss on disposal of capital assets | (26,982) |
| Depreciation/amortization expense | (7,247,230) |

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 | 218,754 |
| Change in special assessments receivable | 352,041 |
| Change in opioid settlement receivable | 382,310 |

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 | 4,699,968 |
| Issuance of bonds, notes and other long-term liabilities | (3,819,108) |
| Premium on issuance of bonds, notes and other long-term liabilities | (324,135) |

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 | 39,601 |
| Amortization of bond premium | 114,791 |
| Amortization of deferred charge on bond refunding | (71,417) |
| Change in net OPEB liability and related deferred amounts | 1,605,324 |
| Change in net pension liability and related deferred amounts | 4,789,036 |
| Change in the accrual of compensated absences | (65,906) |

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

| | |
|--|-----------|
| Net operating loss from governmental activities accounted for in internal service funds | (9,246) |
| Net operating income attributable to business-type activities | (171,622) |
| Intergovernmental revenue from governmental internal service funds | 631,958 |
| Interest revenue from governmental internal service funds | 228,353 |
| Gain on sale of capital assets from governmental internal service funds | 68,381 |
| Transfers out from governmental internal service funds | (52,503) |

Change in net position of governmental activities \$ 18,895,793

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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | | |
|----------------------------------|-------------------|-------------------|-------------------|----------------------------------|-------------------|
| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget | 2023 Actual |
| Revenues | | | | | |
| Property taxes | \$ 10,620,617 | \$ 10,622,892 | \$ 10,570,956 | \$ (51,936) | \$ 10,101,298 |
| Income taxes | 10,750,000 | 10,900,000 | 11,020,164 | 120,164 | 11,418,387 |
| Licenses and permits | 368,015 | 338,010 | 329,426 | (8,584) | 377,587 |
| Intergovernmental | 7,400,845 | 8,577,899 | 8,555,785 | (22,114) | 6,841,182 |
| Charges for services | 1,445,177 | 1,583,874 | 1,446,727 | (137,147) | 1,392,033 |
| Fines and forfeits | 390,611 | 267,500 | 173,290 | (94,210) | 424,204 |
| Donations | - | 2,500 | 8,735 | 6,235 | 5,400 |
| Investment income | 220,000 | 860,000 | 993,343 | 133,343 | 539,266 |
| Miscellaneous | 309,475 | 903,814 | 583,906 | (319,908) | 411,689 |
| Total revenues | 31,504,740 | 34,056,489 | 33,682,332 | (374,157) | 31,511,046 |
| Expenditures | | | | | |
| Current: | | | | | |
| Legislative - City Council | 121,656 | 116,861 | 94,687 | (22,174) | 119,106 |
| General government: | | | | | |
| Charter commission | 2,500 | 2,500 | - | (2,500) | - |
| City Manager | 506,926 | 548,582 | 538,786 | (9,796) | 475,552 |
| Finance | 555,688 | 904,603 | 767,487 | (137,116) | 540,324 |
| City Clerk | 344,251 | 341,841 | 339,092 | (2,749) | 313,516 |
| Management information services | 436,693 | 442,442 | 392,800 | (49,642) | 383,155 |
| Purchasing | 133,042 | 175,252 | 165,331 | (9,921) | 118,366 |
| City Treasurer | 412,661 | 432,663 | 412,671 | (19,992) | 386,888 |
| City income tax administration | 242,395 | 256,647 | 219,276 | (37,371) | 187,097 |
| City Assessor | 501,053 | 503,543 | 481,320 | (22,223) | 438,039 |
| City Clerk - Elections | 206,354 | 200,616 | 178,437 | (22,179) | 126,749 |
| City hall and grounds | 683,311 | 618,024 | 418,375 | (199,649) | 441,096 |
| City Attorney | 761,346 | 802,231 | 783,050 | (19,181) | 715,543 |
| Personnel | 590,561 | 663,311 | 438,582 | (224,729) | 490,662 |
| Unallocated | 812,434 | 846,000 | 817,686 | (28,314) | 745,734 |
| Administrative hearings bureau | 190,318 | 173,876 | 106,737 | (67,139) | 203,992 |
| Cemeteries | 374,516 | 456,631 | 394,376 | (62,255) | 361,765 |
| Total general government | 6,754,049 | 7,368,762 | 6,454,006 | (914,756) | 5,928,478 |
| Public safety: | | | | | |
| Police: | | | | | |
| General | 11,531,687 | 11,228,735 | 10,685,907 | (542,828) | 10,547,792 |
| Office of Highway Safety program | 4,642 | 11,558 | 3,660 | (7,898) | 7,861 |
| Consortium training | 12,500 | 55,200 | 50,064 | (5,136) | 10,754 |
| In-service training | 5,000 | 15,841 | 12,400 | (3,441) | 9,906 |
| Fire - suppression | 5,995,113 | 6,928,923 | 6,782,741 | (146,182) | 6,224,668 |
| Police and fire - unallocated | 2,094,302 | 2,066,694 | 1,989,980 | (76,714) | 1,918,600 |
| Total public safety | 19,643,244 | 20,306,951 | 19,524,752 | (782,199) | 18,719,581 |

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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | | 2023 Actual |
|---|----------------------|----------------------|----------------------|--|----------------------|
| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget | |
| Expenditures (concluded) | | | | | |
| Current (concluded): | | | | | |
| Public works: | | | | | |
| Sidewalk construction | \$ 151,456 | \$ 149,286 | \$ 33,261 | \$ (116,025) | \$ 49,469 |
| Drains at large | 107,133 | 105,350 | 29,347 | (76,003) | 68,807 |
| Street lighting | 615,248 | 614,227 | 556,263 | (57,964) | 513,373 |
| Weed control | 96,269 | 102,620 | 78,680 | (23,940) | 75,232 |
| Grounds maintenance | 488,287 | 479,280 | 398,343 | (80,937) | 388,587 |
| Tax property maintenance | 216,716 | 210,412 | 135,373 | (75,039) | 183,022 |
| Civic affairs | 121,229 | 148,921 | 102,689 | (46,232) | 104,067 |
| Reimbursements | (25,000) | (25,000) | (14,426) | (10,574) | (19,404) |
| Total public works | <u>1,771,338</u> | <u>1,785,096</u> | <u>1,319,530</u> | <u>(465,566)</u> | <u>1,363,153</u> |
| Culture and recreation: | | | | | |
| Forestry | 824,212 | 833,679 | 717,760 | (115,919) | 786,222 |
| Parks and recreation administration | 321,986 | 361,152 | 331,046 | (30,106) | 349,274 |
| Lt. Nixon Memorial pool | 137,729 | 279,775 | 261,230 | (18,545) | 125,932 |
| Parks and facilities maintenance | 884,365 | 1,551,308 | 1,124,787 | (426,521) | 1,152,529 |
| Historical district | 14,440 | 15,991 | 13,152 | (2,839) | 11,793 |
| Total culture and recreation | <u>2,182,732</u> | <u>3,041,905</u> | <u>2,447,975</u> | <u>(593,930)</u> | <u>2,425,750</u> |
| Community enrichment and development: | | | | | |
| Planning | 252,305 | 252,376 | 234,145 | (18,231) | 229,082 |
| Economic development | 147,400 | 170,500 | 126,160 | (44,340) | 126,213 |
| Diversity, equity and inclusion | 452,638 | 380,903 | 308,881 | (72,022) | 293,614 |
| Reimbursements | 10,000 | 210,000 | 250,000 | 40,000 | 1,314,034 |
| Total community enrichment and development | <u>862,343</u> | <u>1,013,779</u> | <u>919,186</u> | <u>(94,593)</u> | <u>1,962,943</u> |
| Debt service: | | | | | |
| Principal | 186,150 | 225,238 | 225,238 | - | 199,461 |
| Interest and fiscal charges | - | - | - | - | 1,957 |
| Total debt service | <u>186,150</u> | <u>225,238</u> | <u>225,238</u> | <u>-</u> | <u>201,418</u> |
| Total expenditures | <u>31,521,512</u> | <u>33,858,592</u> | <u>30,985,374</u> | <u>(2,873,218)</u> | <u>30,720,429</u> |
| Revenues over (under) expenditures | <u>(16,772)</u> | <u>197,897</u> | <u>2,696,958</u> | <u>2,499,061</u> | <u>790,617</u> |
| Other financing sources (uses) | | | | | |
| Proceeds from sale of capital assets | 25,000 | 360,830 | 3,943 | (356,887) | - |
| Insurance recovery | 23,500 | 27,699 | 81,079 | 53,380 | 90,363 |
| Issuance of bonds, notes, and other long-term liabilities | - | - | 169,108 | 169,108 | 267,966 |
| Transfers in | 6,000 | 139,000 | 199,393 | 60,393 | 46,196 |
| Transfers out | (922,133) | (1,396,893) | (1,267,478) | (129,415) | (440,904) |
| Total other financing source (uses) | <u>(867,633)</u> | <u>(869,364)</u> | <u>(813,955)</u> | <u>55,409</u> | <u>(36,379)</u> |
| Net change in fund balance | <u>(884,405)</u> | <u>(671,467)</u> | <u>1,883,003</u> | <u>2,554,470</u> | <u>754,238</u> |
| Fund balance, beginning of year | <u>13,932,951</u> | <u>13,932,951</u> | <u>13,932,951</u> | <u>-</u> | <u>13,178,713</u> |
| Fund balance, end of year | <u>\$ 13,048,546</u> | <u>\$ 13,261,484</u> | <u>\$ 15,815,954</u> | <u>\$ 2,554,470</u> | <u>\$ 13,932,951</u> |

concluded.

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

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual - Major Streets Fund

For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | | |
|---|---------------------|--------------------|---------------------|----------------------------------|---------------------|
| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget | 2023 Actual |
| Revenues | | | | | |
| Intergovernmental | \$ 17,172,728 | \$ 21,332,166 | \$ 6,775,785 | \$ (14,556,381) | \$ 16,943,648 |
| Investment income | 5,000 | 16,000 | 22,243 | 6,243 | 35,236 |
| Miscellaneous | 169,000 | 210,000 | 208,784 | (1,216) | 200,270 |
| Total revenues | <u>17,346,728</u> | <u>21,558,166</u> | <u>7,006,812</u> | <u>(14,551,354)</u> | <u>17,179,154</u> |
| Expenditures | | | | | |
| Current - | | | | | |
| Public works: | | | | | |
| Street construction | 2,135,607 | 2,710,493 | 2,918,848 | 208,355 | 2,406,817 |
| Street maintenance | 866,253 | 717,528 | 509,268 | (208,260) | 443,737 |
| Traffic services | 771,819 | 707,545 | 716,703 | 9,158 | 627,432 |
| Winter maintenance | 409,700 | 300,927 | 241,253 | (59,674) | 208,576 |
| Trunkline maintenance | 224,972 | 230,130 | 90,423 | (139,707) | 92,793 |
| State highway construction | 14,667,458 | 19,424,715 | 4,009,022 | (15,415,693) | 13,928,459 |
| Total expenditures | <u>19,075,809</u> | <u>24,091,338</u> | <u>8,485,517</u> | <u>(15,605,821)</u> | <u>17,707,814</u> |
| Revenues under expenditures | <u>(1,729,081)</u> | <u>(2,533,172)</u> | <u>(1,478,705)</u> | <u>1,054,467</u> | <u>(528,660)</u> |
| Other financing sources (uses) | | | | | |
| Transfers in | 2,306,862 | 2,336,036 | 1,901,293 | (434,743) | 720,769 |
| Transfers out | (773,952) | (770,120) | (770,120) | - | (773,333) |
| Total other financing sources (uses) | <u>1,532,910</u> | <u>1,565,916</u> | <u>1,131,173</u> | <u>(434,743)</u> | <u>(52,564)</u> |
| Net change in fund balance | <u>(196,171)</u> | <u>(967,256)</u> | <u>(347,532)</u> | <u>619,724</u> | <u>(581,224)</u> |
| Fund balance, beginning of year | <u>1,499,242</u> | <u>1,499,242</u> | <u>1,499,242</u> | <u>-</u> | <u>2,080,466</u> |
| Fund balance, end of year | <u>\$ 1,303,071</u> | <u>\$ 531,986</u> | <u>\$ 1,151,710</u> | <u>\$ 619,724</u> | <u>\$ 1,499,242</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | | 2023 Actual |
|-----------------------------------|--------------------|-----------------|-------------|--|----------------|
| | Original Budget | Final Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | | |
| Intergovernmental | \$ 75,000 | \$ 75,000 | \$ 12,555 | \$ (62,445) | \$ 94,223 |
| Expenditures | | | | | |
| Current - | | | | | |
| Public safety - | | | | | |
| Contractual and other services | 75,000 | 75,000 | 12,555 | (62,445) | 94,223 |
| 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, 2024

| | Enterprise Funds - Business-type Activities | | | | Governmental Activities |
|--|---|----------------------|----------------------|-----------------------|-------------------------|
| | Sewage | Water | Nonmajor Funds | Totals | Internal Service |
| Assets | | | | | |
| Current assets: | | | | | |
| Pooled cash and investments | \$ 15,866,865 | \$ 31,356,109 | \$ 760,836 | \$ 47,983,810 | \$ 3,695,455 |
| Accounts receivable, net | 1,713,087 | 3,247,237 | 55,454 | 5,015,778 | 41,962 |
| Interest receivable | 54,811 | 120,127 | 2,820 | 177,758 | 13,311 |
| Due from other governments | 766,704 | 1,120,906 | - | 1,887,610 | - |
| Inventories | - | 609,660 | - | 609,660 | - |
| Prepaid items | 1,873 | 11,821 | - | 13,694 | 3,072 |
| Restricted cash and cash equivalents - Cash on hand with agents | - | - | - | - | 46,000 |
| Total current assets | 18,403,340 | 36,465,860 | 819,110 | 55,688,310 | 3,799,800 |
| Noncurrent assets: | | | | | |
| Capital assets not being depreciated/amortized | 14,405,880 | 810,553 | 8,743,570 | 23,960,003 | - |
| Capital assets being depreciated/amortized, net | 20,945,992 | 44,268,491 | 10,079,844 | 75,294,327 | 2,057,708 |
| Total noncurrent assets | 35,351,872 | 45,079,044 | 18,823,414 | 99,254,330 | 2,057,708 |
| Total assets | 53,755,212 | 81,544,904 | 19,642,524 | 154,942,640 | 5,857,508 |
| Deferred outflows of resources | | | | | |
| Deferred pension amounts | 70,810 | 116,633 | - | 187,443 | - |
| Deferred OPEB amounts | 15,572 | 24,537 | - | 40,109 | - |
| Total deferred outflows of resources | 86,382 | 141,170 | - | 227,552 | - |
| Liabilities | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 1,030,046 | 1,575,614 | 25,149 | 2,630,809 | 78,895 |
| Accrued payroll | 27,619 | 44,861 | 1,555 | 74,035 | 13,017 |
| Estimated claims payable | - | - | - | - | 39,630 |
| Accrued interest on bonds, notes, and other long-term liabilities | 17,753 | - | - | 17,753 | - |
| Customer deposits | - | 207,500 | - | 207,500 | - |
| Current portion of: | | | | | |
| Accrued compensated absences | 8,162 | 31,893 | - | 40,055 | - |
| Bonds, notes and other long-term liabilities | 430,587 | 55,699 | - | 486,286 | 139,550 |
| Total current liabilities | 1,514,167 | 1,915,567 | 26,704 | 3,456,438 | 271,092 |
| Noncurrent liabilities: | | | | | |
| Accrued compensated absences, net of current portion | 105,289 | 247,871 | - | 353,160 | - |
| Bonds, notes and other long-term liabilities | 4,429,975 | 123,293 | - | 4,553,268 | 5,673 |
| Net pension liability | 339,042 | 558,438 | - | 897,480 | - |
| Net OPEB liability | 4,594,991 | 7,240,332 | - | 11,835,323 | - |
| Total noncurrent liabilities | 9,469,297 | 8,169,934 | - | 17,639,231 | 5,673 |
| Total liabilities | 10,983,464 | 10,085,501 | 26,704 | 21,095,669 | 276,765 |
| Deferred inflows of resources | | | | | |
| Deferred pension amounts | 20,003 | 32,947 | - | 52,950 | - |
| Deferred OPEB amounts | 303,122 | 477,630 | - | 780,752 | - |
| Total deferred inflows of resources | 323,125 | 510,577 | - | 833,702 | - |
| Net position | | | | | |
| Net investment in capital assets | 30,092,825 | 44,825,762 | 18,823,414 | 93,742,001 | 1,912,485 |
| Unrestricted | 12,442,180 | 26,264,234 | 792,406 | 39,498,820 | 3,668,258 |
| Total net position | \$ 42,535,005 | \$ 71,089,996 | \$ 19,615,820 | \$ 133,240,821 | \$ 5,580,743 |

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, 2024

Net position - enterprise funds \$ 133,240,821

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.

253,690

Net position of business-type activities \$ 133,494,511

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, 2024

| | Enterprise Funds - Business-type Activities | | | | Governmental Activities | |
|---|---|----------------------|---------------------------------------|----------------------|-------------------------|---------------------|
| | Sewage | Water | (Formerly Major Fund) Parking Deck | Nonmajor Funds | Totals | Internal Service |
| Operating revenues | | | | | | |
| Charges for sales and services | \$ 6,708,133 | \$ 13,619,683 | | \$ 213,554 | \$ 20,541,370 | \$ 6,806,505 |
| Other | 89,591 | 252,659 | | 44,352 | 386,602 | 1,291,753 |
| Total operating revenues | <u>6,797,724</u> | <u>13,872,342</u> | | <u>257,906</u> | <u>20,927,972</u> | <u>8,098,258</u> |
| Operating expenses | | | | | | |
| Personnel services | 1,497,162 | 2,083,108 | | 84,878 | 3,665,148 | 904,843 |
| Administration | - | - | | - | - | 191,523 |
| Materials and supplies | 471,372 | 2,062,248 | | 9 | 2,533,629 | 452,541 |
| Contractual and other services | 1,965,385 | 3,271,329 | | 409,357 | 5,646,071 | 6,047,657 |
| Benefit payments | - | - | | - | - | 14,430 |
| Depreciation/amortization | 1,076,804 | 1,370,769 | | 407,912 | 2,855,485 | 496,510 |
| Total operating expenses | <u>5,010,723</u> | <u>8,787,454</u> | | <u>902,156</u> | <u>14,700,333</u> | <u>8,107,504</u> |
| Operating income (loss) | <u>1,787,001</u> | <u>5,084,888</u> | | <u>(644,250)</u> | <u>6,227,639</u> | <u>(9,246)</u> |
| Nonoperating revenues (expenses) | | | | | | |
| Intergovernmental | 4,924,729 | 3,063,661 | | - | 7,988,390 | 631,958 |
| Investment income | 935,055 | 1,812,420 | | 57,459 | 2,804,934 | 228,353 |
| Interest expense | (30,789) | - | | - | (30,789) | - |
| Gain on sale of capital assets | - | - | | - | - | 68,381 |
| Total nonoperating revenues (expenses) | <u>5,828,995</u> | <u>4,876,081</u> | | <u>57,459</u> | <u>10,762,535</u> | <u>928,692</u> |
| Income (loss) before transfers | <u>7,615,996</u> | <u>9,960,969</u> | | <u>(586,791)</u> | <u>16,990,174</u> | <u>919,446</u> |
| Transfers in | - | 357,916 | | 205,298 | 563,214 | - |
| Transfers out | <u>(575,874)</u> | <u>(598,818)</u> | | <u>(195,588)</u> | <u>(1,370,280)</u> | <u>(52,503)</u> |
| Change in net position | <u>7,040,122</u> | <u>9,720,067</u> | | <u>(577,081)</u> | <u>16,183,108</u> | <u>866,943</u> |
| Net position, beginning of year, as previously reported | 35,494,883 | 61,369,929 | \$ 15,506,391 | 4,686,510 | 117,057,713 | 4,713,800 |
| Change within financial reporting entity | - | - | (15,506,391) | 15,506,391 | - | - |
| Net position, beginning of year, as adjusted | <u>35,494,883</u> | <u>61,369,929</u> | <u>\$ -</u> | <u>20,192,901</u> | <u>117,057,713</u> | <u>4,713,800</u> |
| Net position, end of year | <u>\$ 42,535,005</u> | <u>\$ 71,089,996</u> | | <u>\$ 19,615,820</u> | <u>\$ 133,240,821</u> | <u>\$ 5,580,743</u> |

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, 2024

Net change in net position - total enterprise funds \$ 16,183,108

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

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

171,622

Change in net position of business-type activities \$ 16,354,730

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, 2024

| | Enterprise Funds - Business-type Activities | | | | Governmental Activities |
|--|---|----------------------|-------------------|----------------------|-------------------------|
| | Sewage | Water | Nonmajor Funds | Totals | Internal Service |
| Cash flows from operating activities | | | | | |
| Receipts from customers and users | \$ 6,539,738 | \$ 13,120,935 | \$ 240,149 | \$ 19,900,822 | \$ - |
| Receipts for interfund services provided | - | - | - | - | 8,119,787 |
| Payments to employees | (1,845,186) | (3,162,796) | (84,878) | (5,092,860) | (904,101) |
| Payments to vendors and claimants | (2,347,352) | (4,891,897) | (387,488) | (7,626,737) | (6,292,550) |
| Net cash provided by (used in) operating activities | <u>2,347,200</u> | <u>5,066,242</u> | <u>(232,217)</u> | <u>7,181,225</u> | <u>923,136</u> |
| Cash flows from noncapital financing activities | | | | | |
| Intergovernmental revenue | 4,924,729 | 3,063,661 | - | 7,988,390 | 631,958 |
| Transfers in | - | 357,916 | 205,298 | 563,214 | - |
| Transfers out | (575,874) | (598,818) | (195,588) | (1,370,280) | (52,503) |
| Net cash provided by noncapital financing activities | <u>4,348,855</u> | <u>2,822,759</u> | <u>9,710</u> | <u>7,181,324</u> | <u>579,455</u> |
| Cash flows from capital and related financing activities | | | | | |
| Purchase of capital assets | (12,448,254) | (5,043,192) | - | (17,491,446) | (1,346,864) |
| Proceeds from sale of capital assets | - | - | - | - | 68,381 |
| Proceeds from issuance of bonds | 4,759,336 | - | - | 4,759,336 | - |
| Principal paid on bonds, notes, and other long-term liabilities | (31,714) | (54,562) | - | (86,276) | (181,500) |
| Interest paid on bonds, notes, and other long-term liabilities | (13,036) | - | - | (13,036) | - |
| Net cash used in capital and related financing activities | <u>(7,733,668)</u> | <u>(5,097,754)</u> | <u>-</u> | <u>(12,831,422)</u> | <u>(1,459,983)</u> |
| Cash flows from investing activities | | | | | |
| Interest received on investments | 967,266 | 1,835,574 | 58,803 | 2,861,643 | 226,651 |
| Net change in cash and cash equivalents | <u>(70,347)</u> | <u>4,626,821</u> | <u>(163,704)</u> | <u>4,392,770</u> | <u>269,259</u> |
| Cash and cash equivalents, beginning of year | 15,937,212 | 26,729,288 | 924,540 | 43,591,040 | 3,472,196 |
| Cash and cash equivalents, end of year | <u>\$ 15,866,865</u> | <u>\$ 31,356,109</u> | <u>\$ 760,836</u> | <u>\$ 47,983,810</u> | <u>\$ 3,741,455</u> |
| Classified on the statement of net position as: | | | | | |
| Pooled cash and investments | \$ 15,866,865 | \$ 31,356,109 | \$ 760,836 | \$ 47,983,810 | \$ 3,695,455 |
| Restricted cash - | | | | | |
| Cash on hand with agents | - | - | - | - | 46,000 |
| | <u>\$ 15,866,865</u> | <u>\$ 31,356,109</u> | <u>\$ 760,836</u> | <u>\$ 47,983,810</u> | <u>\$ 3,741,455</u> |

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds
For the Fiscal Year Ended June 30, 2024

| | Enterprise Funds - Business-type Activities | | | | Governmental Activities |
|--|---|---------------------|---------------------|---------------------|-------------------------|
| | Sewage | Water | Nonmajor Funds | Totals | Internal Service |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | | | |
| Operating income (loss) | \$ 1,787,001 | \$ 5,084,888 | \$ (644,250) | \$ 6,227,639 | \$ (9,246) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Depreciation/amortization | 1,076,804 | 1,370,769 | 407,912 | 2,855,485 | 496,510 |
| Change in operating assets and liabilities that provided (used) cash: | | | | | |
| Accounts receivable, net | (259,814) | (10,070) | (17,757) | (287,641) | 21,529 |
| Due from other governments | 1,828 | (738,887) | - | (737,059) | - |
| Inventories | - | (224,305) | - | (224,305) | - |
| Prepaid items | (1,873) | (7,985) | - | (9,858) | 590,856 |
| Deferred outflows of resources - pension | (4,347) | (6,633) | - | (10,980) | - |
| Deferred outflows of resources - OPEB | (10,020) | (15,260) | - | (25,280) | - |
| Accounts payable | 91,278 | 673,970 | 21,478 | 786,726 | (10,880) |
| Accrued payroll | 2,253 | 2,725 | 400 | 5,378 | 742 |
| Customer deposits | - | (2,450) | - | (2,450) | - |
| Estimate claims payable | - | - | - | - | (166,375) |
| Accrued compensated absences | 16,601 | (2,372) | - | 14,229 | - |
| Net pension liability | 2,628 | 1,652 | - | 4,280 | - |
| Net OPEB liability | (641,173) | (1,508,714) | - | (2,149,887) | - |
| Deferred inflows of resources - pension | 212 | 191 | - | 403 | - |
| Deferred inflows of resources - OPEB | 285,822 | 448,723 | - | 734,545 | - |
| Net cash provided by (used in) operating activities | <u>\$ 2,347,200</u> | <u>\$ 5,066,242</u> | <u>\$ (232,217)</u> | <u>\$ 7,181,225</u> | <u>\$ 923,136</u> |

concluded.

Non-cash item: Capital assets acquired through leases payable in the amount of \$61,732.

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

CITY OF JACKSON, MICHIGAN

Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2024

| | Pension and Other Employee Benefits Trust Funds | Custodial Funds |
|--|--|--------------------|
| Assets | | |
| Pooled cash and investments | \$ 485,619 | \$ - |
| Investments, at fair value: | | |
| U.S. treasuries | 3,224,477 | - |
| Corporate bonds: | | |
| Domestic bonds | 6,255,492 | - |
| Domestic mutual funds | 29,133,848 | - |
| Equities: | | |
| Domestic stocks | 6,700,345 | - |
| Domestic mutual funds | 40,663,676 | - |
| International mutual funds | 24,373,766 | - |
| Money market funds | 7,387,144 | - |
| Receivables - | | |
| Interest, dividends, and other | 277,268 | - |
| Total assets | <u>118,501,635</u> | <u>-</u> |
| Liabilities | | |
| Refunds payable and other liabilities | 494,380 | - |
| Net position | | |
| Restricted for pension | 112,273,815 | - |
| Restricted for other employee benefits | 5,733,440 | - |
| Total net position | <u><u>\$ 118,007,255</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, 2024

| | Pension and Other Employee Benefits Trust Funds | Custodial Funds |
|---|--|--------------------|
| Additions | | |
| Contributions: | | |
| Employer | \$ 9,791,172 | \$ - |
| Plan members | 1,263,967 | - |
| Other | 96,046 | - |
| Total contributions | <u>11,151,185</u> | <u>-</u> |
| Investment income: | | |
| Net change in fair value of investments | 9,593,827 | - |
| Interest | 738,279 | - |
| Dividends | 1,372,032 | - |
| Total investment income | <u>11,704,138</u> | <u>-</u> |
| Less investment expense | <u>265,281</u> | <u>-</u> |
| Net investment income | 11,438,857 | - |
| Taxes collected for other governments | - | <u>30,015,491</u> |
| Total additions | <u>22,590,042</u> | <u>30,015,491</u> |
| Deductions | | |
| Benefits | 12,889,280 | - |
| Refunds of contributions | 437,302 | - |
| Administrative expense | 131,458 | - |
| Payments of taxes to other governments | - | <u>30,015,491</u> |
| Total deductions | <u>13,458,040</u> | <u>30,015,491</u> |
| Change in net position | 9,132,002 | - |
| Net position, beginning of year | <u>108,875,253</u> | <u>-</u> |
| Net position, end of year | <u>\$ 118,007,255</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, 2024

| | Brownfield Redevelopment Authority | MLK Corridor Improvement Authority | Downtown Development Authority | Totals |
|--|--|--|--------------------------------------|---------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 1,689,419 | \$ 73,269 | \$ 304,474 | \$ 2,067,162 |
| Receivables | 6,260 | - | 65,340 | 71,600 |
| Total assets | <u>1,695,679</u> | <u>73,269</u> | <u>369,814</u> | <u>2,138,762</u> |
| Liabilities | | | | |
| Accounts payable and accrued liabilities | 40,751 | 13,000 | 11,018 | 64,769 |
| Unearned revenue | - | - | 140,029 | 140,029 |
| Total liabilities | <u>40,751</u> | <u>13,000</u> | <u>151,047</u> | <u>204,798</u> |
| Net position | | | | |
| Unrestricted | <u>\$ 1,654,928</u> | <u>\$ 60,269</u> | <u>\$ 218,767</u> | <u>\$ 1,933,964</u> |

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, 2024

| | Brownfield Redevelopment Authority | MLK Corridor Improvement Authority | Downtown Development Authority | Totals |
|---|--|--|--------------------------------------|---------------------|
| Expenses | | | | |
| Brownfield Redevelopment Authority | \$ 1,649,925 | \$ - | \$ - | \$ 1,649,925 |
| MLK Corridor Improvement Authority | - | 851,046 | - | 851,046 |
| Downtown Development Authority | - | - | 273,038 | 273,038 |
| Total expenses | 1,649,925 | 851,046 | 273,038 | 2,774,009 |
| Program revenues | | | | |
| Charges for services | - | - | 144,935 | 144,935 |
| Net program expenses | (1,649,925) | (851,046) | (128,103) | (2,629,074) |
| General revenues | | | | |
| Property taxes | 1,668,627 | 12,113 | 88,344 | 1,769,084 |
| Grants and contributions not restricted to specific purposes | 46,008 | 899,202 | 3,870 | 949,080 |
| Unrestricted interest earnings | 92,469 | - | 14,729 | 107,198 |
| Total general revenues | 1,807,104 | 911,315 | 106,943 | 2,825,362 |
| Change in net position | 157,179 | 60,269 | (21,160) | 196,288 |
| Net position, beginning of year | 1,497,749 | - | 239,927 | 1,737,676 |
| Net position, end of year | \$ 1,654,928 | \$ 60,269 | \$ 218,767 | \$ 1,933,964 |

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

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NOTES TO FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Jackson, Michigan (the "City") was incorporated in 1857 and is the seat of Jackson County. The City operates under a Council-Manager form of government and provides the following services: legislative, general government, public safety, public works, culture and recreation, community enrichment and development, sewer, water, 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.

Additionally, the City reports the following fund types:

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

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

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

The *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.

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Receivables and Payables

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

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$25,000 (except for motor pool capital assets which use a \$10,000 threshold) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Capital assets of the primary government are depreciated/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 |

Notes to Financial Statements

Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net 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 \$25,000 (except for motor pool capital assets which use a \$10,000 threshold) 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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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.

Subscription-Based Information Technology Arrangements (SBITA)

The City has noncancellable subscription-based information technology arrangements. The City recognizes a subscription liability and an intangible right-to-use subscription asset in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$25,000 (except for motor pool capital assets which use a \$10,000 threshold) or more.

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

Key estimates and judgments related to subscriptions include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) subscription term, and (3) subscription payments. The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs. The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription 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 subscription and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

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.

Pensions and Other Postemployment Benefits

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

Fund Balances

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

2. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end, except for those approved by the City Council for carry forward. The City Council requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in May. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded.

An operating budget is adopted each fiscal year for the general and special revenue funds on a basis consistent with GAAP. Budgets are legally required for the general and special revenue funds. Budgetary control is exercised at the activity level, an office or department to which specific expenditures/expenses are to be allocated, within the general fund and the community development block grant special revenue fund, and on the program/function level for all other special revenue funds. Accordingly, financial statement presentation is made on this basis. A City Council resolution is required to increase activity budget amounts within the general fund and the community development block grant special revenue fund and any supplemental appropriations that increase the total expenditures of any other fund. Management can make budget transfers between line items within an activity for the general fund and the community development block grant special revenue fund and between line items for the fund as a whole for other funds.

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

Encumbrances

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

3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2024, the City did not incur expenditures in excess of the amounts appropriated.

4. FUND DEFICITS

At June 30, 2024, the special assessment capital projects fund had a fund deficit of \$1,820,039. 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, 2024:

| | Primary Government | Component Units | Total |
|---|-----------------------|---------------------|-----------------------|
| Statement of Net Position | | | |
| Pooled cash and investments | \$ 79,405,938 | \$ 2,067,162 | \$ 81,473,100 |
| Restricted cash: | | | |
| Cash on hand with agents | 46,000 | - | 46,000 |
| Pooled cash and investments | 17,487,889 | - | 17,487,889 |
| Statement of Fiduciary Net Position | | | |
| Pooled cash and investments | 485,619 | - | 485,619 |
| Investments – pension and other employee benefits | 117,738,748 | - | 117,738,748 |
| Total | \$ 215,164,194 | \$ 2,067,162 | \$ 217,231,356 |
| Deposits and investments: | | | |
| Bank deposits (checking, savings, money market accounts, and certificates of deposit) | | | \$ 97,673,369 |
| Investments in securities and mutual funds: | | | |
| Cash and investment pool | | | 1,757,044 |
| Pension and other employee benefits trust funds | | | 117,738,748 |
| Cash on hand with agents | | | 46,000 |
| Cash on hand | | | 16,195 |
| Total | | | \$ 217,231,356 |

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, 2024, \$71,066,634 of the City’s total bank balance of \$99,226,446 (total book balance was \$97,673,369) was exposed to custodial credit risk as it was uninsured and uncollateralized.

The City’s investment policy does not specifically address this risk, although the City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

Custodial Credit Risk - Investments. Following is a summary of the City’s investments as of June 30, 2024:

| | |
|--------------------------------|---------------------|
| Michigan CLASS Investment Fund | \$ 1,744,054 |
| Domestic equities | 12,990 |
| Total | \$ 1,757,044 |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2024, 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, 2024, 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, 2024, 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, 2024, 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.

At year end, the net asset value of the City's investment in Michigan CLASS was \$1,744,054. 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.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Deposits and Investments – Pension and Other Employee Benefits Trust Funds

The City maintains three pension trust funds (see Note 19) and one other employee benefits trust fund (see Note 20) 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, 2024:

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

| | |
|----------------------------|-----------------------|
| U.S. treasuries | \$ 3,224,477 |
| Corporate bonds: | |
| Domestic bonds | 6,255,492 |
| Domestic mutual funds | 29,133,848 |
| Equities: | |
| Domestic stocks | 6,700,345 |
| Domestic mutual funds | 40,663,676 |
| International mutual funds | 24,373,766 |
| Money market funds | <u>7,387,144</u> |
| Total investments | <u>\$ 117,738,748</u> |

Credit Risk. The pension and other employee benefits trust funds' investment policy provides that its investments in fixed income securities should have an investment grade rating by two nationally recognized statistical rating organizations.

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 (Moody's) | Amount |
|---------------------|---------------------|
| Aaa | \$ 176,261 |
| A1 | 315,076 |
| A2 | 98,437 |
| A3 | 483,409 |
| Baa1 | 449,362 |
| Baa2 | 736,252 |
| Baa3 | 551,040 |
| Ba1 | 48,557 |
| AGY | 3,249,214 |
| Not rated | 28,055 |
| Not subject to risk | 119,829 |
| Totals | <u>\$ 6,255,492</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, 2024, there were no concentrations in securities of any one issuer greater than 5% of investment fair value.

Interest Rate Risk. As of June 30, 2024, maturities of debt securities were as follows:

| | Fair Value | Investment Maturities (fair value by years) | | | |
|---------------------------|---------------------|---|---------------------|-------------------|---------------------|
| | | Less Than 1 | 1-5 | 6-10 | More Than 10 |
| U.S. treasuries | \$ 3,224,477 | \$ - | \$ 1,916,510 | \$ 349,262 | \$ 958,705 |
| Domestic corporate bonds: | | | | | |
| Asset backed securities | 3,462,501 | - | - | - | 3,462,501 |
| Corporate bonds | 2,792,991 | 88,431 | 1,435,531 | 617,275 | 651,754 |
| | <u>\$ 9,479,969</u> | <u>\$ 88,431</u> | <u>\$ 3,352,041</u> | <u>\$ 966,537</u> | <u>\$ 5,072,960</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, 2024:

| | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|----------------------|----------------------|-------------|-----------------------|
| U.S. treasuries | \$ - | \$ 3,224,477 | \$ - | \$ 3,224,477 |
| Corporate bonds: | | | | |
| Domestic bonds | - | 6,255,492 | - | 6,255,492 |
| Domestic mutual funds | - | 29,133,848 | - | 29,133,848 |
| Equities: | | | | |
| Domestic stocks | 6,700,345 | - | - | 6,700,345 |
| Domestic mutual funds | 40,663,676 | - | - | 40,663,676 |
| International mutual funds | 24,373,766 | - | - | 24,373,766 |
| Money market funds | 7,387,144 | - | - | 7,387,144 |
| Total investments | \$ 79,124,931 | \$ 38,613,817 | \$ - | \$ 117,738,748 |

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 | \$ 5,774,526 | \$ 5,042,138 | \$ 734 |
| Allowance for uncollectible amounts | (3,851,262) | (26,360) | - |
| Interest receivable | 114,333 | 177,758 | 6,260 |
| Taxes receivable | 2,430,596 | - | - |
| Allowance for uncollectible amounts | (27,821) | - | - |
| Notes receivable | - | - | 64,606 |
| Special assessment receivables | 3,848,110 | - | - |
| Leases receivable (Note 8) | 1,735,800 | - | - |
| Due from other governments | 2,377,436 | 1,887,610 | - |
| | <u>\$ 12,401,718</u> | <u>\$ 7,081,146</u> | <u>\$ 71,600</u> |
| Amount not expected to be collected within one year | <u>\$ 3,695,156</u> | <u>\$ -</u> | <u>\$ 58,402</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, 2024, 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 | 4,086,451 | 2,026,123 | - | (98,403) | 6,014,171 |
| | <u>6,481,731</u> | <u>2,026,123</u> | <u>-</u> | <u>(98,403)</u> | <u>8,409,451</u> |
| Capital assets being depreciated/amortized: | | | | | |
| Infrastructure | 220,703,246 | 7,233,975 | - | - | 227,937,221 |
| Land improvements | 15,837,686 | 31,851 | - | - | 15,869,537 |
| Buildings and improvements | 18,840,510 | 184,871 | 18,598 | - | 19,006,783 |
| Park and recreation facilities | 14,637,170 | 596,982 | 6,037 | 98,403 | 15,326,518 |
| Machinery and equipment | 15,577,853 | 2,631,429 | 800,633 | - | 17,408,649 |
| Lease vehicles (Note 8) | 985,313 | 10,519 | 169,451 | - | 826,381 |
| Subscription assets (Note 9) | - | 210,459 | - | - | 210,459 |
| | <u>286,581,778</u> | <u>10,900,086</u> | <u>994,719</u> | <u>98,403</u> | <u>296,585,548</u> |
| Less accumulated depreciation/amortization for: | | | | | |
| Infrastructure | 133,232,818 | 5,678,684 | - | - | 138,911,502 |
| Land improvements | 5,993,113 | 329,823 | - | - | 6,322,936 |
| Buildings and improvements | 8,501,742 | 325,622 | 11,902 | - | 8,815,462 |
| Park and recreation facilities | 6,791,345 | 221,663 | 3,984 | - | 7,009,024 |
| Machinery and equipment | 13,035,094 | 944,532 | 800,633 | - | 13,178,993 |
| Lease vehicles (Note 8) | 317,487 | 190,637 | 147,275 | - | 360,849 |
| Subscription assets (Note 9) | - | 52,779 | - | - | 52,779 |
| | <u>167,871,599</u> | <u>7,743,740</u> | <u>963,794</u> | <u>-</u> | <u>174,651,545</u> |
| Total capital assets being depreciated/amortized, net | <u>118,710,179</u> | <u>3,156,346</u> | <u>30,925</u> | <u>98,403</u> | <u>121,934,003</u> |
| Governmental activities capital assets, net | <u>\$ 125,191,910</u> | <u>\$ 5,182,469</u> | <u>\$ 30,925</u> | <u>\$ -</u> | <u>\$ 130,343,454</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 | 3,206,395 | 12,358,676 | - | (561,954) | 15,003,117 |
| | <u>12,163,281</u> | <u>12,358,676</u> | <u>-</u> | <u>(561,954)</u> | <u>23,960,003</u> |
| Capital assets being depreciated/amortized: | | | | | |
| Systems | 108,513,243 | 4,433,100 | - | - | 112,946,343 |
| Land improvements | 5,832,493 | - | - | - | 5,832,493 |
| Buildings and improvements | 14,044,430 | - | - | - | 14,044,430 |
| Machinery and equipment | 18,324,451 | 699,670 | - | 561,954 | 19,586,075 |
| Lease vehicles (Note 8) | 393,241 | 61,732 | - | - | 454,973 |
| | <u>147,107,858</u> | <u>5,194,502</u> | <u>-</u> | <u>561,954</u> | <u>152,864,314</u> |
| Less accumulated depreciation/amortization for: | | | | | |
| Systems | 54,501,762 | 1,752,812 | - | - | 56,254,574 |
| Land improvements | 2,258,425 | 180,428 | - | - | 2,438,853 |
| Buildings and improvements | 5,037,792 | 275,439 | - | - | 5,313,231 |
| Machinery and equipment | 12,805,491 | 570,481 | - | - | 13,375,972 |
| Lease vehicles (Note 8) | 111,032 | 76,325 | - | - | 187,357 |
| | <u>74,714,502</u> | <u>2,855,485</u> | <u>-</u> | <u>-</u> | <u>77,569,987</u> |
| Total capital assets being depreciated/amortized, net | <u>72,393,356</u> | <u>2,339,017</u> | <u>-</u> | <u>561,954</u> | <u>75,294,327</u> |
| Business-type activities capital assets, net | <u>\$ 84,556,637</u> | <u>\$ 14,697,693</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 99,254,330</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 | \$ 294,579 |
| Public safety | 608,153 |
| Public works, including depreciation of general infrastructure assets | 5,751,002 |
| Culture and recreation | 309,675 |
| Community enrichment and development | 283,821 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | <u>496,510</u> |
| Total depreciation/amortization expense - governmental activities | <u>\$ 7,743,740</u> |
| Business-type activities | |
| Sewage | \$ 1,076,804 |
| Water | 1,370,769 |
| Nonmajor enterprise funds | <u>407,912</u> |
| Total depreciation/amortization expense - business-type activities | <u>\$ 2,855,485</u> |

Outstanding construction commitments at June 30, 2024 totaled \$4,317,251.

8. LEASES

Lessee - The City is involved in two agreements as a lessee that qualify as long-term lease agreements. Below is a summary of the nature of these agreements. These agreements qualify as intangible, right-to-use assets and not a financed purchase, as the City will not own the asset at the end of the contract term and the noncancelable term of the agreement 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 12, 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, 2024, were as follows:

| Year Ended June 30, | Governmental Activities | | Business-type Activities | |
|------------------------|-------------------------|------------------|--------------------------|------------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 158,959 | \$ 37,300 | \$ 88,286 | \$ 17,548 |
| 2026 | 124,932 | 25,549 | 76,111 | 12,043 |
| 2027 | 125,819 | 14,028 | 65,766 | 6,927 |
| 2028 | 78,405 | 2,015 | 45,067 | 2,290 |
| 2029 | 425 | 5 | 4,988 | 100 |
| Total | \$ 488,540 | \$ 78,897 | \$ 280,218 | \$ 38,908 |

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, 2024 was \$1,444,840.

Remaining Term of Agreements

Asset Type

| | |
|-------------|-----------|
| Land | 37 years |
| Cell towers | 7-8 years |

9. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The City is involved in one arrangement that qualifies as a long-term subscription-based information technology ("SBITA") arrangement. Below is a summary of the nature of this arrangement. This arrangement qualifies as an intangible, right-to-use subscription asset as the City has the control of the right to use another party's IT software and the noncancelable term of the arrangement surpasses one year.

The right-to-use asset and the related activity are included in Note 7, Capital Assets. The subscription liability and related activity are presented in Note 12, Bonds, Notes and Other Long-term Liabilities.

Remaining Term of Agreement

Asset Type

| | |
|---------------------|---------|
| Subscription assets | 2 years |
|---------------------|---------|

The net present value of future minimum payments as of June 30, 2024, were as follows:

| Year Ended June 30, | Governmental Activities | |
|------------------------|-------------------------|-----------------|
| | Principal | Interest |
| 2025 | \$ 57,158 | \$ 4,406 |
| 2026 | 62,343 | 2,299 |
| Total | \$ 119,501 | \$ 6,705 |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

10. 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 | \$ 2,462,899 | \$ 2,630,809 | \$ 62,179 |
| Accrued payroll | 314,892 | 74,035 | 2,590 |
| Other liabilities | 393,758 | - | - |
| Accrued interest on bonds, notes, and other long-term liabilities | 297,084 | 17,753 | - |
| Customer deposits | - | 207,500 | - |
| | <u>\$ 3,468,633</u> | <u>\$ 2,930,097</u> | <u>\$ 64,769</u> |

11. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2024, 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 | \$ - | \$ 2,320,258 | \$ - | \$ 2,320,258 |
| Nonmajor governmental funds | 3,398 | - | 86,044 | 89,442 |
| | <u>\$ 3,398</u> | <u>\$ 2,320,258</u> | <u>\$ 86,044</u> | <u>\$ 2,409,700</u> |

At June 30, 2024, long-term advances between funds were as follows:

| Receivable Fund | Payable Fund |
|-----------------|-----------------------------------|
| | Nonmajor Governmental Funds |
| General fund | <u>\$ 50,000</u> |

The City has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net position/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

For the year ended June 30, 2024, interfund transfers consisted of the following:

| Transfers Out | Transfers In | | | |
|--|-------------------|---------------------|-------------------------------------|-----------------------------|
| | General Fund | Major Streets Fund | Special Assessment Capital Projects | Nonmajor Governmental Funds |
| General fund | \$ - | \$ - | \$ - | \$ 1,267,478 |
| Major streets fund | - | - | - | 770,120 |
| Special assessment capital projects fund | - | 694,371 | - | 606,278 |
| Nonmajor governmental funds | 199,393 | 1,206,922 | 292,252 | 3,861,350 |
| Sewage | - | - | - | 217,958 |
| Water | - | - | - | 598,818 |
| Nonmajor enterprise funds | - | - | - | 103,445 |
| Internal service funds | - | - | - | 52,503 |
| | <u>\$ 199,393</u> | <u>\$ 1,901,293</u> | <u>\$ 292,252</u> | <u>\$ 7,477,950</u> |

| Transfers Out | Transfers In | | |
|--|-------------------|---------------------------|----------------------|
| | Water | Nonmajor Enterprise Funds | Total |
| General fund | \$ - | \$ - | \$ 1,267,478 |
| Major streets fund | - | - | 770,120 |
| Special assessment capital projects fund | - | 113,155 | 1,413,804 |
| Nonmajor governmental funds | - | - | 5,559,917 |
| Sewage | 357,916 | - | 575,874 |
| Water | - | - | 598,818 |
| Nonmajor enterprise funds | - | 92,143 | 195,588 |
| Internal service funds | - | - | 52,503 |
| | <u>\$ 357,916</u> | <u>\$ 205,298</u> | <u>\$ 10,434,102</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, 2024, transfers out from the general fund consisted of operating subsidies to the Ella W. Sharp Park operating and Demolition special revenue 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. The transfer from the opioid settlement fund was for the purchase of equipment by the fire department, 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

12. 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 and infrastructure. General obligation bonds have been issued for governmental and business-type activities. The original amount of general obligation bonds issued for the items listed below was \$73,757,577 and \$9,548,000 for governmental and business-type activities, respectively.

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 | 3.700%-5.750% | \$ 17,998,577 | \$ 1,576,368 |
| 2016 capital improvement | 2026 | 0.750%-2.250% | 1,300,000 | 286,000 |
| 2017 transportation bond | 2031 | 2.410% | 8,970,000 | 4,850,000 |
| 2017 brownfield refunding | 2030 | 2.640% | 9,080,000 | 7,750,000 |
| 2018 capital improvement | 2033 | 2.500% - 5.000% | 14,890,000 | 9,990,000 |
| 2019 downtown development refunding | 2030 | 3.020% | 5,715,000 | 5,535,000 |
| 2020 capital improvement | 2030 | 2.060% | 2,004,000 | 1,252,000 |
| 2020 special assessment | 2031 | 1.500% | 1,496,000 | 1,074,000 |
| 2021 general obligation refunding | 2027 | 0.990% | 4,382,000 | 2,292,000 |
| 2021 brownfield redevelopment refunding | 2031 | 1.790% | 4,272,000 | 2,156,000 |
| 2024 Michigan Transportation Fund bonds | 2034 | 5.000% | <u>3,650,000</u> | <u>3,650,000</u> |
| | | | <u>\$ 73,757,577</u> | <u>\$ 40,411,368</u> |
| Business-type Activities | | | | |
| 2022 sewer system junior lien revenue bonds (5740-01) | 2044 | 1.875% | <u>\$ 9,548,000</u> | <u>\$ 4,759,336</u> |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

| Year Ended June 30, | Governmental Activities | | Business-type Activities | |
|--|-------------------------|----------------------|--------------------------|---------------------|
| | Principal | Interest | Principal | Interest |
| 2025 | \$ 5,462,033 | \$ 3,501,733 | \$ 398,000 | \$ 179,025 |
| 2026 | 5,668,335 | 3,544,818 | 405,000 | 171,563 |
| 2027 | 6,132,000 | 1,003,421 | 415,000 | 163,969 |
| 2028 | 5,629,000 | 823,034 | 420,000 | 156,188 |
| 2029 | 4,626,000 | 641,277 | 430,000 | 148,313 |
| 2030-2034 | 12,894,000 | 1,091,980 | 2,265,000 | 617,906 |
| 2035-2039 | - | - | 2,485,000 | 397,313 |
| 2040-2044 | - | - | 2,730,000 | 155,625 |
| | <u>\$ 40,411,368</u> | <u>\$ 10,606,263</u> | 9,548,000 | <u>\$ 1,989,902</u> |
| Less amount remaining to draw on outstanding projects | | | <u>(4,788,664)</u> | |
| | | | <u>\$ 4,759,336</u> | |

During the year ended June 30, 2024, the City made draws against the Sewer System Revenue Clean Water Revolving bonds in the amount of \$4,759,336. The total amount authorized under this issue is \$9,548,000. The total amount remaining available to draw amount at June 30, 2024 was \$4,788,664.

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 | \$ 19,355 |
| 2020 Installment Purchase Agreement - Leaf Collectors | 2025 | 1.93% | <u>459,446</u> | <u>95,451</u> |
| | | | <u>\$ 724,446</u> | <u>\$ 114,806</u> |

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

| Year Ended June 30, | Governmental Activities | |
|------------------------|-------------------------|-----------------|
| | Principal | Interest |
| 2025 | <u>\$ 114,806</u> | <u>\$ 2,003</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, 2024, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|---------------------|---------------------|----------------------|---------------------|
| Primary Government | | | | | |
| Governmental activities | | | | | |
| General obligation bonds | \$ 41,236,098 | \$ 3,650,000 | \$ 4,474,730 | \$ 40,411,368 | \$ 5,462,033 |
| Notes from direct borrowings/ placements - Installment purchase agreements | 264,996 | - | 150,190 | 114,806 | 114,806 |
| Leases liability (Note 8) | 695,481 | 10,519 | 217,460 | 488,540 | 158,959 |
| Subscriptions liability (Note 9) | - | 158,589 | 39,088 | 119,501 | 57,158 |
| Compensated absences | 1,603,395 | 860,750 | 794,844 | 1,669,301 | 166,930 |
| Deferred amounts for - Issuance premium | 1,147,913 | 324,135 | 114,791 | 1,357,257 | 147,205 |
| | <u>\$ 44,947,883</u> | <u>\$ 5,003,993</u> | <u>\$ 5,791,103</u> | <u>\$ 44,160,773</u> | <u>\$ 6,107,091</u> |
| Business-type activities | | | | | |
| General obligation bonds | \$ - | \$ 4,759,336 | \$ - | \$ 4,759,336 | \$ 398,000 |
| Leases liability (Note 8) | 304,762 | 61,732 | 86,276 | 280,218 | 88,286 |
| Compensated absences | 378,986 | 194,880 | 180,651 | 393,215 | 40,055 |
| | <u>\$ 683,748</u> | <u>\$ 5,015,948</u> | <u>\$ 266,927</u> | <u>\$ 5,432,769</u> | <u>\$ 526,341</u> |

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

13. 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.

14. ENDOWMENTS

Ella W. Sharp Park Endowment Permanent Trust Fund. For the year ended June 30, 2024, the net appreciation on investments of donor-restricted endowments was \$62,300 and there was an overall increase in fund balance of \$25,601. Under the terms of the endowment, and consistent with State statutes, the City is authorized to spend the trust earnings, except for unrealized gains and losses, for the benefit of the Ella Sharp Park. The nonspendable endowment balance is \$1,100,381.

Cemetery Perpetual Maintenance Permanent Trust Fund. For the year ended June 30, 2024, the net appreciation on investments of donor-restricted endowments was \$110,393 and there was an overall increase in fund balance of \$28,602. 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 \$2,135,618.

Lloyd E. Mount Endowment Permanent Trust Fund. For the year ended June 30, 2024, the net appreciation on investments of donor-restricted endowments was \$15,875 and there was an overall increase in fund balance of \$8,680. Under the terms of the endowment, and consistent with State statutes, the City is authorized to spend the trust earnings, except for unrealized gains and losses, to initiate new programs (park entertainment or education) for public benefit. At year-end the nonspendable endowment balance is \$289,217.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

15. 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, 2024, 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, 2024, 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, 2024 and 2023, are as follows:

| | 2024 | 2023 |
|--|------------------|-------------------|
| Claims liability at beginning of fiscal year | \$ 206,005 | \$ 113,235 |
| Claims and changes in estimates | 87,462 | 398,124 |
| Claims payments | <u>(253,837)</u> | <u>(305,354)</u> |
| Claims liability at June 30 | <u>\$ 39,630</u> | <u>\$ 206,005</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.

16. 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, 2023 levy was assessed and valued at approximately \$727 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, 8.6081 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

17. TAX ABATEMENTS

The City received reduced property tax revenues during 2024 as a result of brownfield redevelopment agreements entered into by the City.

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 \$152,800 in reduced City tax revenues for 2024.

18. 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. During expansion of the airport runways, it was discovered that 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

19. 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, 2023 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 | 186 | 8 | 181 |
| Terminated plan members entitled to, but not yet receiving benefits | 20 | - | 5 |
| Active plan members | 171 | - | 74 |
| | <u>377</u> | <u>8</u> | <u>260</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> |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The long-term expected rate of return on pension plan investments (for each plan) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2024 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 6.0%.

For the year ended June 30, 2024, the annual money-weighted rate of return on the plan investments, net of investment expenses, was 11.07%, 11.27% and 11.69% 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 2024, member contributions ranged from 5.50% to 8.00%, based on hire date and union membership, with the City contributing 10.18%. Accumulated member contributions are annually credited with interest based on the current average 1 year CD rate, 2.65% for fiscal year 2024. 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 5.50% to 8.00% for fiscal year 2024 based on the employees hire date and union membership, with the City contributing 10.18%. 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.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023 (rolled forward to June 30, 2024) using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|---|
| Inflation | 2.75% |
| Salary increases | 2.75% to 9.75% including inflation |
| Investment rate of return | 6.00%, 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. |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

The significant changes in benefit terms for the year ended June 30, 2024 were as follows:

- Changes in eligibility (non-union benefit group general members who are in active service as of the effective date are eligible for retirement at the earlier of age 65 with 10 years of service, age 58 with 27 years of service or 35 years of service at any age).

The significant changes in assumptions for the year ended June 30, 2024 were as follows:

- The discount rate decreased from 6.45% to 6.00%.

Discount rate. A single discount rate of 6.00% 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 6.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the 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, 2023 | \$ 60,188,592 | \$ 43,046,032 | \$ 17,142,560 |
| Changes for the year: | | | |
| Service cost | 980,491 | - | 980,491 |
| Interest | 3,776,122 | - | 3,776,122 |
| Changes of benefit terms | 14,071 | - | 14,071 |
| Differences between expected and actual experience | (201,768) | - | (201,768) |
| Changes of assumptions | 2,913,782 | - | 2,913,782 |
| Employer contributions | - | 1,135,855 | (1,135,855) |
| Employee contributions | - | 733,822 | (733,822) |
| Net investment income | - | 4,254,155 | (4,254,155) |
| Benefit payments, including refunds of employee contributions | (4,268,614) | (4,268,614) | - |
| Administrative expense | - | (53,115) | 53,115 |
| Net changes | <u>3,214,084</u> | <u>1,802,103</u> | <u>1,411,981</u> |
| Balances at June 30, 2024 | <u>\$ 63,402,676</u> | <u>\$ 44,848,135</u> | <u>\$ 18,554,541</u> |

Plan fiduciary net position as a percentage of the total pension liability 70.74%

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 (5.00%) | Current Discount Rate (6.00%) | 1% Increase (7.00%) |
|----------------------------|---------------------------|-------------------------------------|---------------------------|
| City net pension liability | \$ 25,957,450 | \$ 18,554,541 | \$ 12,371,504 |

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2024, the City recognized pension expense of \$2,145,592. At June 30, 2024, 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 | \$ 5,111 | \$ 799,686 | \$ (794,575) |
| Changes in assumptions | 3,870,092 | - | 3,870,092 |
| Net difference between projected and actual earnings on pension plan investments | - | 295,019 | (295,019) |
| Total | <u>\$ 3,875,203</u> | <u>\$ 1,094,705</u> | <u>\$ 2,780,498</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 |
|------------------------|---------------------|
| 2025 | \$ 503,230 |
| 2026 | 2,192,454 |
| 2027 | 243,136 |
| 2028 | (158,322) |
| | <u>\$ 2,780,498</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, 2023 actuarial valuation using the entry age method.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023 (rolled forward to June 30, 2024) using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | Not applicable |
| Salary increases | Not applicable |
| Investment rate of return | 6.0%, net of expenses |
| Retirement age | Closed plan |
| Mortality rate | RP-2014 Mortality Table fully generational using projection scale MP-2018. First used for the June 30, 2018 valuation. |

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a) - (b) |
|---|--|--|--|
| Balances at June 30, 2023 | \$ 4,317,899 | \$ 3,378,879 | \$ 939,020 |
| Changes for the year: | | | |
| Interest | 247,341 | - | 247,341 |
| Differences between expected and actual experience | (574,385) | - | (574,385) |
| Employer contributions | - | 274,544 | (274,544) |
| Net investment income | - | 350,751 | (350,751) |
| Benefit payments, including refunds of employee contributions | (391,086) | (391,086) | - |
| Administrative expense | - | (12,374) | 12,374 |
| Net changes | <u>(718,130)</u> | <u>221,835</u> | <u>(939,965)</u> |
| Balances at June 30, 2024 | <u>\$ 3,599,769</u> | <u>\$ 3,600,714</u> | <u>\$ (945)</u> |

Plan fiduciary net position as a percentage of the total pension liability 100.03%

Sensitivity of the net pension liability (asset) to changes in the discount rate. Below is a table providing the sensitivity of the net pension liability (asset) to changes in the discount rate. In particular, the table presents the plan's net pension liability (asset) 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 (asset) | \$ 254,696 | \$ (945) | \$ (227,121) |

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2024, the City recognized pension expense of \$(534,571). At June 30, 2024, 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 | \$ - | \$ 43,357 | \$ (43,357) |

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 |
|------------------------|--------------------|
| 2025 | \$ (44,059) |
| 2026 | 86,260 |
| 2027 | (55,180) |
| 2028 | <u>(30,378)</u> |
| | <u>\$ (43,357)</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 8.0% to 16.5% (based on the employee’s date of hire and union membership) 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, 2023 actuarial valuation using the entry age method. The actuarial assumptions included a 6.0% rate of return on investments and a 2.75% cost of living adjustment.

Actuarial assumptions. The total pension liability was determined by an actuarial valuation as of June 30, 2023 (rolled forward to June 30, 2024) using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | 2.75% to 11.75% |
| Investment rate of return | 6.0% |
| Retirement age | Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2018 valuation. |
| Mortality rate | RP-2014 Mortality Table fully generational using projection scale MP-2018. First used for the June 30, 2018 valuation. |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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

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

| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
|--|--|--|--|
| Balances at June 30, 2023 | \$ 83,174,471 | \$ 57,284,886 | \$ 25,889,585 |
| Changes for the year: | | | |
| Service cost | 855,683 | - | 855,683 |
| Interest | 4,829,887 | - | 4,829,887 |
| Differences between expected and actual experience | 249,523 | - | 249,523 |
| Employer contributions | - | 5,922,297 | (5,922,297) |
| Employee contributions | - | 530,145 | (530,145) |
| Net investment income | - | 6,343,113 | (6,343,113) |
| Benefit payments, including refunds of employee contributions | (6,208,406) | (6,208,406) | - |
| Administrative expense | - | (47,069) | 47,069 |
| Net changes | <u>(273,313)</u> | <u>6,540,080</u> | <u>(6,813,393)</u> |
| Balances at June 30, 2024 | <u>\$ 82,901,158</u> | <u>\$ 63,824,966</u> | <u>\$ 19,076,192</u> |
| Plan fiduciary net position as a percentage of the total pension liability | | | 76.99% |

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 (5.0%) | Current Single Discount Rate (6.0%) | 1% Increase (7.0%) |
|----------------------------|--------------------------|--|--------------------------|
| City net pension liability | \$ 28,816,019 | \$ 19,076,192 | \$ 11,006,090 |

Pension expense and deferred outflows and inflows of resources related to pensions. For the year ended June 30, 2024, the City recognized pension expense of \$926,342. At June 30, 2024, 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 | \$ 277,324 | \$ 138,642 | \$ 138,682 |
| Changes in assumptions | 64,772 | - | 64,772 |
| Net difference between projected and actual earnings on pension plan investments | - | 1,660,197 | (1,660,197) |
| Total | <u>\$ 342,096</u> | <u>\$ 1,798,839</u> | <u>\$ (1,456,743)</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 |
|------------------------|-----------------------|
| 2025 | \$ (1,002,397) |
| 2026 | 1,059,292 |
| 2027 | (933,615) |
| 2028 | (580,023) |
| | <u>\$ (1,456,743)</u> |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Payable to the Pension Plans. At June 30, 2024, the City had no amounts payable for contributions to the pension plans.

Aggregate Pension Information

| | Employees' Retirement System | Policemen's and Firemen's Pension | Policemen's and Firemen's Pension - Act 345 | Total |
|--|------------------------------------|---|---|----------------|
| Total pension liability | \$ 63,402,676 | \$ 3,599,769 | \$ 82,901,158 | \$ 149,903,603 |
| Plan fiduciary net position | 44,848,135 | 3,600,714 | 63,824,966 | 112,273,815 |
| Net pension asset | | \$ 945 | | \$ 945 |
| Net pension liability | \$ 18,554,541 | | \$ 19,076,192 | \$ 37,630,733 |
| Plan fiduciary net position as a percentage of the total pension liability | 70.74% | 100.03% | 76.99% | 74.90% |
| Total pension expense | \$ 2,145,592 | \$ (534,571) | \$ 926,342 | \$ 2,537,363 |
| Deferred outflows of resources: | | | | |
| Difference between expected and actual experience | \$ 5,111 | \$ - | \$ 277,324 | \$ 282,435 |
| Changes in assumptions | 3,870,092 | - | 64,772 | 3,934,864 |
| Total deferred outflows of resources | \$ 3,875,203 | \$ - | \$ 342,096 | \$ 4,217,299 |
| Deferred inflows of resources | | | | |
| Difference between expected and actual experience | \$ 799,686 | \$ 43,357 | \$ 138,642 | \$ 981,685 |
| Net difference between projected and actual earnings on pension plan investments | 295,019 | - | 1,660,197 | 1,955,216 |
| Total deferred inflows of resources | \$ 1,094,705 | \$ 43,357 | \$ 1,798,839 | \$ 2,936,901 |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

20. 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, 2023 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 | 241 |
| Active plan members | <u>71</u> |
| Total membership | <u><u>312</u></u> |

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

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

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Investments

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, 2024 was 10.28%.

| 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, 2024 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%.

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, 2023 (rolled forward to June 30, 2024), using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|--|
| Inflation | 2.50% |
| Salary increases | 2.75% to 9.50% for General Group, including inflation; 2.75% to 11.75% for Police/Fire Group, including inflation |
| Investment rate of return | 5.00%, net of investment expenses, including inflation |
| Healthcare cost trend rates | Non-medicare: 7.25% in 2024 grading to 3.50% in 2038; Medicare: 6.50% in 2024 grading to 3.50% in 2038. |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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 Pub-2010 General/Safety (amount-weighted) Healthy Retiree Mortality Table adjusted for mortality improvements using projection scale MP-2021 from 2010 on a fully generational basis.

The significant changes in assumptions for the year ended June 30, 2024 were as follows:

- Reduced the base payroll growth assumption from 3.00% to 2.75%.
- Changes to pay increase assumptions, withdrawal, disability and retirement patterns.
- Mortality tables based upon the Pub-2010 General/Safety (amount-weighted) with the MP-2021 mortality improvement scale (for future mortality improvement expectations).
- Increase of withdrawal rates.

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, 2023 | \$ 34,150,599 | \$ 5,165,456 | \$ 28,985,143 |
| Changes for the year: | | | |
| Service cost | 206,830 | - | 206,830 |
| Interest | 1,651,239 | - | 1,651,239 |
| Differences between expected and actual experience | (3,541,687) | - | (3,541,687) |
| Changes of assumptions | 197,684 | | 197,684 |
| Employer contributions | - | 2,458,476 | (2,458,476) |
| Other contributions | - | 96,046 | (96,046) |
| Net investment income | - | 490,838 | (490,838) |
| Benefit payments, including refunds of employee contributions | (2,458,476) | (2,458,476) | - |
| Administrative expense | - | (18,900) | 18,900 |
| Net changes | (3,944,410) | 567,984 | (4,512,394) |
| Balances at June 30, 2024 | \$ 30,206,189 | \$ 5,733,440 | \$ 24,472,749 |

Plan fiduciary net position as a percentage of the total OPEB liability 18.98%

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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 | \$ 27,631,173 | \$ 24,472,749 | \$ 21,955,453 |

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 | \$ 22,878,564 | \$ 24,472,749 | \$ 26,310,194 |

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

For the year ended June 30, 2024, the City recognized OPEB expense of \$(587,470). The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows (Inflows) of Resources |
|---|--------------------------------------|-------------------------------------|---|
| Difference between expected and actual experience | \$ - | \$ 1,485,913 | \$ (1,485,913) |
| Changes in assumptions | 82,938 | - | 82,938 |
| Net difference between projected and actual earnings on OPEB plan investments | - | 128,504 | (128,504) |
| | <u>\$ 82,938</u> | <u>\$ 1,614,417</u> | <u>\$ (1,531,479)</u> |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

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 |
|------------------------|------------------------------|
| 2025 | \$ (1,490,578) |
| 2026 | 69,451 |
| 2027 | (64,223) |
| 2028 | <u>(46,129)</u> |
| Total | <u>\$ (1,531,479)</u> |

Payable to the OPEB Plan. At June 30, 2024, 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.

21. 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 | \$ 8,409,451 | \$ 23,960,003 |
| Capital assets being depreciated/amortized, net | <u>121,934,003</u> | <u>75,294,327</u> |
| | <u>130,343,454</u> | <u>99,254,330</u> |
| Long-term liabilities related to capital assets: | | |
| General obligation bonds | 40,411,368 | 4,759,336 |
| Deferred issuance premium | 1,357,257 | - |
| Installment purchase agreements | 114,806 | - |
| Leases liability | 488,540 | 280,218 |
| Subscriptions liability | 119,501 | - |
| Less: | | |
| Deferred charge on bond refunding | (428,499) | - |
| Unexpended bond proceeds | (3,002,174) | - |
| Construction-related payables | <u>921,792</u> | <u>472,775</u> |
| | <u>39,982,591</u> | <u>5,512,329</u> |
| Net investment in capital assets | <u>\$ 90,360,863</u> | <u>\$ 93,742,001</u> |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

22. FUND BALANCES

Following is a summary of the components of fund balances of the governmental funds as of June 30, 2024:

| | General | Major Streets | Special Assessments Capital Projects | Nonmajor Funds | Total |
|--------------------------------------|----------------------|---------------------|---|----------------------|----------------------|
| Nonspendable | | | | | |
| Inventories | \$ - | \$ 330,150 | \$ - | \$ 15,500 | \$ 345,650 |
| Prepaid items | 127,312 | - | - | 1,500 | 128,812 |
| Perpetual care | - | - | - | 2,135,618 | 2,135,618 |
| Endowment | - | - | - | 1,389,598 | 1,389,598 |
| Advances | 50,000 | - | - | - | 50,000 |
| | <u>177,312</u> | <u>330,150</u> | <u>-</u> | <u>3,542,216</u> | <u>4,049,678</u> |
| Restricted | | | | | |
| Highways and streets | - | 821,560 | - | 5,034,820 | 5,856,380 |
| Public improvements | - | - | - | 944,874 | 944,874 |
| Public safety | - | - | - | 1,943,586 | 1,943,586 |
| Opioid settlement | - | - | - | 192,728 | 192,728 |
| Act 345 Pension | 13,966 | - | - | - | 13,966 |
| Downtown development | - | - | - | 5,754,555 | 5,754,555 |
| Debt service | - | - | - | 267,907 | 267,907 |
| | <u>13,966</u> | <u>821,560</u> | <u>-</u> | <u>14,138,470</u> | <u>14,973,996</u> |
| Committed | | | | | |
| Public safety | - | - | - | 166,487 | 166,487 |
| Culture and recreation | - | - | - | 438,054 | 438,054 |
| Community enrichment and development | - | - | - | 319,878 | 319,878 |
| Capital projects | - | - | - | 185,485 | 185,485 |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,109,904</u> | <u>1,109,904</u> |
| Unassigned (deficit) | <u>15,624,676</u> | <u>-</u> | <u>(1,820,039)</u> | <u>-</u> | <u>13,804,637</u> |
| Total fund balance | <u>\$ 15,815,954</u> | <u>\$ 1,151,710</u> | <u>\$ (1,820,039)</u> | <u>\$ 18,790,590</u> | <u>\$ 33,938,215</u> |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

23. 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, 2024

| | 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 | \$ 121,847 | \$ - | \$ 24,927 | \$ 338,845 | \$ 485,619 |
| Investments, at fair value: | | | | | |
| U.S. treasuries | - | - | 3,224,477 | - | 3,224,477 |
| Corporate bonds: | | | | | |
| Domestic bonds | - | - | 6,255,492 | - | 6,255,492 |
| Domestic mutual funds | 13,984,412 | 2,054,439 | 13,094,997 | - | 29,133,848 |
| Equities: | | | | | |
| Domestic stocks | 6,700,345 | - | - | - | 6,700,345 |
| Domestic mutual funds | 14,757,204 | 943,462 | 24,963,010 | - | 40,663,676 |
| International mutual funds | 8,529,805 | 555,128 | 15,288,833 | - | 24,373,766 |
| Money market funds | 654,806 | 47,462 | 1,271,381 | 5,413,495 | 7,387,144 |
| Total cash and investments | 44,748,419 | 3,600,491 | 64,123,117 | 5,752,340 | 118,224,367 |
| Receivables - | | | | | |
| Interest, dividends, and other | 99,716 | 223 | 177,329 | - | 277,268 |
| Total assets | 44,848,135 | 3,600,714 | 64,300,446 | 5,752,340 | 118,501,635 |
| Liabilities | | | | | |
| Refunds payable and other liabilities | - | - | 475,480 | 18,900 | 494,380 |
| Net position restricted for pension and other employee benefits | \$ 44,848,135 | \$ 3,600,714 | \$ 63,824,966 | \$ 5,733,440 | \$ 118,007,255 |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2024

| | 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 | \$ 1,135,855 | \$ 274,544 | \$ 5,922,297 | \$ 2,458,476 | \$ 9,791,172 |
| Plan members | 733,822 | - | 530,145 | - | 1,263,967 |
| Other | - | - | - | 96,046 | 96,046 |
| Total contributions | 1,869,677 | 274,544 | 6,452,442 | 2,554,522 | 11,151,185 |
| Investment income: | | | | | |
| Net change in fair value of investments | 3,958,469 | 256,662 | 4,875,616 | 503,080 | 9,593,827 |
| Interest | 136,289 | 13,222 | 588,768 | - | 738,279 |
| Dividends | 312,431 | 91,704 | 967,897 | - | 1,372,032 |
| Total investment income | 4,407,189 | 361,588 | 6,432,281 | 503,080 | 11,704,138 |
| Less investment expense | 153,034 | 10,837 | 89,168 | 12,242 | 265,281 |
| Net investment income | 4,254,155 | 350,751 | 6,343,113 | 490,838 | 11,438,857 |
| Total additions | 6,123,832 | 625,295 | 12,795,555 | 3,045,360 | 22,590,042 |
| Deductions | | | | | |
| Benefits | 3,864,167 | 391,086 | 6,175,551 | 2,458,476 | 12,889,280 |
| Refunds of contributions | 404,447 | - | 32,855 | - | 437,302 |
| Administrative expense | 53,115 | 12,374 | 47,069 | 18,900 | 131,458 |
| Total deductions | 4,321,729 | 403,460 | 6,255,475 | 2,477,376 | 13,458,040 |
| Net change in net position | 1,802,103 | 221,835 | 6,540,080 | 567,984 | 9,132,002 |
| Net position, beginning of year | 43,046,032 | 3,378,879 | 57,284,886 | 5,165,456 | 108,875,253 |
| Net position, end of year | \$ 44,848,135 | \$ 3,600,714 | \$ 63,824,966 | \$ 5,733,440 | \$ 118,007,255 |

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

24. 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 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 and the remaining installments expected to be made annually beginning in 2026. The City is currently allocated approximately 0.198% of the total State of Michigan local unit settlement and the total amount of the settlement is expected to be \$559,737 and \$129,183 from the Distributors and Janssen, respectively.

In 2022, additional settlements with pharmacies and manufacturers were announced, including CVS, Walgreens, Walmart, Allergan, and Teva, and the associated state-subdivision agreement was finalized in 2023. In 2023, additional settlements with Mallinckrodt and Meijer were announced. The term of the settlement varies by pharmacy and manufacturer; however, the City expects to receive installment payments beginning in 2024. The total amount of these settlements is expected to be \$526,566. Additional settlements with other pharmacies and manufacturers may be forthcoming as well. However, as of June 30, 2024, 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.

The receivable for the various settlement agreements was recorded at the net present value, using a discount rate for payments to be received subsequent to 2024 of 3%. The net present value of the combined settlement payments to be received as of June 30, 2024 is \$777,339.

25. SUBSEQUENT EVENT

In September 2024, the City issued the Water System Junior Lien Revenue Bond, Series 2024 through the Drinking Water State Revolving Fund Program in the amount of \$2,772,500. Principal payments of \$112,500-\$165,000 will be made through 2045, with interest of 2.0%.

26. ADJUSTMENTS TO BEGINNING NET POSITION

Under GASB Statement No. 100, *Accounting Changes and Error Corrections*, the City is required to disclose changes to or within the financial reporting entity. For the year ended June 30, 2024, the City had the following adjustments to beginning net position:

| | Enterprise Funds - Business-type Activities | |
|---|---|----------------------|
| | Parking Deck | Nonmajor Funds |
| Net position, beginning of year, as previously reported | \$ 15,506,391 | \$ 4,686,510 |
| Change within the financial reporting entity - | | |
| Change from major to nonmajor fund | (15,506,391) | 15,506,391 |
| Net position, beginning of year, as adjusted | <u>\$ -</u> | <u>\$ 20,192,901</u> |

The City previously reported the parking deck enterprise fund as major. The parking deck enterprise fund no longer meets the quantitative threshold for major funds in accordance with GAAP for the year ended June 30, 2024.



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, | | | | |
|--|----------------------------|----------------------|----------------------|---------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Change in total pension liability | | | | | |
| Service cost | \$ 980,491 | \$ 910,459 | \$ 845,069 | \$ 815,383 | \$ 830,367 |
| Interest | 3,776,122 | 3,810,578 | 3,774,316 | 3,715,953 | 3,703,106 |
| Changes of benefit terms | 14,071 | - | 204,246 | - | - |
| Differences between expected and actual experience | (201,768) | (814,793) | (603,545) | 50,831 | (595,688) |
| Changes of assumptions | 2,913,782 | 2,957,154 | - | - | - |
| Benefit payments, including refunds of member contributions | (4,268,614) | (3,696,919) | (3,749,897) | (3,740,072) | (3,745,423) |
| Net change in total pension liability | <u>3,214,084</u> | <u>3,166,479</u> | <u>470,189</u> | <u>842,095</u> | <u>192,362</u> |
| Total pension liability, beginning | <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> |
| Total pension liability, ending (a) | <u>63,402,676</u> | <u>60,188,592</u> | <u>57,022,113</u> | <u>56,551,924</u> | <u>55,709,829</u> |
| Change in plan fiduciary net position | | | | | |
| Contributions - employer | 1,135,855 | 1,210,604 | 1,222,458 | 1,068,745 | 1,058,427 |
| Contributions - employee | 733,822 | 900,077 | 810,781 | 740,817 | 728,393 |
| Net investment income (loss) | 4,254,155 | 4,181,808 | (5,622,263) | 10,680,602 | 1,225,172 |
| Benefit payments, including refunds of member contributions | (4,268,614) | (3,696,919) | (3,749,897) | (3,740,072) | (3,745,423) |
| Administrative expense | (53,115) | (52,808) | (35,385) | (39,183) | (48,142) |
| Net change in plan fiduciary net position | <u>1,802,103</u> | <u>2,542,762</u> | <u>(7,374,306)</u> | <u>8,710,909</u> | <u>(781,573)</u> |
| Plan fiduciary net position, beginning | <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> |
| Plan fiduciary net position, ending (b) | <u>44,848,135</u> | <u>43,046,032</u> | <u>40,503,270</u> | <u>47,877,576</u> | <u>39,166,667</u> |
| City's net pension liability, ending (a)-(b) | <u>\$ 18,554,541</u> | <u>\$ 17,142,560</u> | <u>\$ 16,518,843</u> | <u>\$ 8,674,348</u> | <u>\$ 16,543,162</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 70.74% | 71.52% | 71.03% | 84.66% | 70.30% |
| Covered payroll | \$ 10,894,345 | \$ 10,148,031 | \$ 9,306,929 | \$ 8,758,144 | \$ 8,676,772 |
| City's net pension liability as a percentage of covered payroll | 170.31% | 168.92% | 177.49% | 99.04% | 190.66% |

See notes to required supplementary information.

| Fiscal Year Ended June 30, | | | | |
|----------------------------|----------------------|---------------------|----------------------|----------------------|
| 2019 | 2018 | 2017 | 2016 | 2015 |
| \$ 1,016,463 | \$ 692,095 | \$ 672,198 | \$ 867,493 | \$ 849,399 |
| 3,319,364 | 3,550,091 | 3,513,819 | 3,604,456 | 3,591,598 |
| 133,677 | - | 432,512 | (1,585,716) | - |
| (320,658) | (7,660) | (467,503) | (1,544,806) | (559,714) |
| (3,223,348) | 9,152,938 | - | (2,963,368) | 940,674 |
| <u>(3,867,034)</u> | <u>(3,833,908)</u> | <u>(3,520,812)</u> | <u>(3,362,872)</u> | <u>(3,588,908)</u> |
| (2,941,536) | 9,553,556 | 630,214 | (4,984,813) | 1,233,049 |
| <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> |
| <u>55,517,467</u> | <u>58,459,003</u> | <u>48,905,447</u> | <u>48,275,233</u> | <u>53,260,046</u> |
| 835,542 | 821,020 | 933,208 | 889,235 | 947,436 |
| 659,685 | 712,503 | 730,419 | 717,167 | 741,956 |
| 2,066,425 | 3,456,637 | 4,110,845 | 728,453 | 1,900,424 |
| (3,867,034) | (3,833,908) | (3,520,812) | (3,362,872) | (3,588,908) |
| (45,654) | (41,788) | (226,794) | (93,838) | (95,161) |
| <u>(351,036)</u> | <u>1,114,464</u> | <u>2,026,866</u> | <u>(1,121,855)</u> | <u>(94,253)</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>39,948,240</u> | <u>40,299,276</u> | <u>39,184,812</u> | <u>37,157,946</u> | <u>38,279,801</u> |
| <u>\$ 15,569,227</u> | <u>\$ 18,159,727</u> | <u>\$ 9,720,635</u> | <u>\$ 11,117,287</u> | <u>\$ 14,980,245</u> |
| 71.96% | 68.94% | 80.12% | 76.97% | 71.87% |
| \$ 8,345,344 | \$ 7,758,909 | \$ 7,510,596 | \$ 7,427,165 | \$ 7,837,558 |
| 186.56% | 234.05% | 129.43% | 149.68% | 191.13% |

CITY OF JACKSON, MICHIGAN

Required Supplementary Information

Police and Fire Pension Plan

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

| | Fiscal Year Ended June 30, | | | | |
|--|----------------------------|-------------------|---------------------|---------------------|---------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Change in total pension liability | | | | | |
| Interest | \$ 247,341 | \$ 279,255 | \$ 311,164 | \$ 375,164 | \$ 398,411 |
| Differences between expected and actual experience | (574,385) | (227,615) | (314,016) | (821,567) | (80,185) |
| Changes of assumptions | - | (142,154) | - | - | - |
| Benefit payments, including refunds of member contributions | (391,086) | (491,672) | (566,251) | (674,274) | (737,101) |
| Net change in total pension liability | <u>(718,130)</u> | <u>(582,186)</u> | <u>(569,103)</u> | <u>(1,120,677)</u> | <u>(418,875)</u> |
| Total pension liability, beginning | <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> |
| Total pension liability, ending (a) | <u>3,599,769</u> | <u>4,317,899</u> | <u>4,900,085</u> | <u>5,469,188</u> | <u>6,589,865</u> |
| Change in plan fiduciary net position | | | | | |
| Contributions - employer | 274,544 | 260,185 | 363,236 | 524,841 | 543,093 |
| Net investment income (loss) | 350,751 | 315,185 | (473,815) | 845,488 | 84,702 |
| Benefit payments, including refunds of member contributions | (391,086) | (491,672) | (566,251) | (674,274) | (737,101) |
| Administrative expense | (12,374) | (13,602) | (11,395) | (10,450) | (13,137) |
| Net change in plan fiduciary net position | <u>221,835</u> | <u>70,096</u> | <u>(688,225)</u> | <u>685,605</u> | <u>(122,443)</u> |
| Plan fiduciary net position, beginning | <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> |
| Plan fiduciary net position, ending (b) | <u>3,600,714</u> | <u>3,378,879</u> | <u>3,308,783</u> | <u>3,997,008</u> | <u>3,311,403</u> |
| City's net pension liability (asset), ending (a)-(b) | <u>\$ (945)</u> | <u>\$ 939,020</u> | <u>\$ 1,591,302</u> | <u>\$ 1,472,180</u> | <u>\$ 3,278,462</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 100.03% | 78.25% | 67.53% | 73.08% | 50.25% |
| Covered payroll | N/A | N/A | N/A | N/A | N/A |
| City's net pension liability (asset) 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, | | | | |
|----------------------------|---------------------|---------------------|---------------------|---------------------|
| 2019 | 2018 | 2017 | 2016 | 2015 |
| \$ 403,369 | \$ 429,493 | \$ 447,644 | \$ 493,298 | \$ 522,860 |
| 95,117 | (87,297) | 47,444 | (163,757) | - |
| 173,597 | - | - | 227,357 | 142,043 |
| <u>(772,316)</u> | <u>(782,877)</u> | <u>(812,379)</u> | <u>(814,750)</u> | <u>(845,636)</u> |
| <u>(100,233)</u> | <u>(440,681)</u> | <u>(317,291)</u> | <u>(257,852)</u> | <u>(180,733)</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> |
| <u>7,008,740</u> | <u>7,108,973</u> | <u>7,549,654</u> | <u>7,866,945</u> | <u>8,124,797</u> |
| 506,251 | 567,276 | 565,463 | 604,690 | 607,009 |
| 195,665 | 467,070 | 482,691 | (193,908) | 120,095 |
| (772,316) | (782,877) | (812,379) | (814,750) | (845,636) |
| (10,424) | (10,076) | (30,765) | - | - |
| <u>(80,824)</u> | <u>241,393</u> | <u>205,010</u> | <u>(403,968)</u> | <u>(118,532)</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>3,433,846</u> | <u>3,514,670</u> | <u>3,273,277</u> | <u>3,068,267</u> | <u>3,472,235</u> |
| <u>\$ 3,574,894</u> | <u>\$ 3,594,303</u> | <u>\$ 4,276,377</u> | <u>\$ 4,798,678</u> | <u>\$ 4,652,562</u> |
| 48.99% | 49.44% | 43.36% | 39.00% | 42.74% |
| 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, | | | | |
|--|----------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 | 2020 |
| Change in total pension liability | | | | | |
| Service cost | \$ 855,683 | \$ 1,023,745 | \$ 891,288 | \$ 1,030,158 | \$ 1,103,384 |
| Interest | 4,829,887 | 4,843,023 | 4,921,948 | 4,930,684 | 4,813,775 |
| Differences between expected and actual experience | 249,523 | 195,362 | (975,513) | 570,805 | 657,259 |
| Changes of assumptions | - | 137,358 | - | - | 1,961,168 |
| Benefit payments, including refunds of member contributions | (6,208,406) | (6,460,403) | (5,978,335) | (7,237,277) | (5,863,709) |
| Net change in total pension liability | <u>(273,313)</u> | <u>(260,915)</u> | <u>(1,140,612)</u> | <u>(705,630)</u> | <u>2,671,877</u> |
| Total pension liability, beginning | <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> |
| Total pension liability, ending (a) | <u>82,901,158</u> | <u>83,174,471</u> | <u>83,435,386</u> | <u>84,575,998</u> | <u>85,281,628</u> |
| Change in plan fiduciary net position | | | | | |
| Contributions - employer | 5,922,297 | 5,674,911 | 5,939,831 | 5,916,061 | 5,559,682 |
| Contributions - employee | 530,145 | 494,197 | 447,336 | 485,464 | 514,402 |
| Net investment income (loss) | 6,343,113 | 5,187,316 | (6,079,031) | 12,479,372 | 1,318,109 |
| Benefit payments, including refunds of member contributions | (6,208,406) | (6,460,403) | (5,978,335) | (7,237,277) | (5,863,709) |
| Administrative expense | (47,069) | (65,995) | (65,748) | (58,433) | (44,012) |
| Net change in plan fiduciary net position | <u>6,540,080</u> | <u>4,830,026</u> | <u>(5,735,947)</u> | <u>11,585,187</u> | <u>1,484,472</u> |
| Plan fiduciary net position, beginning | <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> |
| Plan fiduciary net position, ending (b) | <u>63,824,966</u> | <u>57,284,886</u> | <u>52,454,860</u> | <u>58,190,807</u> | <u>46,605,620</u> |
| City's net pension liability, ending (a)-(b) | <u>\$ 19,076,192</u> | <u>\$ 25,889,585</u> | <u>\$ 30,980,526</u> | <u>\$ 26,385,191</u> | <u>\$ 38,676,008</u> |
| Plan fiduciary net position as a percentage of the total pension liability | 76.99% | 68.87% | 62.87% | 68.80% | 54.65% |
| Covered payroll | \$ 5,738,989 | \$ 5,860,016 | \$ 5,101,822 | \$ 5,340,374 | \$ 5,340,680 |
| City's net pension liability as a percentage of covered payroll | 332.40% | 441.80% | 607.24% | 494.07% | 724.18% |

See notes to required supplementary information.



| Fiscal Year Ended June 30, | | | | |
|----------------------------|----------------------|----------------------|----------------------|----------------------|
| 2019 | 2018 | 2017 | 2016 | 2015 |
| \$ 856,511 | \$ 911,249 | \$ 893,487 | \$ 1,008,965 | \$ 965,176 |
| 4,911,204 | 4,873,412 | 4,949,452 | 4,859,213 | 4,990,906 |
| 359,507 | 146,242 | (78,307) | 1,353,815 | (962,506) |
| 6,732,162 | - | (1,212,234) | 1,326,844 | 791,987 |
| <u>(5,159,919)</u> | <u>(5,527,374)</u> | <u>(5,848,163)</u> | <u>(5,345,160)</u> | <u>(5,799,429)</u> |
| 7,699,465 | 403,529 | (1,295,765) | 3,203,677 | (13,866) |
| <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> |
| <u>82,609,751</u> | <u>74,910,286</u> | <u>74,506,757</u> | <u>75,802,522</u> | <u>72,598,845</u> |
| 4,422,430 | 4,219,714 | 4,098,288 | 3,709,507 | 3,534,236 |
| 507,173 | 498,083 | 489,369 | 478,630 | 517,062 |
| 2,328,889 | 4,355,776 | 5,393,796 | (2,123,241) | 1,268,531 |
| <u>(5,159,919)</u> | <u>(5,527,374)</u> | <u>(5,848,163)</u> | <u>(5,345,160)</u> | <u>(5,799,429)</u> |
| <u>(51,741)</u> | <u>(71,180)</u> | <u>(302,135)</u> | <u>-</u> | <u>-</u> |
| 2,046,832 | 3,475,019 | 3,831,155 | (3,280,264) | (479,600) |
| <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>45,121,148</u> | <u>43,074,316</u> | <u>39,599,297</u> | <u>35,768,142</u> | <u>39,048,406</u> |
| <u>\$ 37,488,603</u> | <u>\$ 31,835,970</u> | <u>\$ 34,907,460</u> | <u>\$ 40,034,380</u> | <u>\$ 33,550,439</u> |
| 54.62% | 57.50% | 53.15% | 47.19% | 53.79% |
| \$ 5,029,427 | \$ 4,829,089 | \$ 4,622,259 | \$ 4,782,487 | \$ 5,148,271 |
| 745.39% | 659.25% | 755.20% | 837.10% | 651.68% |

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) | | | | | |
| 2024 | \$ 1,135,855 | \$ 1,135,855 | \$ - | \$ 10,894,345 | 10.43% |
| 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% |
| Policemen's and Firemen's Pension (PFP) | | | | | |
| 2024 | \$ 274,544 | \$ 274,544 | \$ - | N/A | N/A |
| 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 |
| Policemen's and Firemen's Pension - Act 345 (Act 345) | | | | | |
| 2024 | \$ 5,922,297 | \$ 5,922,297 | \$ - | \$ 5,738,989 | 103.19% |
| 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% |

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 | |
| 2024 | 11.07% |
| 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% |
| Policemen's and Firemen's Pension | |
| 2024 | 11.27% |
| 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% |
| Policemen's and Firemen's Pension - Act 345 | |
| 2024 | 11.69% |
| 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% |

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, | | | |
|---|----------------------------|----------------------|----------------------|----------------------|
| | 2024 | 2023 | 2022 | 2021 |
| Change in total OPEB liability | | | | |
| Service cost | \$ 206,830 | \$ 220,389 | \$ 228,352 | \$ 277,432 |
| Interest | 1,651,239 | 1,685,444 | 1,897,961 | 1,918,887 |
| Changes of benefit terms | - | - | 32,450 | - |
| Differences between expected and actual experience | (3,541,687) | (192,159) | (3,992,472) | (142,795) |
| Changes of assumptions | 197,684 | - | - | - |
| Benefit payments, including refunds of member contributions | (2,458,476) | (2,323,516) | (2,501,806) | (2,393,165) |
| Net change in total OPEB liability | (3,944,410) | (609,842) | (4,335,515) | (339,641) |
| Total OPEB liability, beginning | 34,150,599 | 34,760,441 | 39,095,956 | 39,435,597 |
| Total OPEB liability, ending (a) | 30,206,189 | 34,150,599 | 34,760,441 | 39,095,956 |
| Change in plan fiduciary net position | | | | |
| Contributions - employer | 2,458,476 | 2,323,516 | 2,774,735 | 2,393,165 |
| Contributions - other | 96,046 | 54,724 | - | - |
| Net investment income (loss) | 490,838 | 330,843 | (414,994) | 983,694 |
| Benefit payments, including refunds of member contributions | (2,458,476) | (2,323,516) | (2,501,806) | (2,393,165) |
| Administrative expense | (18,900) | - | (17,900) | (25,017) |
| Net change in plan fiduciary net position | 567,984 | 385,567 | (159,965) | 958,677 |
| Plan fiduciary net position, beginning | 5,165,456 | 4,779,889 | 4,939,854 | 3,981,177 |
| Plan fiduciary net position, ending (b) | 5,733,440 | 5,165,456 | 4,779,889 | 4,939,854 |
| City's net OPEB liability, ending (a)-(b) | \$ 24,472,749 | \$ 28,985,143 | \$ 29,980,552 | \$ 34,156,102 |
| Plan fiduciary net position as a percentage of the total OPEB liability | 18.98% | 15.13% | 13.75% | 12.64% |
| Covered-employee payroll | \$ 5,239,196 | \$ 5,296,427 | \$ 5,636,537 | \$ 6,305,280 |
| City's net OPEB liability as a percentage of covered payroll | 467.11% | 547.26% | 531.90% | 541.71% |

See notes to required supplementary information.



| Fiscal Year Ended June 30, | | | |
|----------------------------|----------------------|----------------------|----------------------|
| 2020 | 2019 | 2018 | 2017 |
| \$ 331,315 | \$ 346,426 | \$ 555,506 | \$ 665,665 |
| 2,016,801 | 1,997,281 | 2,807,139 | 2,774,192 |
| - | - | (8,055,839) | - |
| (1,912,117) | - | (2,570,525) | - |
| - | 481,638 | (6,161,265) | - |
| <u>(2,341,514)</u> | <u>(2,513,271)</u> | <u>(2,821,992)</u> | <u>(2,629,714)</u> |
| <u>(1,905,515)</u> | <u>312,074</u> | <u>(16,246,976)</u> | <u>810,143</u> |
| <u>41,341,112</u> | <u>41,029,038</u> | <u>57,276,014</u> | <u>56,465,871</u> |
| <u>39,435,597</u> | <u>41,341,112</u> | <u>41,029,038</u> | <u>57,276,014</u> |
| 2,654,014 | 3,763,271 | 4,071,992 | 2,629,714 |
| - | - | - | - |
| 105,140 | 91,192 | 100,268 | 112,584 |
| (2,341,514) | (2,513,271) | (2,821,992) | (2,629,714) |
| <u>(6,722)</u> | <u>(23,850)</u> | <u>(15,500)</u> | <u>(2,121)</u> |
| <u>410,918</u> | <u>1,317,342</u> | <u>1,334,768</u> | <u>110,463</u> |
| <u>3,570,259</u> | <u>2,252,917</u> | <u>918,149</u> | <u>807,686</u> |
| <u>3,981,177</u> | <u>3,570,259</u> | <u>2,252,917</u> | <u>918,149</u> |
| <u>\$ 35,454,420</u> | <u>\$ 37,770,853</u> | <u>\$ 38,776,121</u> | <u>\$ 56,357,865</u> |

10.10% 8.64% 5.49% 1.60%

\$ 6,554,194 \$ 7,315,330 \$ 7,819,428 \$ 10,131,529

540.94% 516.32% 495.89% 556.26%

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 |
|----------------------------|-------------------------------------|--|----------------------------------|--------------------------|---|
| 2024 | \$ 2,290,080 | \$ 2,458,476 | \$ (168,396) | \$ 5,239,196 | 46.9% |
| 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 |
|----------------------------------|---|
| 2024 | 10.28% |
| 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:

- 2024:
 - Changes in eligibility (non-union benefit group general members who are in active service as of the effective date are eligible for retirement at the earlier of age 65 with 10 years of service, age 58 with 27 years of service or 35 years of service at any age).

- 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:

- 2024:
 - The discount rate decreased from 6.45% to 6.00%.

- 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

CITY OF JACKSON, MICHIGAN

Notes to Required Supplementary Information

- 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.

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, 2023 |
| 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 | 23 years closed for Unfunded Actuarial Accrued Liabilities (UAAL) prior to June 30, 2023. Layered Amortization (20-year closed) for future UAAL (positive or negative) developed on and after 6/30/2023. |
|-----|--|

| | |
|---------|---|
| PFP | 4 years beginning with the fiscal year ending 2025 |
| Act 345 | 6 years closed for 6/30/2015 active UAAL; 2 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 | AVA set equal to MVA |
| Act 345 | 4-year smoothed market; no corridor |

Inflation:

| | |
|---------|-------|
| ERS | 2.75% |
| PFP | N/A |
| Act 345 | 2.75% |

Salary increases:

| | |
|---------|------------------------------------|
| ERS | 2.75% to 9.75% including inflation |
| PFP | N/A |
| Act 345 | 2.75% to 9.75% |

Investment rate of return:

| | |
|---------|-----------------------|
| ERS | 6.00% net of expenses |
| PFP | 6.00% net of expenses |
| Act 345 | 6.00% |

CITY OF JACKSON, MICHIGAN

Notes to Required Supplementary Information

| | |
|--------------------------------|---|
| Long-term municipal bond rate: | |
| ERS | 3.97% |
| PFP | 3.97% |
| Act 345 | 3.97% |
| 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:

- 2024:
 - Reduced the base payroll growth assumption from 3.00% to 2.75%.
 - Changes to pay increase assumptions, withdrawal, disability and retirement patterns.
 - Mortality tables based upon the Pub-2010 General/Safety (amount-weighted) with the MP-2021 mortality improvement scale (for future mortality improvement expectations).
 - Increase of withdrawal rates.
- 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 | 27 years beginning with the fiscal year ending June 30, 2024 |
| Asset valuation method | Market 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. |

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

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2024

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals |
|---|---------------------|-------------------|----------------------|---------------------|----------------------|
| Assets | | | | | |
| Pooled cash and investments | \$ 6,800,727 | \$ 264,321 | \$ 9,025,745 | \$ 3,569,110 | \$ 19,659,903 |
| Accounts receivable, net | 966,528 | - | - | - | 966,528 |
| Interest receivable | 21,177 | 938 | 35,734 | - | 57,849 |
| Leases receivable | - | - | 1,458,430 | - | 1,458,430 |
| Due from other governments | 335,807 | - | - | - | 335,807 |
| Due from other funds | 86,044 | 3,398 | - | - | 89,442 |
| Inventories | 15,500 | - | - | - | 15,500 |
| Prepaid items | 1,500 | - | - | - | 1,500 |
| Total assets | \$ 8,227,283 | \$ 268,657 | \$ 10,519,909 | \$ 3,569,110 | \$ 22,584,959 |
| Liabilities | | | | | |
| Accounts payable | \$ 875,118 | \$ 750 | \$ 119,265 | \$ - | \$ 995,133 |
| Accrued payroll | 58,427 | - | - | - | 58,427 |
| Other liabilities | 236,024 | - | - | - | 236,024 |
| Unearned revenue | 132,972 | - | - | - | 132,972 |
| Due to other funds | 42,150 | - | - | 43,894 | 86,044 |
| Long-term advance from other funds | 50,000 | - | - | - | 50,000 |
| Total liabilities | 1,394,691 | 750 | 119,265 | 43,894 | 1,558,600 |
| Deferred inflows of resources | | | | | |
| Unavailable revenue - opioid settlement | 777,339 | - | - | - | 777,339 |
| Deferred lease amounts | - | - | 1,458,430 | - | 1,458,430 |
| Total deferred inflows of resources | 777,339 | - | 1,458,430 | - | 2,235,769 |
| Fund balances | | | | | |
| Nonspendable | 17,000 | - | - | 3,525,216 | 3,542,216 |
| Restricted | 5,113,834 | 267,907 | 8,756,729 | - | 14,138,470 |
| Committed | 924,419 | - | 185,485 | - | 1,109,904 |
| Total fund balances | 6,055,253 | 267,907 | 8,942,214 | 3,525,216 | 18,790,590 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 8,227,283 | \$ 268,657 | \$ 10,519,909 | \$ 3,569,110 | \$ 22,584,959 |

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures

and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended June 30, 2024

| | Special Revenue | Debt Service | Capital Projects | Permanent | Totals |
|--|---------------------|--------------------|---------------------|---------------------|----------------------|
| Revenues | | | | | |
| Property taxes | \$ 1,266,182 | \$ 692,932 | \$ 1,715,133 | \$ - | \$ 3,674,247 |
| Intergovernmental | 5,638,029 | 1,287,013 | 156,893 | - | 7,081,935 |
| Charges for services | 3,954,325 | - | 1,500,000 | 28,602 | 5,482,927 |
| Investment income | 359,083 | - | 366,622 | 188,568 | 914,273 |
| Miscellaneous | 303,446 | - | - | - | 303,446 |
| Total revenues | <u>11,521,065</u> | <u>1,979,945</u> | <u>3,738,648</u> | <u>217,170</u> | <u>17,456,828</u> |
| Expenditures | | | | | |
| Current: | | | | | |
| Public safety | 1,634,864 | - | - | - | 1,634,864 |
| Public works | 1,224,873 | - | 105,753 | - | 1,330,626 |
| Culture and recreation | 2,046,906 | - | - | - | 2,046,906 |
| Community enrichment and development | 5,039,114 | - | 862,214 | - | 5,901,328 |
| Debt service: | | | | | |
| Principal | - | 4,474,730 | - | - | 4,474,730 |
| Interest and fiscal charges | - | 3,238,059 | - | - | 3,238,059 |
| Total expenditures | <u>9,945,757</u> | <u>7,712,789</u> | <u>967,967</u> | <u>-</u> | <u>18,626,513</u> |
| Revenues over (under) expenditures | <u>1,575,308</u> | <u>(5,732,844)</u> | <u>2,770,681</u> | <u>217,170</u> | <u>(1,169,685)</u> |
| Other financing sources (uses) | | | | | |
| Issuance of bonds, notes, and other long-term liabilities | - | - | 3,650,000 | - | 3,650,000 |
| Premium on issuance of bonds | - | - | 324,135 | - | 324,135 |
| Transfers in | 784,013 | 5,801,773 | 892,164 | - | 7,477,950 |
| Transfers out | (1,421,457) | - | (3,984,173) | (154,287) | (5,559,917) |
| Total other financing sources (uses) | <u>(637,444)</u> | <u>5,801,773</u> | <u>882,126</u> | <u>(154,287)</u> | <u>5,892,168</u> |
| Net change in fund balances | 937,864 | 68,929 | 3,652,807 | 62,883 | 4,722,483 |
| Fund balances, beginning of year | 5,117,389 | 198,978 | 5,289,407 | 3,462,333 | 14,068,107 |
| Fund balances, end of year | <u>\$ 6,055,253</u> | <u>\$ 267,907</u> | <u>\$ 8,942,214</u> | <u>\$ 3,525,216</u> | <u>\$ 18,790,590</u> |

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CITY OF JACKSON, MICHIGAN

Nonmajor Special Revenue Funds

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

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

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

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.

Brownfield Assessment Grant Fund - This fund is used to account for the related EPA grant expenditures to conduct environmental assessments and develop cleanup plans. The term of the grant is October 1, 2022 through September 30, 2025.

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, 2024

| | Local Street | Ella W. Sharp Park Operating | Affordable Housing | Public Improvement | Building Department | Building Demolitions |
|---|---------------------|------------------------------|--------------------|--------------------|---------------------|----------------------|
| Assets | | | | | | |
| Pooled cash and investments | \$ 2,146,106 | \$ 29,046 | \$ 103,336 | \$ 516,910 | \$ 1,073,939 | \$ 164,304 |
| Accounts receivables, net | - | - | 3,745 | - | - | 6,873 |
| Interest receivable | 8,011 | - | - | 2,641 | 3,118 | 609 |
| Due from other governments | 184,139 | - | - | - | - | - |
| Due from other funds | - | 43,894 | - | - | - | 1,575 |
| Inventories | - | 15,500 | - | - | - | - |
| Prepaid items | - | - | - | - | 1,495 | - |
| Total assets | \$ 2,338,256 | \$ 88,440 | \$ 107,081 | \$ 519,551 | \$ 1,078,552 | \$ 173,361 |
| Liabilities | | | | | | |
| Negative equity in pooled cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Accounts payable | 302,513 | 57,221 | 68,811 | - | 18,236 | 6,874 |
| Accrued payroll | 3,097 | 15,224 | - | - | 6,668 | - |
| Other liabilities | - | - | - | - | 219,644 | - |
| Unearned revenue | - | - | - | - | - | - |
| Due to other funds | - | - | 38,270 | - | 1,571 | - |
| Long-term advance from other funds | - | - | - | - | - | - |
| Total liabilities | 305,610 | 72,445 | 107,081 | - | 246,119 | 6,874 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - opioid settlement | - | - | - | - | - | - |
| Fund balances | | | | | | |
| Nonspendable for: | | | | | | |
| Inventories | - | 15,500 | - | - | - | - |
| Prepaid items | - | - | - | - | 1,495 | - |
| Restricted for: | | | | | | |
| Highways and streets | 2,032,646 | - | - | - | - | - |
| Public improvements | - | - | - | 519,551 | - | - |
| Public safety | - | - | - | - | 830,938 | - |
| Opioid settlement | - | - | - | - | - | - |
| Committed for: | | | | | | |
| Public safety | - | - | - | - | - | 166,487 |
| Culture and recreation | - | 495 | - | - | - | - |
| Community enrichment and development | - | - | - | - | - | - |
| Total fund balances | 2,032,646 | 15,995 | - | 519,551 | 832,433 | 166,487 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 2,338,256 | \$ 88,440 | \$ 107,081 | \$ 519,551 | \$ 1,078,552 | \$ 173,361 |

| Drug Law Enforcement | Recreation Activity | Community Development Block Grant | Community Development Home Grant | Housing Code Enforcement | Recreation Millage | Cortland Street Redevelopment Projects Fund |
|----------------------|---------------------|-----------------------------------|----------------------------------|--------------------------|--------------------|---|
| \$ 65,523 | \$ 447,972 | \$ 253,851 | \$ 90,095 | \$ 883,616 | \$ 439,303 | \$ 500,302 |
| - | - | - | - | 178,571 | - | - |
| 240 | 1,660 | - | - | 3,270 | 1,628 | - |
| - | - | 1,220 | 9,167 | - | - | - |
| - | - | 40,354 | - | 221 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 5 | - | - |
| <u>\$ 65,763</u> | <u>\$ 449,632</u> | <u>\$ 295,425</u> | <u>\$ 99,262</u> | <u>\$ 1,065,683</u> | <u>\$ 440,931</u> | <u>\$ 500,302</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | 6,931 | 137,152 | 51,041 | 6,466 | 4,472 | 180,424 |
| - | 5,142 | 4,833 | - | 12,327 | 11,136 | - |
| - | - | 16,380 | - | - | - | - |
| - | - | 85,264 | 47,708 | - | - | - |
| - | - | 1,796 | 513 | - | - | - |
| - | - | 50,000 | - | - | - | - |
| - | 12,073 | 295,425 | 99,262 | 18,793 | 15,608 | 180,424 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | 5 | - | - |
| - | - | - | - | - | 425,323 | - |
| 65,763 | - | - | - | 1,046,885 | - | - |
| - | - | - | - | - | - | - |
| - | 437,559 | - | - | - | - | - |
| - | - | - | - | - | - | 319,878 |
| <u>65,763</u> | <u>437,559</u> | <u>-</u> | <u>-</u> | <u>1,046,890</u> | <u>425,323</u> | <u>319,878</u> |
| <u>\$ 65,763</u> | <u>\$ 449,632</u> | <u>\$ 295,425</u> | <u>\$ 99,262</u> | <u>\$ 1,065,683</u> | <u>\$ 440,931</u> | <u>\$ 500,302</u> |

continued...

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Special Revenue Funds
June 30, 2024

| | Byrne/JAG Programs | SAFER Grant | Project Safe Neighborhood Grant | Brownfield Assessment Grant | Opioid Settlement | Totals |
|---|--------------------|------------------|---------------------------------|-----------------------------|-------------------|---------------------|
| Assets | | | | | | |
| Pooled cash and investments | \$ - | \$ - | \$ - | \$ - | \$ 192,728 | \$ 6,907,031 |
| Accounts receivables, net | - | - | - | - | 777,339 | 966,528 |
| Interest receivable | - | - | - | - | - | 21,177 |
| Due from other governments | - | 83,992 | 31,299 | 25,990 | - | 335,807 |
| Due from other funds | - | - | - | - | - | 86,044 |
| Inventories | - | - | - | - | - | 15,500 |
| Prepaid items | - | - | - | - | - | 1,500 |
| Total assets | \$ - | \$ 83,992 | \$ 31,299 | \$ 25,990 | \$ 970,067 | \$ 8,333,587 |
| Liabilities | | | | | | |
| Negative equity in pooled cash and investments | \$ - | \$ 83,992 | \$ 22,312 | \$ - | \$ - | \$ 106,304 |
| Accounts payable | - | - | 8,987 | 25,990 | - | 875,118 |
| Accrued payroll | - | - | - | - | - | 58,427 |
| Other liabilities | - | - | - | - | - | 236,024 |
| Unearned revenue | - | - | - | - | - | 132,972 |
| Due to other funds | - | - | - | - | - | 42,150 |
| Long-term advance from other funds | - | - | - | - | - | 50,000 |
| Total liabilities | - | 83,992 | 31,299 | 25,990 | - | 1,500,995 |
| Deferred inflows of resources | | | | | | |
| Unavailable revenue - opioid settlement | - | - | - | - | 777,339 | 777,339 |
| Fund balances | | | | | | |
| Nonspendable for: | | | | | | |
| Inventories | - | - | - | - | - | 15,500 |
| Prepaid items | - | - | - | - | - | 1,500 |
| Restricted for: | | | | | | |
| Highways and streets | - | - | - | - | - | 2,032,646 |
| Public improvements | - | - | - | - | - | 944,874 |
| Public safety | - | - | - | - | - | 1,943,586 |
| Opioid settlement | - | - | - | - | 192,728 | 192,728 |
| Committed for: | | | | | | |
| Public safety | - | - | - | - | - | 166,487 |
| Culture and recreation | - | - | - | - | - | 438,054 |
| Community enrichment and development | - | - | - | - | - | 319,878 |
| Total fund balances | - | - | - | - | 192,728 | 6,055,253 |
| Total liabilities, deferred inflows of resources and fund balances | \$ - | \$ 83,992 | \$ 31,299 | \$ 25,990 | \$ 970,067 | \$ 8,333,587 |

concluded.

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CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2024

| | Local Street | Ella W. Sharp Park Operating | Affordable Housing | Public Improvement | Building Department | Building Demolitions |
|---|---------------------|------------------------------|--------------------|--------------------|---------------------|----------------------|
| Revenues | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ 1,266,182 | \$ - | \$ - |
| Intergovernmental | 1,148,488 | - | 981,591 | 92,588 | - | - |
| Charges for services | - | 711,702 | - | - | 705,121 | 185,017 |
| Investment income | 130,338 | 591 | - | 76,621 | 44,269 | 8,585 |
| Miscellaneous | - | - | - | - | - | - |
| Total revenues | 1,278,826 | 712,293 | 981,591 | 1,435,391 | 749,390 | 193,602 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public safety | - | - | - | - | 573,094 | 397,557 |
| Public works | 1,224,873 | - | - | - | - | - |
| Culture and recreation | - | 1,047,781 | - | - | - | - |
| Community enrichment and development | - | - | 983,904 | - | - | - |
| Total expenditures | 1,224,873 | 1,047,781 | 983,904 | - | 573,094 | 397,557 |
| Revenues over (under) expenditures | 53,953 | (335,488) | (2,313) | 1,435,391 | 176,296 | (203,955) |
| Other financing sources (uses) | | | | | | |
| Transfers in | 271,254 | 317,044 | 2,313 | - | - | 193,402 |
| Transfers out | (87,836) | - | - | (1,244,621) | - | - |
| Total other financing sources (uses) | 183,418 | 317,044 | 2,313 | (1,244,621) | - | 193,402 |
| Net change in fund balances | 237,371 | (18,444) | - | 190,770 | 176,296 | (10,553) |
| Fund balances, beginning of year | 1,795,275 | 34,439 | - | 328,781 | 656,137 | 177,040 |
| Fund balances, end of year | \$ 2,032,646 | \$ 15,995 | \$ - | \$ 519,551 | \$ 832,433 | \$ 166,487 |

| Drug Law Enforcement | Recreation Activity | Community Development Block Grant | Community Development Home Grant | Housing Code Enforcement | Recreation Millage | Cortland Street Redevelopment Projects Fund |
|----------------------|---------------------|-----------------------------------|----------------------------------|--------------------------|--------------------|---|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | 957,922 | 312,533 | - | - | 1,250,251 |
| - | 330,903 | - | - | 1,139,646 | 718,384 | - |
| 2,085 | 22,839 | - | - | 51,956 | 11,788 | 10,011 |
| 52,173 | - | 194,071 | - | 57,202 | - | - |
| <u>54,258</u> | <u>353,742</u> | <u>1,151,993</u> | <u>312,533</u> | <u>1,248,804</u> | <u>730,172</u> | <u>1,260,262</u> |
| 16,339 | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | 276,061 | - | - | - | 723,064 | - |
| - | - | 1,151,993 | 312,533 | 993,331 | - | 1,350,571 |
| <u>16,339</u> | <u>276,061</u> | <u>1,151,993</u> | <u>312,533</u> | <u>993,331</u> | <u>723,064</u> | <u>1,350,571</u> |
| <u>37,919</u> | <u>77,681</u> | - | - | <u>255,473</u> | <u>7,108</u> | <u>(90,309)</u> |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>37,919</u> | <u>77,681</u> | - | - | <u>255,473</u> | <u>7,108</u> | <u>(90,309)</u> |
| <u>27,844</u> | <u>359,878</u> | - | - | <u>791,417</u> | <u>418,215</u> | <u>410,187</u> |
| <u>\$ 65,763</u> | <u>\$ 437,559</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,046,890</u> | <u>\$ 425,323</u> | <u>\$ 319,878</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, 2024

| | Byrne/JAG Programs | SAFER Grant | Project Safe Neighborhood Grant | Brownfield Assessment Grant | Opioid Settlement | Totals |
|---|--------------------|----------------|---------------------------------|-----------------------------|-------------------|---------------------|
| Revenues | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,266,182 |
| Intergovernmental | 23,202 | 484,018 | 140,654 | 246,782 | - | 5,638,029 |
| Charges for services | - | - | - | - | 163,552 | 3,954,325 |
| Investment income | - | - | - | - | - | 359,083 |
| Miscellaneous | - | - | - | - | - | 303,446 |
| Total revenues | 23,202 | 484,018 | 140,654 | 246,782 | 163,552 | 11,521,065 |
| Expenditures | | | | | | |
| Current: | | | | | | |
| Public safety | 23,202 | 484,018 | 140,654 | - | - | 1,634,864 |
| Public works | - | - | - | - | - | 1,224,873 |
| Culture and recreation | - | - | - | - | - | 2,046,906 |
| Community enrichment and development | - | - | - | 246,782 | - | 5,039,114 |
| Total expenditures | 23,202 | 484,018 | 140,654 | 246,782 | - | 9,945,757 |
| Revenues over (under) expenditures | - | - | - | - | 163,552 | 1,575,308 |
| Other financing sources (uses) | | | | | | |
| Transfers in | - | - | - | - | - | 784,013 |
| Transfers out | - | - | - | - | (89,000) | (1,421,457) |
| Total other financing sources (uses) | - | - | - | - | (89,000) | (637,444) |
| Net change in fund balances | - | - | - | - | 74,552 | 937,864 |
| Fund balances, beginning of year | - | - | - | - | 118,176 | 5,117,389 |
| Fund balances, end of year | \$ - | \$ - | \$ - | \$ - | \$ 192,728 | \$ 6,055,253 |

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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|---------------------|---------------------|--|---------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental | \$ 870,000 | \$ 1,148,488 | \$ 278,488 | \$ 1,119,809 |
| Investment income | 47,210 | 130,338 | 83,128 | 67,442 |
| Total revenues | <u>917,210</u> | <u>1,278,826</u> | <u>361,616</u> | <u>1,187,251</u> |
| Expenditures | | | | |
| Current - public works: | | | | |
| Street construction | 880,489 | 678,871 | (201,618) | 1,081,022 |
| Street maintenance | 656,876 | 438,537 | (218,339) | 567,069 |
| Traffic services | 16,000 | 15,999 | (1) | 779 |
| Winter maintenance | 175,525 | 156,737 | (18,788) | 86,807 |
| Reimbursements | (131,852) | (65,271) | 66,581 | (401,381) |
| Total expenditures | <u>1,597,038</u> | <u>1,224,873</u> | <u>(372,165)</u> | <u>1,334,296</u> |
| Revenues over (under) expenditures | <u>(679,828)</u> | <u>53,953</u> | <u>733,781</u> | <u>(147,045)</u> |
| Other financing sources (uses) | | | | |
| Transfers in | 985,613 | 271,254 | (714,359) | 334,126 |
| Transfers out | (87,836) | (87,836) | - | (87,279) |
| Total other financing sources (uses) | <u>897,777</u> | <u>183,418</u> | <u>(714,359)</u> | <u>246,847</u> |
| Net change in fund balance | 217,949 | 237,371 | 19,422 | 99,802 |
| Fund balance, beginning of year | <u>1,795,275</u> | <u>1,795,275</u> | <u>-</u> | <u>1,695,473</u> |
| Fund balance, end of year | <u>\$ 2,013,224</u> | <u>\$ 2,032,646</u> | <u>\$ 19,422</u> | <u>\$ 1,795,275</u> |

CITY OF JACKSON, MICHIGAN

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

Ella W. Sharp Park Special Revenue Operating Fund

For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|--|-------------------|------------------|--|------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Charges for services | \$ 754,625 | \$ 711,702 | \$ (42,923) | \$ 714,342 |
| Investment income | 500 | 591 | 91 | 624 |
| Total revenues | <u>755,125</u> | <u>712,293</u> | <u>(42,832)</u> | <u>714,966</u> |
| Expenditures | | | | |
| Current - culture and recreation: | | | | |
| Personnel services | 382,422 | 383,196 | 774 | 354,975 |
| Materials and supplies | 274,420 | 319,827 | 45,407 | 512,727 |
| Contractual and other services | 396,380 | 344,758 | (51,622) | 419,360 |
| Debt service - | | | | |
| Principal | - | - | - | 18,216 |
| Total expenditures | <u>1,053,222</u> | <u>1,047,781</u> | <u>(5,441)</u> | <u>1,305,278</u> |
| Revenues under expenditures | <u>(298,097)</u> | <u>(335,488)</u> | <u>(37,391)</u> | <u>(590,312)</u> |
| Other financing sources | | | | |
| Issuance of bonds, notes, and other long-term liabilities | - | - | - | 283,253 |
| Transfers in | 310,100 | 317,044 | 6,944 | 237,304 |
| Total other financing sources | <u>310,100</u> | <u>317,044</u> | <u>6,944</u> | <u>520,557</u> |
| Net change in fund balance | 12,003 | (18,444) | (30,447) | (69,755) |
| Fund balance, beginning of year | <u>34,439</u> | <u>34,439</u> | - | <u>104,194</u> |
| Fund balance, end of year | <u>\$ 46,442</u> | <u>\$ 15,995</u> | <u>\$ (30,447)</u> | <u>\$ 34,439</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|-------------------|-------------|--|----------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental | \$ 1,366,531 | \$ 981,591 | \$ (384,940) | \$ 678,325 |
| Expenditures | | | | |
| Current - community enrichment and development - Contractual and other services | 1,366,531 | 983,904 | (382,627) | 678,325 |
| Revenues under expenditures | - | (2,313) | (2,313) | - |
| Other financing sources | | | | |
| Transfers in | - | 2,313 | 2,313 | 678,325 |
| Net change in fund balance | - | - | - | 678,325 |
| 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

Public Improvement Special Revenue Fund

For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|-------------------|-------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Property taxes | \$ 1,246,000 | \$ 1,266,182 | \$ 20,182 | \$ 1,200,004 |
| Intergovernmental | 85,000 | 92,588 | 7,588 | 102,484 |
| Investment income | 50,000 | 76,621 | 26,621 | 50,537 |
| Total revenues | 1,381,000 | 1,435,391 | 54,391 | 1,353,025 |
| Expenditures | | | | |
| Current - community enrichment and development | 37,925 | - | (37,925) | - |
| Revenues over expenditures | 1,343,075 | 1,435,391 | 92,316 | 1,353,025 |
| Other financing uses | | | | |
| Transfers out | (1,379,024) | (1,244,621) | (134,403) | (1,501,298) |
| Net change in fund balance | (35,949) | 190,770 | 226,719 | (148,273) |
| Fund balance, beginning of year | 328,781 | 328,781 | - | 477,054 |
| Fund balance, end of year | \$ 292,832 | \$ 519,551 | \$ 226,719 | \$ 328,781 |

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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|-----------------------------------|-------------------|-------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Charges for services | \$ 578,050 | \$ 705,121 | \$ 127,071 | \$ 527,425 |
| Investment income | 14,500 | 44,269 | 29,769 | 26,467 |
| Total revenues | <u>592,550</u> | <u>749,390</u> | <u>156,840</u> | <u>553,892</u> |
| Expenditures | | | | |
| Current - public safety: | | | | |
| Personnel services | 547,474 | 527,484 | (19,990) | 499,089 |
| Materials and supplies | 20,568 | 8,337 | (12,231) | 20,904 |
| Contractual and other services | 78,649 | 37,273 | (41,376) | 53,328 |
| Debt service - | | | | |
| Principal | - | - | - | 6,278 |
| Total expenditures | <u>646,691</u> | <u>573,094</u> | <u>(73,597)</u> | <u>579,599</u> |
| Net change in fund balance | (54,141) | 176,296 | 230,437 | (25,707) |
| Fund balance, beginning of year | <u>656,137</u> | <u>656,137</u> | - | <u>681,844</u> |
| Fund balance, end of year | <u>\$ 601,996</u> | <u>\$ 832,433</u> | <u>\$ 230,437</u> | <u>\$ 656,137</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|-------------------|-------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Charges for services | \$ 270,477 | \$ 185,017 | \$ (85,460) | \$ 208,109 |
| Investment income | 5,000 | 8,585 | 3,585 | 4,116 |
| Total revenues | 275,477 | 193,602 | (81,875) | 212,225 |
| Expenditures | | | | |
| Current - public safety - Contractual and other services | 441,667 | 397,557 | (44,110) | 219,399 |
| Revenues under expenditures | (166,190) | (203,955) | (37,765) | (7,174) |
| Other financing sources | | | | |
| Transfers in | 193,402 | 193,402 | - | - |
| Net change in fund balance | 27,212 | (10,553) | (37,765) | (7,174) |
| Fund balance, beginning of year | 177,040 | 177,040 | - | 184,214 |
| Fund balance, end of year | <u>\$ 204,252</u> | <u>\$ 166,487</u> | <u>\$ (37,765)</u> | <u>\$ 177,040</u> |

CITY OF JACKSON, MICHIGAN

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

Drug Law Enforcement Special Revenue Fund

For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|--------------------------------------|-------------------|------------------|--|------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Investment income | \$ 200 | \$ 2,085 | \$ 1,885 | \$ 1,054 |
| Miscellaneous | 45,198 | 52,173 | 6,975 | 3,764 |
| Total revenues | <u>45,398</u> | <u>54,258</u> | <u>8,860</u> | <u>4,818</u> |
| Expenditures | | | | |
| Current - public safety: | | | | |
| Personnel services | 14,171 | 16,182 | 2,011 | 11,820 |
| Materials and supplies | 1,205 | 157 | (1,048) | 2,461 |
| Contractual and other services | 1,000 | - | (1,000) | 2,461 |
| Total expenditures | <u>16,376</u> | <u>16,339</u> | <u>(37)</u> | <u>16,742</u> |
| Revenues over (under) expenditures | 29,022 | 37,919 | 8,897 | (9,463) |
| Other financing sources | | | | |
| Proceeds from sale of capital assets | 500 | - | (500) | - |
| Net change in fund balance | <u>29,522</u> | <u>37,919</u> | <u>8,397</u> | <u>(9,463)</u> |
| Fund balance, beginning of year | <u>27,844</u> | <u>27,844</u> | <u>-</u> | <u>37,307</u> |
| Fund balance, end of year | <u>\$ 57,366</u> | <u>\$ 65,763</u> | <u>\$ 8,397</u> | <u>\$ 27,844</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|-----------------------------------|-------------------|-------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Charges for services | \$ 339,000 | \$ 330,903 | \$ (8,097) | \$ 286,533 |
| Investment income | 13,500 | 22,839 | 9,339 | 12,268 |
| Total revenues | <u>352,500</u> | <u>353,742</u> | <u>1,242</u> | <u>298,801</u> |
| Expenditures | | | | |
| Current - culture and recreation: | | | | |
| Personnel services | 99,024 | 47,054 | (51,970) | 80,356 |
| Materials and supplies | 40,000 | 62,090 | 22,090 | 53,509 |
| Contractual and other services | 138,800 | 166,917 | 28,117 | 128,278 |
| Total expenditures | <u>277,824</u> | <u>276,061</u> | <u>(1,763)</u> | <u>262,143</u> |
| Net change in fund balance | 74,676 | 77,681 | 3,005 | 36,658 |
| Fund balance, beginning of year | <u>359,878</u> | <u>359,878</u> | - | <u>323,220</u> |
| Fund balance, end of year | <u>\$ 434,554</u> | <u>\$ 437,559</u> | <u>\$ 3,005</u> | <u>\$ 359,878</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|--|-------------------|------------------|--|------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental | \$ 2,039,033 | \$ 957,922 | \$ (1,081,111) | \$ 2,482,015 |
| Miscellaneous | 114,798 | 194,071 | 79,273 | 182,447 |
| Total revenues | <u>2,153,831</u> | <u>1,151,993</u> | <u>(1,001,838)</u> | <u>2,664,462</u> |
| Expenditures | | | | |
| Current - | | | | |
| Community enrichment and development: | | | | |
| Rehabilitation | 445,603 | 228,049 | (217,554) | 72,208 |
| Administration | 461,468 | 142,013 | (319,455) | 99,739 |
| Culture and recreation | 500,259 | 401,448 | (98,811) | 1,698,665 |
| Street construction | 277,826 | 65,271 | (212,555) | 403,096 |
| Public facility demolition | 468,675 | 315,212 | (153,463) | 390,754 |
| Total expenditures | <u>2,153,831</u> | <u>1,151,993</u> | <u>(1,001,838)</u> | <u>2,664,462</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|--------------------|-------------|--|----------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental | \$ 1,222,215 | \$ 312,533 | \$ (909,682) | \$ 288,294 |
| Expenditures | | | | |
| Current - community enrichment and development - Community housing development organizations | 1,262,426 | 312,533 | (949,893) | 288,294 |
| Net change in fund balance | (40,211) | - | 40,211 | - |
| Fund balance, beginning of year | - | - | - | - |
| Fund balance, end of year | <u>\$ (40,211)</u> | <u>\$ -</u> | <u>\$ 40,211</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|--------------------------------------|-------------------|---------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Charges for services | \$ 1,184,300 | \$ 1,139,646 | \$ (44,654) | \$ 1,664,786 |
| Investment income | 30,000 | 51,956 | 21,956 | 25,841 |
| Miscellaneous | 50,000 | 57,202 | 7,202 | 62,460 |
| Total revenues | <u>1,264,300</u> | <u>1,248,804</u> | <u>(15,496)</u> | <u>1,753,087</u> |
| Expenditures | | | | |
| Current - | | | | |
| Community enrichment and development | 1,232,751 | 993,331 | (239,420) | 1,113,651 |
| Debt service - | | | | |
| Principal | - | - | - | 17,645 |
| Total expenditures | <u>1,232,751</u> | <u>993,331</u> | <u>(239,420)</u> | <u>1,131,296</u> |
| Net change in fund balance | 31,549 | 255,473 | 223,924 | 621,791 |
| Fund balance, beginning of year | <u>791,417</u> | <u>791,417</u> | <u>-</u> | <u>169,626</u> |
| Fund balance, end of year | <u>\$ 822,966</u> | <u>\$ 1,046,890</u> | <u>\$ 223,924</u> | <u>\$ 791,417</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|-----------------------------------|-------------------|-------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Charges for services | \$ 700,000 | \$ 718,384 | \$ 18,384 | \$ 674,779 |
| Investment income | 10,500 | 11,788 | 1,288 | 10,369 |
| Total revenues | <u>710,500</u> | <u>730,172</u> | <u>19,672</u> | <u>685,148</u> |
| Expenditures | | | | |
| Current - culture and recreation: | | | | |
| Personnel services | 592,148 | 572,159 | (19,989) | 465,715 |
| Materials and supplies | 142,500 | 125,044 | (17,456) | 190,468 |
| Contractual and other services | 26,200 | 25,861 | (339) | 15,618 |
| Total expenditures | <u>760,848</u> | <u>723,064</u> | <u>(37,784)</u> | <u>671,801</u> |
| Net change in fund balance | (50,348) | 7,108 | 57,456 | 13,347 |
| Fund balance, beginning of year | <u>418,215</u> | <u>418,215</u> | - | <u>404,868</u> |
| Fund balance, end of year | <u>\$ 367,867</u> | <u>\$ 425,323</u> | <u>\$ 57,456</u> | <u>\$ 418,215</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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|--|-------------------|-------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental | \$ 2,000,000 | \$ 1,250,251 | \$ (749,749) | \$ 464,435 |
| Investment income | 8,000 | 10,011 | 2,011 | 11,073 |
| Total revenues | 2,008,000 | 1,260,262 | (747,738) | 475,508 |
| Expenditures | | | | |
| Current - | | | | |
| Community enrichment and development - | | | | |
| Economic development | 2,032,500 | 1,350,571 | (681,929) | 499,582 |
| Net change in fund balance | (24,500) | (90,309) | (65,809) | (24,074) |
| Fund balance, beginning of year | 410,187 | 410,187 | - | 434,261 |
| Fund balance, end of year | <u>\$ 385,687</u> | <u>\$ 319,878</u> | <u>\$ (65,809)</u> | <u>\$ 410,187</u> |

CITY OF JACKSON, MICHIGAN

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

Byrne/JAG Program Special Revenue Fund

For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|-------------------|-------------|--|----------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental revenue | \$ 53,822 | \$ 23,202 | \$ (30,620) | \$ 75,103 |
| Expenditures | | | | |
| Current - public safety - Contractual and other services | 53,822 | 23,202 | (30,620) | 75,103 |
| 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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|-------------------|-------------|--|----------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental revenue | \$ 533,965 | \$ 484,018 | \$ (49,947) | \$ 440,098 |
| Expenditures | | | | |
| Current - public safety - Personnel services | 533,965 | 484,018 | (49,947) | 440,098 |
| 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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|-----------------------------------|-------------------|----------------|--|----------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental revenue | \$ 148,294 | \$ 140,654 | \$ (7,640) | \$ 93,347 |
| Expenditures | | | | |
| Current - public safety: | | | | |
| Personnel services | 95,679 | 100,216 | 4,537 | 28,438 |
| Community enrichment | 52,615 | 40,438 | (12,177) | 64,909 |
| Total expenditures | 148,294 | 140,654 | (7,640) | 93,347 |
| 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

Brownfield Assessment Grant Special Revenue Fund

For the Fiscal Year Ended June 30, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|---|-------------------|-------------|--|----------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Intergovernmental revenue | \$ 400,000 | \$ 246,782 | \$ (153,218) | \$ - |
| Expenditures | | | | |
| Current - | | | | |
| Community enrichment and development - | | | | |
| Administration | 400,000 | 246,782 | (153,218) | - |
| 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, 2024

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2023

| | 2024 | | | 2023 Actual |
|-----------------------------------|-------------------|-------------------|--|-------------------|
| | Amended Budget | Actual | Actual Over (Under) Final Budget | |
| Revenues | | | | |
| Charges for services | \$ 33,563 | \$ 163,552 | \$ 129,989 | \$ 118,176 |
| Other financing uses | | | | |
| Transfers out | (89,000) | (89,000) | - | 118,176 |
| Net change in fund balance | (55,437) | 74,552 | 129,989 | 236,352 |
| Fund balance, beginning of year | 118,176 | 118,176 | - | - |
| Fund balance, end of year | <u>\$ 62,739</u> | <u>\$ 192,728</u> | <u>\$ 129,989</u> | <u>\$ 118,176</u> |

CITY OF JACKSON, MICHIGAN

Nonmajor Debt Service Funds

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

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.

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, 2024

| | 2001 DDA TIF | 2016 Capital Improvement Bonds | 2017 Brownfield Refunding | 2017 Michigan Transportation Bonds |
|--|-----------------|--------------------------------------|---------------------------------|--|
| Assets | | | | |
| Pooled cash and investments | \$ 637 | \$ 750 | \$ 1,900 | \$ - |
| Interest receivable | - | - | - | - |
| Due from other funds | - | - | - | - |
| Total assets | <u>\$ 637</u> | <u>\$ 750</u> | <u>\$ 1,900</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Accounts payable | \$ - | \$ 750 | \$ - | \$ - |
| Fund balances | | | | |
| Restricted for debt service | <u>637</u> | <u>-</u> | <u>1,900</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 637</u> | <u>\$ 750</u> | <u>\$ 1,900</u> | <u>\$ -</u> |



| 2019 DDA Refunding | 2020 Capital Improvement Bonds | Special Assessment | 2021 City Hall Refunding | 2021 Brownfield Refunding | Totals |
|--------------------------|--------------------------------------|-----------------------|--------------------------------|---------------------------------|-------------------|
| \$ 211 | \$ 7,088 | \$ - | \$ 253,117 | \$ 618 | \$ 264,321 |
| - | - | - | 938 | - | 938 |
| - | - | - | 3,398 | - | 3,398 |
| <u>\$ 211</u> | <u>\$ 7,088</u> | <u>\$ -</u> | <u>\$ 257,453</u> | <u>\$ 618</u> | <u>\$ 268,657</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 750 |
| <u>211</u> | <u>7,088</u> | <u>-</u> | <u>257,453</u> | <u>618</u> | <u>267,907</u> |
| <u>\$ 211</u> | <u>\$ 7,088</u> | <u>\$ -</u> | <u>\$ 257,453</u> | <u>\$ 618</u> | <u>\$ 268,657</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, 2024

| | 2001 DDA TIF | 2016 Capital Improvement Bonds | 2017 Brownfield Refunding | 2017 Michigan Transportation Bonds |
|------------------------------------|------------------|--------------------------------------|---------------------------------|--|
| Revenues | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 420,144 | - |
| Total revenues | <u>-</u> | <u>-</u> | <u>420,144</u> | <u>-</u> |
| Expenditures | | | | |
| Debt service: | | | | |
| Principal | 793,730 | 1,013,000 | 210,000 | 630,000 |
| Interest and fiscal charges | 2,088,093 | 551,569 | 210,144 | 132,068 |
| Total expenditures | <u>2,881,823</u> | <u>1,564,569</u> | <u>420,144</u> | <u>762,068</u> |
| Revenues over (under) expenditures | (2,881,823) | (1,564,569) | - | (762,068) |
| Other financing sources | | | | |
| Transfers in | 2,881,823 | 1,564,569 | - | 762,068 |
| Net change in fund balances | - | - | - | - |
| Fund balances, beginning of year | 637 | - | 1,900 | - |
| Fund balances, end of year | <u>\$ 637</u> | <u>\$ -</u> | <u>\$ 1,900</u> | <u>\$ -</u> |

| 2019 DDA Refunding | 2020 Capital Improvement Bonds | Special Assessment | 2021 City Hall Refunding | 2021 Brownfield Refunding | Totals |
|--------------------------|--------------------------------------|-----------------------|--------------------------------|---------------------------------|-------------|
| \$ - | \$ - | \$ - | \$ 692,932 | \$ - | \$ 692,932 |
| - | - | - | 75,031 | 791,838 | 1,287,013 |
| - | - | - | 767,963 | 791,838 | 1,979,945 |
| 40,000 | 194,000 | 144,000 | 710,000 | 740,000 | 4,474,730 |
| 168,365 | 29,788 | 17,160 | (10,966) | 51,838 | 3,238,059 |
| 208,365 | 223,788 | 161,160 | 699,034 | 791,838 | 7,712,789 |
| (208,365) | (223,788) | (161,160) | 68,929 | - | (5,732,844) |
| 208,365 | 223,788 | 161,160 | - | - | 5,801,773 |
| - | - | - | 68,929 | - | 68,929 |
| 211 | 7,088 | - | 188,524 | 618 | 198,978 |
| \$ 211 | \$ 7,088 | \$ - | \$ 257,453 | \$ 618 | \$ 267,907 |

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CITY OF JACKSON, MICHIGAN

■ Nonmajor Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Capital Projects Fund - This fund is used to account for monies set aside to fund various capital building and land improvements not otherwise funded by bond proceeds.

Michigan Transportation Bonds Construction Fund - This fund accounts for monies set aside for various capital road improvements funded by the 2024 Michigan Transportation Fund 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, 2024

| | Capital Projects | Michigan Transportation Bonds Construction | Downtown Development Authority Project | Totals |
|---|---------------------|---|---|----------------------|
| Assets | | | | |
| Pooled cash and investments | \$ 275,350 | \$ 3,017,083 | \$ 5,733,312 | \$ 9,025,745 |
| Interest receivable | - | 14,491 | 21,243 | 35,734 |
| Leases receivable | - | - | 1,458,430 | 1,458,430 |
| Total assets | <u>\$ 275,350</u> | <u>\$ 3,031,574</u> | <u>\$ 7,212,985</u> | <u>\$ 10,519,909</u> |
| Liabilities | | | | |
| Accounts payable | \$ 89,865 | \$ 29,400 | \$ - | \$ 119,265 |
| Deferred inflows of resources | | | | |
| Deferred lease amounts | - | - | 1,458,430 | 1,458,430 |
| Fund balances | | | | |
| Restricted for downtown development | - | - | 5,754,555 | 5,754,555 |
| Restricted for highways and streets | - | 3,002,174 | - | 3,002,174 |
| Committed for capital projects | 185,485 | - | - | 185,485 |
| Total fund balances | <u>185,485</u> | <u>3,002,174</u> | <u>5,754,555</u> | <u>8,942,214</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 275,350</u> | <u>\$ 3,031,574</u> | <u>\$ 7,212,985</u> | <u>\$ 10,519,909</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, 2024

| | Capital Projects | Michigan Transportation Bonds Construction | Downtown Development Authority Project | Totals |
|--|---------------------|---|---|--------------|
| Revenues | | | | |
| Property taxes | \$ - | \$ - | \$ 1,715,133 | \$ 1,715,133 |
| Intergovernmental | - | - | 156,893 | 156,893 |
| Charges for services | - | - | 1,500,000 | 1,500,000 |
| Investment income | - | 27,777 | 338,845 | 366,622 |
| Total revenues | - | 27,777 | 3,710,871 | 3,738,648 |
| Expenditures | | | | |
| Current: | | | | |
| Public works | - | 105,753 | - | 105,753 |
| Community enrichment and development | 862,214 | - | - | 862,214 |
| Total expenditures | 862,214 | 105,753 | - | 967,967 |
| Revenues over (under) expenditures | (862,214) | (77,976) | 3,710,871 | 2,770,681 |
| Other financing sources (uses) | | | | |
| Issuance of bonds, notes, and other long-term liabilities | - | 3,650,000 | - | 3,650,000 |
| Premium on issuance of bonds | - | 324,135 | - | 324,135 |
| Transfers in | 892,164 | - | - | 892,164 |
| Transfers out | - | (893,985) | (3,090,188) | (3,984,173) |
| Total other financing sources (uses) | 892,164 | 3,080,150 | (3,090,188) | 882,126 |
| Net change in fund balances | 29,950 | 3,002,174 | 620,683 | 3,652,807 |
| Fund balances, beginning of year | 155,535 | - | 5,133,872 | 5,289,407 |
| Fund balances, end of year | \$ 185,485 | \$ 3,002,174 | \$ 5,754,555 | \$ 8,942,214 |

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CITY OF JACKSON, MICHIGAN

Nonmajor Permanent Funds

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

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

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

CITY OF JACKSON, MICHIGAN

Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2024

| | Ella W. Sharp Park Endowment | Cemetery Perpetual Maintenance | Lloyd E. Mount Endowment | Total |
|--|------------------------------------|--------------------------------------|--------------------------------|---------------------|
| Assets | | | | |
| Pooled cash and investments - restricted | \$ 1,137,080 | \$ 2,135,618 | \$ 296,412 | \$ 3,569,110 |
| Liabilities | | | | |
| Due to other funds | \$ 36,699 | \$ - | \$ 7,195 | \$ 43,894 |
| Fund balances | | | | |
| Nonspendable for: | | | | |
| Perpetual care | - | 2,135,618 | - | 2,135,618 |
| Endowment | 1,100,381 | - | 289,217 | 1,389,598 |
| Total fund balances | 1,100,381 | 2,135,618 | 289,217 | 3,525,216 |
| Total liabilities and fund balances | \$ 1,137,080 | \$ 2,135,618 | \$ 296,412 | \$ 3,569,110 |

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Permanent Funds

For the Fiscal Year Ended June 30, 2024

| | Ella W. Sharp Park Endowment | Cemetery Perpetual Maintenance | Lloyd E. Mount Endowment | Total |
|------------------------------------|------------------------------------|--------------------------------------|--------------------------------|---------------------|
| Revenues | | | | |
| Charges for services | \$ - | \$ 28,602 | \$ - | \$ 28,602 |
| Investment income | 62,300 | 110,393 | 15,875 | 188,568 |
| Total revenues | 62,300 | 138,995 | 15,875 | 217,170 |
| Other financing uses | | | | |
| Transfers out | (36,699) | (110,393) | (7,195) | (154,287) |
| Net change in fund balances | 25,601 | 28,602 | 8,680 | 62,883 |
| Fund balances, beginning of year | 1,074,780 | 2,107,016 | 280,537 | 3,462,333 |
| Fund balances, end of year | <u>\$ 1,100,381</u> | <u>\$ 2,135,618</u> | <u>\$ 289,217</u> | <u>\$ 3,525,216</u> |

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CITY OF JACKSON, MICHIGAN

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the government's commission is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered through user charges or where the government's commission has decided that periodic determination of net income is appropriate for accountability purposes.

Automobile Parking System Fund - This fund is used to account for the operation of the downtown parking garage and capital improvements to the City's parking system.

Parking Assessment Fund - This fund is used to account for the revenues and expenses of the City's meterless parking system.

Parking Deck 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

Combining Statement of Net Position

Nonmajor Enterprise Funds

June 30, 2024

| | Automobile Parking System | Parking Assessment | Parking Deck | Totals |
|---|---------------------------------|-----------------------|----------------------|----------------------|
| Assets | | | | |
| Current assets: | | | | |
| Pooled cash and investments | \$ 129,693 | \$ 88,767 | \$ 542,376 | \$ 760,836 |
| Accounts receivable | - | 19,195 | 36,259 | 55,454 |
| Interest receivable | 481 | 329 | 2,010 | 2,820 |
| Total current assets | 130,174 | 108,291 | 580,645 | 819,110 |
| Noncurrent assets: | | | | |
| Capital assets not being depreciated/amortized | 1,682,727 | - | 7,060,843 | 8,743,570 |
| Capital assets being depreciated/amortized, net | 2,454,499 | - | 7,625,345 | 10,079,844 |
| Total noncurrent assets | 4,137,226 | - | 14,686,188 | 18,823,414 |
| Total assets | 4,267,400 | 108,291 | 15,266,833 | 19,642,524 |
| Liabilities | | | | |
| Current liabilities: | | | | |
| Accounts payable | - | 22,393 | 2,756 | 25,149 |
| Accrued payroll | - | 1,555 | - | 1,555 |
| Total liabilities | - | 23,948 | 2,756 | 26,704 |
| Net position | | | | |
| Investment in capital assets | 4,137,226 | - | 14,686,188 | 18,823,414 |
| Unrestricted | 130,174 | 84,343 | 577,889 | 792,406 |
| Total net position | \$ 4,267,400 | \$ 84,343 | \$ 15,264,077 | \$ 19,615,820 |

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, 2024

| | Automobile Parking System | Parking Assessment | Parking Deck | Totals |
|---|---------------------------------|-----------------------|----------------------|----------------------|
| Operating revenues | | | | |
| Charges for sales and services | \$ 2,432 | \$ 202,711 | \$ 8,411 | \$ 213,554 |
| Other | - | 44,352 | - | 44,352 |
| Total operating revenues | <u>2,432</u> | <u>247,063</u> | <u>8,411</u> | <u>257,906</u> |
| Operating expenses | | | | |
| Personnel services | - | 84,878 | - | 84,878 |
| Materials and supplies | 9 | - | - | 9 |
| Contractual and other services | 4,252 | 385,294 | 19,811 | 409,357 |
| Depreciation/amortization | 144,969 | - | 262,943 | 407,912 |
| Total operating expenses | <u>149,230</u> | <u>470,172</u> | <u>282,754</u> | <u>902,156</u> |
| Operating loss | (146,798) | (223,109) | (274,343) | (644,250) |
| Nonoperating revenues | | | | |
| Investment income | <u>7,795</u> | <u>17,635</u> | <u>32,029</u> | <u>57,459</u> |
| Loss before transfers | (139,003) | (205,474) | (242,314) | (586,791) |
| Transfers in | 92,143 | 113,155 | - | 205,298 |
| Transfers out | <u>(103,445)</u> | <u>(92,143)</u> | <u>-</u> | <u>(195,588)</u> |
| Change in net position | <u>(150,305)</u> | <u>(184,462)</u> | <u>(242,314)</u> | <u>(577,081)</u> |
| Net position, beginning of year, as previously reported | 4,417,705 | 268,805 | - | 4,686,510 |
| Change within financial reporting entity | <u>-</u> | <u>-</u> | <u>15,506,391</u> | <u>15,506,391</u> |
| Net position, beginning of year, as adjusted | <u>4,417,705</u> | <u>268,805</u> | <u>15,506,391</u> | <u>20,192,901</u> |
| Net position, end of year | <u>\$ 4,267,400</u> | <u>\$ 84,343</u> | <u>\$ 15,264,077</u> | <u>\$ 19,615,820</u> |

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2024

| | Automobile Parking System | Parking Assessment | Parking Deck | Totals |
|---|---------------------------------|-----------------------|--------------------|---------------------|
| Cash flows from operating activities | | | | |
| Receipts from customers and users | \$ 2,432 | \$ 233,723 | \$ 3,994 | \$ 240,149 |
| Payments to employees | - | (84,878) | - | (84,878) |
| Payments to vendors and claimants | (4,261) | (364,895) | (18,332) | (387,488) |
| Net cash used in operating activities | <u>(1,829)</u> | <u>(216,050)</u> | <u>(14,338)</u> | <u>(232,217)</u> |
| Cash flows from noncapital financing activities | | | | |
| Transfers in | 92,143 | 113,155 | - | 205,298 |
| Transfers out | (103,445) | (92,143) | - | (195,588) |
| Net cash provided by (used in) noncapital financing activities | <u>(11,302)</u> | <u>21,012</u> | <u>-</u> | <u>9,710</u> |
| Cash flows from investing activities | | | | |
| Interest received on investments | 7,314 | 18,705 | 32,784 | 58,803 |
| Net change in cash and cash equivalents | <u>(5,817)</u> | <u>(176,333)</u> | <u>18,446</u> | <u>(163,704)</u> |
| Cash and cash equivalents, beginning of year | 135,510 | 265,100 | 523,930 | 924,540 |
| Cash and cash equivalents, end of year | <u>\$ 129,693</u> | <u>\$ 88,767</u> | <u>\$ 542,376</u> | <u>\$ 760,836</u> |
| Reconciliation of operating loss to net cash used in operating activities | | | | |
| Operating loss | \$ (146,798) | \$ (223,109) | \$ (274,343) | \$ (644,250) |
| Adjustments to reconcile operating loss to net cash used in operating activities: | | | | |
| Depreciation/amortization | 144,969 | - | 262,943 | 407,912 |
| Change in operating assets and liabilities that provided (used) cash: | | | | |
| Accounts receivable | - | (13,340) | (4,417) | (17,757) |
| Accounts payable | - | 19,999 | 1,479 | 21,478 |
| Accrued payroll | - | 400 | - | 400 |
| Net cash used in operating activities | <u>\$ (1,829)</u> | <u>\$ (216,050)</u> | <u>\$ (14,338)</u> | <u>\$ (232,217)</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.

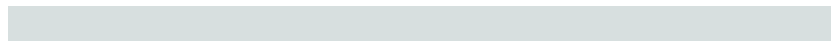
CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Internal Service Funds

June 30, 2024

| | Workers' Compensation | Self Insurance Health | Motor Pool and Garage |
|--|--------------------------|--------------------------|--------------------------|
| Assets | | | |
| Current assets: | | | |
| Pooled cash and investments | \$ 974,920 | \$ 626,453 | \$ 1,169,050 |
| Accounts receivable | - | - | 6,440 |
| Interest receivable | 3,612 | 2,136 | 4,162 |
| Prepaid items | - | - | 165 |
| Restricted cash - | | | |
| Cash on hand with agents | 46,000 | - | - |
| Total current assets | <u>1,024,532</u> | <u>628,589</u> | <u>1,179,817</u> |
| Noncurrent assets - | | | |
| Capital assets being depreciated/amortized, net | - | - | 2,057,708 |
| Total assets | <u>1,024,532</u> | <u>628,589</u> | <u>3,237,525</u> |
| Liabilities | | | |
| Current liabilities: | | | |
| Accounts payable | 1,489 | 24,325 | 37,920 |
| Accrued payroll | - | - | 5,375 |
| Estimated claims payable | 39,630 | - | - |
| Current portion of notes and other long-term liabilities | - | - | 139,550 |
| Total current liabilities | <u>41,119</u> | <u>24,325</u> | <u>182,845</u> |
| Noncurrent liabilities - | | | |
| Notes and other long-term liabilities, net of current portion | - | - | 5,673 |
| Total liabilities | <u>41,119</u> | <u>24,325</u> | <u>188,518</u> |
| Net position | | | |
| Net investment in capital assets | - | - | 1,912,485 |
| Unrestricted | 983,413 | 604,264 | 1,136,522 |
| Total net position | <u>\$ 983,413</u> | <u>\$ 604,264</u> | <u>\$ 3,049,007</u> |



| Public Works Administration | Engineering Administration | Local Site Remediation Revolving | Totals |
|------------------------------------|-----------------------------------|---|---------------------|
| \$ 333,250 | \$ 202,587 | \$ 389,195 | \$ 3,695,455 |
| 35,522 | - | - | 41,962 |
| 1,208 | 751 | 1,442 | 13,311 |
| 507 | 2,400 | - | 3,072 |
| - | - | - | 46,000 |
| <u>370,487</u> | <u>205,738</u> | <u>390,637</u> | <u>3,799,800</u> |
| - | - | - | 2,057,708 |
| <u>370,487</u> | <u>205,738</u> | <u>390,637</u> | <u>5,857,508</u> |
| 9,685 | 5,476 | - | 78,895 |
| 4,674 | 2,968 | - | 13,017 |
| - | - | - | 39,630 |
| - | - | - | 139,550 |
| <u>14,359</u> | <u>8,444</u> | <u>-</u> | <u>271,092</u> |
| - | - | - | 5,673 |
| <u>14,359</u> | <u>8,444</u> | <u>-</u> | <u>276,765</u> |
| - | - | - | 1,912,485 |
| <u>356,128</u> | <u>197,294</u> | <u>390,637</u> | <u>3,668,258</u> |
| <u>\$ 356,128</u> | <u>\$ 197,294</u> | <u>\$ 390,637</u> | <u>\$ 5,580,743</u> |

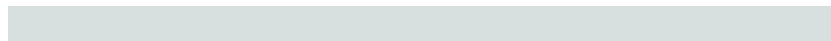
CITY OF JACKSON, MICHIGAN

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

Internal Service Funds

For the Fiscal Year Ended June 30, 2024

| | Workers' Compensation | Self Insurance Health | Motor Pool and Garage |
|------------------------------------|--------------------------|--------------------------|--------------------------|
| Operating revenues | | | |
| Charges for services | \$ 184,185 | \$ 5,704,702 | \$ 275,943 |
| Miscellaneous | - | - | 1,288,523 |
| Total operating revenues | <u>184,185</u> | <u>5,704,702</u> | <u>1,564,466</u> |
| Operating expenses | | | |
| Personnel services | - | - | 430,858 |
| Administration | - | - | - |
| Materials and supplies | - | - | 452,541 |
| Contractual and other services | 5,365 | 5,855,729 | 186,563 |
| Benefit payments | 14,430 | - | - |
| Depreciation/amortization | - | - | 496,510 |
| Total operating expenses | <u>19,795</u> | <u>5,855,729</u> | <u>1,566,472</u> |
| Operating income (loss) | <u>164,390</u> | <u>(151,027)</u> | <u>(2,006)</u> |
| Nonoperating revenues | | | |
| Intergovernmental | - | - | 631,958 |
| Investment income | 54,426 | 52,810 | 59,363 |
| Gain on sale of capital assets | - | - | 68,381 |
| Total nonoperating revenues | <u>54,426</u> | <u>52,810</u> | <u>759,702</u> |
| Income (loss) before transfers | 218,816 | (98,217) | 757,696 |
| Transfers out | - | - | (52,503) |
| Change in net position | 218,816 | (98,217) | 705,193 |
| Net position, beginning of year | <u>764,597</u> | <u>702,481</u> | <u>2,343,814</u> |
| Net position, end of year | <u>\$ 983,413</u> | <u>\$ 604,264</u> | <u>\$ 3,049,007</u> |



| Public Works Administration | Engineering Administration | Local Site Remediation Revolving | Totals |
|------------------------------------|-----------------------------------|---|---------------------|
| \$ 334,734 | \$ 245,462 | \$ 61,479 | \$ 6,806,505 |
| - | 3,230 | - | 1,291,753 |
| <u>334,734</u> | <u>248,692</u> | <u>61,479</u> | <u>8,098,258</u> |
| 287,516 | 186,469 | - | 904,843 |
| 65,382 | 126,141 | - | 191,523 |
| - | - | - | 452,541 |
| - | - | - | 6,047,657 |
| - | - | - | 14,430 |
| - | - | - | 496,510 |
| <u>352,898</u> | <u>312,610</u> | <u>-</u> | <u>8,107,504</u> |
| <u>(18,164)</u> | <u>(63,918)</u> | <u>61,479</u> | <u>(9,246)</u> |
| - | - | - | 631,958 |
| 29,060 | 12,695 | 19,999 | 228,353 |
| - | - | - | 68,381 |
| <u>29,060</u> | <u>12,695</u> | <u>19,999</u> | <u>928,692</u> |
| 10,896 | (51,223) | 81,478 | 919,446 |
| - | - | - | (52,503) |
| 10,896 | (51,223) | 81,478 | 866,943 |
| <u>345,232</u> | <u>248,517</u> | <u>309,159</u> | <u>4,713,800</u> |
| <u>\$ 356,128</u> | <u>\$ 197,294</u> | <u>\$ 390,637</u> | <u>\$ 5,580,743</u> |

CITY OF JACKSON, MICHIGAN

Combining Statement of Cash Flows

Internal Service Funds

For the Fiscal Year Ended June 30, 2024

| | Workers' Compensation | Self Insurance Health | Motor Pool and Garage |
|--|--------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | | | |
| Receipts for interfund services provided | \$ 184,185 | \$ 5,704,702 | \$ 1,574,154 |
| Payments to employees | - | - | (429,444) |
| Payments to vendors and claimants | (209,146) | (5,846,006) | (39,126) |
| Net cash provided by (used in) operating activities | <u>(24,961)</u> | <u>(141,304)</u> | <u>1,105,584</u> |
| Cash flows from noncapital financing activities | | | |
| Intergovernmental revenue | - | - | 631,958 |
| Transfers out | - | - | (52,503) |
| Net cash provided by noncapital financing activities | <u>-</u> | <u>-</u> | <u>579,455</u> |
| Cash flows from capital and related financing activities | | | |
| Purchase of capital assets | - | - | (1,346,864) |
| Proceeds from sale of capital assets | - | - | 68,381 |
| Principal paid on notes and other long-term liabilities | - | - | (181,500) |
| Net cash used in capital and related financing activities | <u>-</u> | <u>-</u> | <u>(1,459,983)</u> |
| Cash flows from investing activities | | | |
| Interest received on investments | 53,696 | 50,674 | 59,867 |
| Net change in cash and cash equivalents | 28,735 | (90,630) | 284,923 |
| Cash and cash equivalents, beginning of year | 992,185 | 717,083 | 884,127 |
| Cash and cash equivalents, end of year | <u>\$ 1,020,920</u> | <u>\$ 626,453</u> | <u>\$ 1,169,050</u> |
| Statement of net position classification of cash | | | |
| Pooled cash and investments | \$ 974,920 | \$ 626,453 | \$ 1,169,050 |
| Restricted cash - | | | |
| Cash on hand with agents | 46,000 | - | - |
| | <u>\$ 1,020,920</u> | <u>\$ 626,453</u> | <u>\$ 1,169,050</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities | | | |
| Operating income (loss) | \$ 164,390 | \$ (151,027) | \$ (2,006) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation/amortization | - | - | 496,510 |
| Change in operating assets and liabilities that provided (used) cash: | | | |
| Accounts receivable | - | - | 9,688 |
| Prepaid items | - | - | 593,763 |
| Accounts payable | (22,976) | 9,723 | 6,215 |
| Accrued payroll | - | - | 1,414 |
| Estimated claims payable | (166,375) | - | - |
| Net cash provided by (used in) operating activities | <u>\$ (24,961)</u> | <u>\$ (141,304)</u> | <u>\$ 1,105,584</u> |

| Public Works Administration | Engineering Administration | Local Site Remediation Revolving | Totals |
|-----------------------------|----------------------------|----------------------------------|--------------|
| \$ 342,729 | \$ 252,538 | \$ 61,479 | \$ 8,119,787 |
| (287,609) | (187,048) | - | (904,101) |
| (67,359) | (130,913) | - | (6,292,550) |
| (12,239) | (65,423) | 61,479 | 923,136 |
| - | - | - | 631,958 |
| - | - | - | (52,503) |
| - | - | - | 579,455 |
| - | - | - | (1,346,864) |
| - | - | - | 68,381 |
| - | - | - | (181,500) |
| - | - | - | (1,459,983) |
| 29,268 | 13,288 | 19,858 | 226,651 |
| 17,029 | (52,135) | 81,337 | 269,259 |
| 316,221 | 254,722 | 307,858 | 3,472,196 |
| \$ 333,250 | \$ 202,587 | \$ 389,195 | \$ 3,741,455 |
| \$ 333,250 | \$ 202,587 | \$ 389,195 | \$ 3,695,455 |
| - | - | - | 46,000 |
| \$ 333,250 | \$ 202,587 | \$ 389,195 | \$ 3,741,455 |
| \$ (18,164) | \$ (63,918) | \$ 61,479 | \$ (9,246) |
| - | - | - | 496,510 |
| 7,995 | 3,846 | - | 21,529 |
| (507) | (2,400) | - | 590,856 |
| (1,470) | (2,372) | - | (10,880) |
| (93) | (579) | - | 742 |
| - | - | - | (166,375) |
| \$ (12,239) | \$ (65,423) | \$ 61,479 | \$ 923,136 |

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CITY OF JACKSON, MICHIGAN

Custodial Funds

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

Jeopardy Tax Fund - This fund is used to account for advance personal property payments from dissolved businesses.

County And School Tax Collection Fund - This fund is used to record transactions arising from the collection of taxes for the County of Jackson, Jackson Community College, Jackson Transit Authority and Jackson Public Schools.

CITY OF JACKSON, MICHIGAN

Combining Statement of Fiduciary Net Position

Custodial Funds

June 30, 2024

| | 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, 2024

| | Jeopardy Tax | County and School Tax Collection | Total |
|--|-----------------|---|---------------|
| Additions | | | |
| Taxes collected for other governments | \$ 178 | \$ 30,015,313 | \$ 30,015,491 |
| Deductions | | | |
| Payments of taxes to other governments | 178 | 30,015,313 | 30,015,491 |
| Change in net position | - | - | - |
| Net position, beginning of year | - | - | - |
| Net position, end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

CITY OF JACKSON, MICHIGAN

Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2024

| | Capital Projects | | |
|---|--|---------------------|------------------------------|
| | Brownfield Redevelopment Authority | Adjustments | Statement of Net Position |
| Assets | | | |
| Pooled cash and investments | \$ 1,689,419 | \$ - | \$ 1,689,419 |
| Interest receivable | 6,260 | - | 6,260 |
| Total assets | <u>\$ 1,695,679</u> | <u>-</u> | <u>1,695,679</u> |
| Liabilities | | | |
| Accounts payable | \$ 40,565 | - | 40,565 |
| Salaries payable | 186 | - | 186 |
| Total liabilities | 40,751 | - | 40,751 |
| Fund balance | | | |
| Committed | <u>1,654,928</u> | <u>(1,654,928)</u> | <u>-</u> |
| Total liabilities and fund balance | <u>\$ 1,695,679</u> | | |
| Net position - unrestricted | | <u>\$ 1,654,928</u> | <u>\$ 1,654,928</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, 2024

| | Capital Projects | | |
|---|--|-------------|----------------------------|
| | Brownfield Redevelopment Authority | Adjustments | Statement of Activities |
| Revenues | | | |
| Property taxes | \$ 1,668,627 | \$ - | \$ 1,668,627 |
| Intergovernmental | 46,008 | - | 46,008 |
| Interest revenue | 92,469 | - | 92,469 |
| Total revenues | 1,807,104 | - | 1,807,104 |
| Expenditures/Expenses | | | |
| Community enrichment | 1,649,925 | - | 1,649,925 |
| Net change in fund balance | 157,179 | (157,179) | - |
| Change in net position | - | 157,179 | 157,179 |
| Fund balance / net position, beginning of year | 1,497,749 | - | 1,497,749 |
| Fund balance / net position, end of year | <u>\$ 1,654,928</u> | <u>\$ -</u> | <u>\$ 1,654,928</u> |

CITY OF JACKSON, MICHIGAN

Balance Sheet / Statement of Net Position

MLK Corridor Improvement Authority Component Unit

June 30, 2024

| | MLK Corridor Improvement Authority | Adjustments | Statement of Net Position |
|---|--|------------------|------------------------------|
| Assets | | | |
| Pooled cash and investments | \$ 73,269 | \$ - | \$ 73,269 |
| Liabilities | | | |
| Accounts payable | \$ 13,000 | - | 13,000 |
| Fund balance | | | |
| Committed | 60,269 | (60,269) | - |
| Total liabilities and fund balance | <u>\$ 73,269</u> | | |
| Net position - unrestricted | | <u>\$ 60,269</u> | <u>\$ 60,269</u> |

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, 2024

| | MLK Corridor Improvement Authority | Adjustments | Statement of Activities |
|---|--|-------------|----------------------------|
| Revenues | | | |
| Property taxes | \$ 12,113 | \$ - | \$ 12,113 |
| Intergovernmental | 689,202 | - | 689,202 |
| Miscellaneous | 210,000 | - | 210,000 |
| Total revenues | 911,315 | - | 911,315 |
| Expenditures/Expenses | | | |
| Community enrichment | 851,046 | - | 851,046 |
| Net change in fund balance | 60,269 | (60,269) | - |
| Change in net position | - | 60,269 | 60,269 |
| Fund balance / net position, beginning of year | - | - | - |
| Fund balance / net position, end of year | <u>\$ 60,269</u> | <u>\$ -</u> | <u>\$ 60,269</u> |

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STATISTICAL SECTION

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CITY OF JACKSON, MICHIGAN

Statistical Section (Unaudited)

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

| CONTENTS | <u>Page</u> |
|--|--------------------|
| Financial Trends (schedules 1 thru 5) | 184 |
| These schedules contain trend information to help the reader understand how the government's 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 significant 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 government's current levels of outstanding debt and the government's ability to issue additional 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)

| | 2015 | 2016 | 2017 | 2018 |
|--|------------------------|------------------------|------------------------|-----------------------|
| Governmental activities | | | | |
| Net investment in capital assets | \$ 38,234,548 | \$ 41,858,320 | \$ 46,037,381 | \$ 51,108,178 |
| Restricted | 7,972,469 | 7,208,873 | 7,592,831 | 12,047,542 |
| Unrestricted (deficit) | <u>(62,538,673)</u> | <u>(67,681,747)</u> | <u>(64,742,170)</u> | <u>(64,345,914)</u> |
| Total governmental activities net position | <u>\$ (16,331,656)</u> | <u>\$ (18,614,554)</u> | <u>\$ (11,111,958)</u> | <u>\$ (1,190,194)</u> |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 59,159,505 | \$ 62,021,038 | \$ 64,851,145 | \$ 68,554,581 |
| Restricted | 62,500 | - | - | - |
| Unrestricted | <u>22,498,646</u> | <u>22,422,024</u> | <u>23,100,849</u> | <u>3,005,828</u> |
| Total business-type activities net position | <u>\$ 81,720,651</u> | <u>\$ 84,443,062</u> | <u>\$ 87,951,994</u> | <u>\$ 71,560,409</u> |
| Primary government | | | | |
| Net investment in capital assets | \$ 97,394,053 | \$ 103,879,358 | \$ 110,888,526 | \$ 119,662,759 |
| Restricted | 8,034,969 | 7,208,873 | 7,592,831 | 12,047,542 |
| Unrestricted (deficit) | <u>(40,040,027)</u> | <u>(45,259,723)</u> | <u>(41,641,321)</u> | <u>(61,340,086)</u> |
| Total primary government net position | <u>\$ 65,388,995</u> | <u>\$ 65,828,508</u> | <u>\$ 76,840,036</u> | <u>\$ 70,370,215</u> |

Source: City of Jackson Finance Department

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 54,931,404 | \$ 53,606,187 | \$ 56,712,552 | \$ 62,821,769 | \$ 82,347,338 | \$ 90,360,863 |
| 12,471,809 | 19,370,145 | 15,698,597 | 14,813,873 | 15,148,854 | 18,947,145 |
| (58,450,664) | (63,759,803) | (51,690,787) | (44,248,934) | (36,470,075) | (29,386,098) |
| <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> | <u>\$ 79,921,910</u> |
| \$ 72,433,199 | \$ 76,607,394 | \$ 78,429,317 | \$ 80,891,095 | \$ 84,251,875 | \$ 93,742,001 |
| - | - | - | - | - | - |
| 7,188,718 | 14,797,454 | 19,866,402 | 24,914,171 | 32,887,906 | 39,752,510 |
| <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> | <u>\$ 133,494,511</u> |
| \$ 127,364,603 | \$ 130,213,581 | \$ 135,141,869 | \$ 143,712,864 | \$ 166,599,213 | \$ 184,102,864 |
| 12,471,809 | 19,370,145 | 15,698,597 | 14,813,873 | 15,148,854 | 18,946,200 |
| (51,261,946) | (48,962,349) | (31,824,385) | (19,334,763) | (3,582,169) | 10,367,357 |
| <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> | <u>\$ 213,416,421</u> |

CITY OF JACKSON, MICHIGAN

Changes in Net Position

Last Ten Years

(accrual basis of accounting)

| | 2015 | 2016 | 2017 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|
| Revenue | | | | |
| Governmental activities: | | | | |
| Program revenues: | | | | |
| Charges for services | \$ 5,552,879 | \$ 6,865,865 | \$ 7,230,063 | \$ 7,633,281 |
| Operating grants and contributions | 8,168,083 | 8,528,481 | 8,057,043 | 7,188,154 |
| Capital grants and contributions | 2,616,526 | 4,382,916 | 4,912,701 | 8,725,585 |
| General revenues: | | | | |
| Property taxes | 9,848,721 | 10,098,963 | 11,107,219 | 11,426,851 |
| Income taxes | 8,806,662 | 8,269,968 | 9,021,888 | 9,042,070 |
| Grants and contributions not restricted to specific programs | 4,473,462 | 4,529,640 | 4,587,193 | 4,667,253 |
| Other | 220,316 | 273,697 | 236,961 | 353,866 |
| Total governmental activities revenues | 39,686,649 | 42,949,530 | 45,153,068 | 49,037,060 |
| Business-type activities: | | | | |
| Program revenues: | | | | |
| Charges for services | 12,157,199 | 12,950,095 | 14,689,369 | 15,207,460 |
| Operating grants and contributions | - | - | - | - |
| General revenues: | | | | |
| Grants and contributions not restricted to specific programs | 494,502 | 484,125 | 482,229 | 556,648 |
| Other | 79,121 | 65,603 | 74,213 | 137,466 |
| Total business-type activities revenues | 12,730,822 | 13,499,823 | 15,245,811 | 15,901,574 |
| Total primary government revenues | 52,417,471 | 56,449,353 | 60,398,879 | 64,938,634 |
| Expenses | | | | |
| Governmental activities: | | | | |
| Legislative | 77,646 | 86,196 | 88,390 | 108,282 |
| General government | 4,430,955 | 4,919,166 | 4,757,600 | (191,739) |
| Public safety | 20,342,158 | 23,831,644 | 16,974,653 | 14,191,120 |
| Public works | 6,078,035 | 6,008,799 | 6,217,969 | 7,401,586 |
| Culture and recreation | 2,925,356 | 3,001,248 | 3,386,015 | 3,137,477 |
| Community enrichment & development | 2,955,101 | 3,853,316 | 3,622,160 | 4,965,201 |
| Interest on long-term debt | 1,212,116 | 2,224,745 | 2,501,062 | 2,496,690 |
| Total governmental activities expenses | 38,021,367 | 43,925,114 | 37,547,849 | 32,108,617 |
| Business-type activities: | | | | |
| Sewer | 4,269,366 | 4,697,987 | 4,545,319 | 2,759,909 |
| Water | 6,671,055 | 6,837,381 | 6,761,160 | 4,001,789 |
| Stormwater utilities | 679,023 | - | - | - |
| Parking system | 590,951 | 507,451 | 498,772 | 559,056 |
| Golf practice center | 53,489 | 41,907 | 34,251 | 33,139 |
| Total business-type activities expenses | 12,263,884 | 12,084,726 | 11,839,502 | 7,353,893 |
| Total primary government expenses | 50,285,251 | 56,009,840 | 49,387,351 | 39,462,510 |
| Change in net position | 2,132,220 | 439,513 | 11,011,528 | 25,476,124 |
| Net position, beginning of year, as restated | 63,256,775 | 65,388,995 | 65,828,508 | 44,894,091 |
| Net position, end of year | \$ 65,388,995 | \$ 65,828,508 | \$ 76,840,036 | \$ 70,370,215 |

Source: City of Jackson Finance Department.

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 8,518,198 | \$ 7,212,485 | \$ 8,863,355 | \$ 7,918,596 | \$ 9,048,747 | \$ 8,943,744 |
| 10,617,226 | 7,342,490 | 8,476,639 | 8,906,042 | 9,484,160 | 9,453,056 |
| 3,304,842 | 4,332,079 | 2,044,314 | 3,163,971 | 13,946,527 | 3,715,222 |
| 11,897,574 | 12,634,482 | 13,179,820 | 13,541,770 | 13,716,121 | 14,245,203 |
| 9,882,250 | 9,056,222 | 9,217,674 | 11,252,147 | 11,418,387 | 11,020,164 |
| 4,769,735 | 5,309,368 | 7,045,117 | 6,228,557 | 8,463,448 | 10,835,164 |
| 856,080 | 778,808 | 259,416 | 151,005 | 1,088,365 | 2,010,452 |
| <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> | <u>60,223,005</u> |
| 16,191,522 | 17,252,403 | 18,884,512 | 19,501,003 | 20,035,993 | 20,541,370 |
| 1,441,018 | 1,379,553 | 1,357,416 | 748,050 | 2,297,549 | 852,729 |
| - | - | - | - | 2,025,793 | 7,522,263 |
| 361,329 | 339,176 | 77,735 | 175,133 | 1,715,364 | 2,804,934 |
| <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>31,721,296</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> | <u>91,944,301</u> |
| 103,078 | 100,797 | 97,924 | 96,556 | 119,106 | 94,687 |
| 3,452,770 | 4,454,511 | 4,203,847 | 3,784,852 | 3,892,672 | 4,985,971 |
| 18,321,150 | 19,210,546 | 14,862,879 | 15,836,142 | 15,476,677 | 15,319,528 |
| 3,832,094 | 5,672,141 | 7,619,674 | 8,358,239 | 6,087,572 | 7,511,167 |
| 3,209,702 | 3,083,804 | 1,581,726 | 3,465,676 | 3,896,658 | 4,035,916 |
| 5,420,109 | 5,344,897 | 7,058,777 | 4,571,346 | 7,778,547 | 7,031,925 |
| 3,127,526 | 3,137,665 | 3,057,159 | 3,237,005 | 3,109,499 | 3,155,084 |
| <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> | <u>42,134,278</u> |
| 3,702,480 | 5,438,938 | 5,254,598 | 6,619,284 | 4,626,107 | 4,983,190 |
| 7,874,503 | 6,538,937 | 6,693,155 | 4,832,133 | 8,598,300 | 8,684,677 |
| - | - | - | - | - | - |
| 536,176 | 568,341 | 581,555 | 609,148 | 681,392 | 891,633 |
| 55,935 | 39,578 | - | - | - | - |
| <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>14,559,500</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> | <u>56,693,778</u> |
| 18,204,251 | 12,046,911 | 18,394,704 | 20,175,893 | 38,973,924 | 35,250,523 |
| <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> |
| <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> | <u>\$ 213,416,421</u> |

CITY OF JACKSON, MICHIGAN

Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

| | 2015 | 2016 | 2017 | 2018 |
|---|----------------------|----------------------|----------------------|----------------------|
| General fund | | | | |
| Nonspendable | \$ 66,122 | \$ 67,427 | \$ 99,168 | \$ 95,466 |
| Restricted | - | - | - | - |
| Unassigned | 5,475,601 | 6,041,453 | 7,199,991 | 8,881,658 |
| Total general fund | <u>\$ 5,541,723</u> | <u>\$ 6,108,880</u> | <u>\$ 7,299,159</u> | <u>\$ 8,977,124</u> |
| All other governmental funds | | | | |
| Nonspendable | \$ 3,312,687 | \$ 3,472,264 | \$ 3,629,388 | \$ 3,612,791 |
| Restricted | 4,951,422 | 4,137,161 | 11,876,369 | 21,283,514 |
| Committed | 2,026,938 | 956,075 | 808,067 | 1,084,236 |
| Unassigned (deficit) | (1,100,354) | (1,134,975) | (791,262) | (509,505) |
| Total all other governmental funds | <u>9,190,693</u> | <u>7,430,525</u> | <u>15,522,562</u> | <u>25,471,036</u> |
| Total governmental funds | <u>\$ 14,732,416</u> | <u>\$ 13,539,405</u> | <u>\$ 22,821,721</u> | <u>\$ 34,448,160</u> |

Source: City of Jackson Finance Department.

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 80,802 | \$ 64,330 | \$ 78,847 | \$ 761,772 | \$ 105,097 | \$ 177,312 |
| 297,934 | 192,808 | 56,761 | 17,316 | 14,126 | 13,966 |
| <u>7,877,478</u> | <u>7,042,296</u> | <u>10,521,234</u> | <u>12,399,625</u> | <u>13,813,728</u> | <u>15,624,676</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> | <u>\$ 15,815,954</u> |
| \$ 3,692,649 | \$ 3,759,457 | \$ 3,809,681 | \$ 3,754,418 | \$ 3,835,898 | \$ 3,872,366 |
| 19,537,130 | 11,968,434 | 9,478,645 | 9,028,078 | 9,162,318 | 14,960,030 |
| 1,608,967 | 2,412,325 | 1,828,750 | 1,947,249 | 2,569,133 | 1,109,904 |
| <u>(2,834,910)</u> | <u>(3,315,558)</u> | <u>(1,881,815)</u> | <u>(1,570,952)</u> | <u>(1,540,108)</u> | <u>(1,820,039)</u> |
| <u>22,003,836</u> | <u>14,824,658</u> | <u>13,235,261</u> | <u>13,158,793</u> | <u>14,027,241</u> | <u>18,122,261</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> | <u>\$ 33,938,215</u> |

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

| | 2015 | 2016 | 2017 | 2018 |
|--|---------------------|-----------------------|---------------------|----------------------|
| Revenues | | | | |
| Taxes | \$ 18,655,383 | \$ 18,368,931 | \$ 20,129,107 | \$ 20,468,921 |
| Licenses and permits | 269,871 | 269,932 | 269,406 | 264,555 |
| Intergovernmental | 15,052,090 | 17,545,877 | 15,330,415 | 19,675,248 |
| Charges for services | 3,794,081 | 3,581,590 | 4,460,375 | 4,876,739 |
| Fines and forfeits | 251,069 | 291,348 | 470,675 | 550,696 |
| Special assessments | 372,646 | 347,218 | 377,824 | 491,945 |
| Donations | - | - | 296,103 | 405 |
| Investment income | 208,663 | 294,770 | 199,316 | 313,662 |
| Miscellaneous | 1,077,636 | 2,273,206 | 2,879,191 | 2,587,444 |
| Total revenues | 39,681,439 | 42,972,872 | 44,412,412 | 49,229,615 |
| Expenditures | | | | |
| Legislative | 77,646 | 86,196 | 88,390 | 108,282 |
| General government | 4,265,628 | 4,381,350 | 4,631,716 | 4,640,313 |
| Public safety | 17,659,079 | 19,869,088 | 17,310,595 | 16,182,352 |
| Public works | 5,483,350 | 9,533,378 | 10,698,179 | 17,146,093 |
| Culture and recreation | 2,634,120 | 2,943,178 | 3,093,474 | 3,226,680 |
| Community enrichment and development | 3,474,674 | 3,938,264 | 3,910,791 | 5,607,003 |
| Capital outlay | 434,097 | - | - | - |
| Debt service: | | | | |
| Principal | 765,000 | 1,694,125 | 1,980,346 | 2,810,675 |
| Interest and fiscal charges | 1,187,255 | 2,184,775 | 2,387,036 | 2,472,640 |
| Other | - | - | - | - |
| Total expenditures | 35,980,849 | 44,630,354 | 44,100,527 | 52,194,038 |
| Excess of revenues over (under) expenditures | 3,700,590 | (1,657,482) | 311,885 | (2,964,423) |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | 8,939 | 12,292 | 18,054 | 13,056 |
| Insurance recovery | - | - | - | - |
| Issuance of bonds, notes and other long-term liabilities | - | 1,759,493 | 18,050,000 | 14,890,000 |
| Premium on issuance of bonds | - | - | - | 1,721,868 |
| Payment to refunding escrow agent | - | - | (8,995,000) | - |
| Transfers in | 3,550,761 | 5,308,321 | 7,341,083 | 9,001,694 |
| Transfers out | (4,285,227) | (6,615,635) | (7,443,706) | (11,035,756) |
| Total other financing sources (uses) | (725,527) | 464,471 | 8,970,431 | 14,590,862 |
| Net change in fund balances | \$ 2,975,063 | \$ (1,193,011) | \$ 9,282,316 | \$ 11,626,439 |
| Debt service as a percentage of noncapital expenditures | 6.4% | 10.7% | 12.2% | 14.3% |

Source: City of Jackson Finance Department.

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----|--------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|
| \$ | 21,779,824 | \$ 21,690,704 | \$ 22,397,494 | \$ 24,793,917 | \$ 25,134,508 | \$ 25,265,367 |
| | 258,778 | 314,806 | 373,098 | 418,412 | 377,587 | 329,426 |
| | 14,775,492 | 15,304,535 | 16,800,484 | 17,641,466 | 31,067,349 | 22,426,060 |
| | 6,613,293 | 5,773,117 | 5,929,899 | 6,133,395 | 7,120,310 | 6,929,654 |
| | 398,997 | 862,897 | 441,684 | 278,458 | 424,204 | 173,290 |
| | 839,022 | 1,026,392 | 633,416 | 1,104,061 | 894,886 | 841,621 |
| | 20,000 | - | 254 | 20,422 | 5,400 | 8,735 |
| | 870,659 | 804,907 | 251,341 | 91,745 | 1,043,909 | 1,929,859 |
| | 1,022,657 | 747,410 | 2,458,936 | 1,151,608 | 860,630 | 1,096,136 |
| | <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> | <u>59,000,148</u> |
| | 103,078 | 100,797 | 97,924 | 96,556 | 119,106 | 94,687 |
| | 5,443,624 | 5,927,302 | 4,974,574 | 5,220,243 | 5,928,478 | 6,454,006 |
| | 16,768,693 | 17,540,680 | 17,669,489 | 19,751,167 | 20,229,353 | 21,172,171 |
| | 9,847,476 | 11,913,597 | 11,164,104 | 9,889,310 | 20,405,263 | 11,135,673 |
| | 3,386,304 | 3,143,300 | 2,544,686 | 3,278,216 | 4,646,756 | 4,494,881 |
| | 6,200,895 | 5,918,174 | 6,731,676 | 4,251,586 | 7,707,756 | 6,820,514 |
| | - | - | - | - | - | - |
| | 3,699,841 | 3,732,415 | 4,039,044 | 4,485,638 | 4,595,365 | 4,699,968 |
| | 3,164,727 | 3,203,796 | 3,139,798 | 3,175,416 | 3,202,157 | 3,238,059 |
| | - | 75,302 | 137,608 | - | - | - |
| | <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> | <u>58,109,959</u> |
| | (2,035,916) | (5,030,595) | (1,212,297) | 1,485,352 | 94,549 | 890,189 |
| | 13,895 | 21,625 | 618,744 | 2,743 | - | 3,943 |
| | 15,005 | 26,909 | 26,189 | 49,843 | 90,363 | 81,079 |
| | - | 7,719,000 | 10,150,000 | - | 551,219 | 3,819,108 |
| | - | - | - | - | - | 324,135 |
| | - | (5,638,737) | (8,769,759) | - | - | - |
| | 15,332,834 | 10,568,423 | 10,108,706 | 6,942,825 | 7,574,759 | 9,870,888 |
| | (17,513,928) | (15,802,583) | (9,153,572) | (6,035,360) | (6,688,204) | (9,011,319) |
| | <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>5,087,834</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>\$ 5,978,023</u> |
| | <u>18.5%</u> | <u>17.5%</u> | <u>17.7%</u> | <u>18.2%</u> | <u>17.4%</u> | <u>17.1%</u> |

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - General Fund

Last Ten Years

(modified accrual basis of accounting)

| | 2015 | 2016 | 2017 | 2018 |
|--|--------------------|-------------------|---------------------|---------------------|
| Revenues | | | | |
| Taxes | \$ 16,185,035 | \$ 15,925,081 | \$ 17,230,302 | \$ 17,443,707 |
| Licenses and permits | 269,871 | 269,932 | 269,406 | 264,555 |
| Intergovernmental | 4,382,628 | 4,417,029 | 4,470,342 | 4,608,142 |
| Charges for services | 1,077,458 | 1,231,701 | 1,502,943 | 1,558,627 |
| Fines and forfeits | 251,069 | 291,348 | 470,675 | 550,696 |
| Donations | - | - | - | - |
| Investment income | 28,652 | 26,733 | 58,743 | 218,608 |
| Miscellaneous | 180,446 | 110,815 | 204,103 | 150,098 |
| Total revenues | 22,375,159 | 22,272,639 | 24,206,514 | 24,794,433 |
| Expenditures | | | | |
| Legislative | 77,646 | 86,196 | 88,390 | 108,282 |
| General government | 4,265,628 | 4,381,350 | 4,631,716 | 4,640,313 |
| Public safety | 13,376,704 | 13,647,101 | 14,241,448 | 14,501,003 |
| Public works | 574,188 | 799,946 | 809,563 | 810,425 |
| Culture and recreation | 1,460,110 | 1,436,002 | 1,541,764 | 1,697,173 |
| Community enrichment and development | 316,852 | 662,416 | 716,768 | 604,840 |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | 20,071,128 | 21,013,011 | 22,029,649 | 22,362,036 |
| Excess of revenues over expenditures | 2,304,031 | 1,259,628 | 2,176,865 | 2,432,397 |
| Other financing sources (uses) | | | | |
| Proceeds from sale of capital assets | 8,939 | 12,292 | 18,054 | 13,056 |
| Insurance recovery | - | - | - | - |
| Issuance of bonds, notes and other long-term liabilities | - | - | - | - |
| Transfers in | 28,133 | 24,755 | 24,015 | 43,876 |
| Transfers out | (1,616,651) | (729,518) | (1,028,655) | (811,364) |
| Total other financing sources (uses) | (1,579,579) | (692,471) | (986,586) | (754,432) |
| Net change in fund balances | \$ 724,452 | \$ 567,157 | \$ 1,190,279 | \$ 1,677,965 |

Source: City of Jackson Finance Department.

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----|--------------------|--------------------|---------------------|---------------------|-------------------|---------------------|
| \$ | 18,587,398 | \$ 18,475,449 | \$ 19,001,018 | \$ 21,322,816 | \$ 21,519,685 | \$ 21,591,120 |
| | 258,778 | 314,806 | 373,098 | 418,412 | 377,587 | 329,426 |
| | 4,688,571 | 4,867,735 | 6,636,974 | 6,824,753 | 6,841,182 | 8,555,785 |
| | 1,512,139 | 1,542,890 | 1,240,254 | 1,253,986 | 1,392,033 | 1,446,727 |
| | 398,997 | 862,897 | 441,684 | 278,458 | 424,204 | 173,290 |
| | 20,000 | - | 254 | 20,422 | 5,400 | 8,735 |
| | 223,003 | 194,980 | 120,140 | 79,146 | 539,266 | 993,343 |
| | 430,720 | 130,769 | 1,591,010 | 492,061 | 411,689 | 583,906 |
| | <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> | <u>33,682,332</u> |
| | 103,078 | 100,797 | 97,924 | 96,556 | 119,106 | 94,687 |
| | 5,443,624 | 5,927,302 | 4,974,574 | 5,220,243 | 5,928,478 | 6,454,006 |
| | 14,711,218 | 16,255,519 | 16,651,896 | 18,489,934 | 18,719,581 | 19,524,752 |
| | 1,177,920 | 1,482,846 | 1,339,518 | 1,405,826 | 1,363,153 | 1,319,530 |
| | 1,793,059 | 1,699,989 | 1,305,894 | 1,579,516 | 2,425,750 | 2,447,975 |
| | 585,620 | 586,760 | 1,465,395 | 842,250 | 1,962,943 | 919,186 |
| | - | 56,962 | 58,745 | 190,269 | 199,461 | 225,238 |
| | - | 7,558 | 17,517 | 3,852 | 1,957 | - |
| | <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>30,985,374</u> |
| | <u>2,305,087</u> | <u>271,793</u> | <u>3,492,969</u> | <u>2,861,608</u> | <u>790,617</u> | <u>2,696,958</u> |
| | 13,895 | 21,625 | 120,894 | - | - | 3,943 |
| | 15,005 | 22,725 | 26,189 | 49,843 | 90,363 | 81,079 |
| | - | - | - | - | 267,966 | 169,108 |
| | 82,279 | 79,133 | 4,393 | 6,387 | 46,196 | 199,393 |
| | <u>(3,137,176)</u> | <u>(1,352,056)</u> | <u>(287,037)</u> | <u>(395,967)</u> | <u>(440,904)</u> | <u>(1,267,478)</u> |
| | <u>(3,025,997)</u> | <u>(1,228,573)</u> | <u>(135,561)</u> | <u>(339,737)</u> | <u>(36,379)</u> | <u>(813,955)</u> |
| \$ | <u>(720,910)</u> | <u>(956,780)</u> | <u>\$ 3,357,408</u> | <u>\$ 2,521,871</u> | <u>\$ 754,238</u> | <u>\$ 1,883,003</u> |

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Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

| Tax Year (1) | Taxable Value by Property Type (2) | | | | | Estimated Actual Value (2) | Total Direct Tax Rate |
|--------------|------------------------------------|----------------|---------------|-------------------|----------------|----------------------------|-----------------------|
| | Real Property | | | Personal Property | Total | | |
| | Residential | Commercial | Industrial | | | | |
| 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 |
| 2024 | 369,835,936 | 197,309,705 | 45,640,968 | 159,657,025 | 772,443,634 | 2,160,201,800 | 17.9620 |

(1) The tax year 2024 taxable values are for the tax year beginning July 1, 2024, i.e... for the fiscal year ending June 30, 2025.

(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)

| | 2015 | 2016 | 2017 | 2018 |
|---------------------------------------|----------------|----------------|----------------|----------------|
| 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 | 1.0640 | 1.1700 | 1.2500 | 1.2500 |
| Act 345 pension | 6.3300 | 7.2300 | 7.3000 | 7.4500 |
| Total direct rate | 16.0329 | 17.0389 | 17.1889 | 17.3389 |
| 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 | 0.2500 | 0.2500 | 0.2500 |
| Senior services | 0.2500 | 0.2500 | 0.2500 | 0.2500 |
| Lifeways | - | - | - | 0.5000 |
| County Parks | - | - | - | 0.5000 |
| Animal Control | - | - | - | 0.2500 |
| District library | 1.2593 | 1.2593 | 1.7593 | 1.7593 |
| | <u>7.2529</u> | <u>7.3631</u> | <u>7.8631</u> | <u>9.1131</u> |
| Intermediate School District: | | | | |
| Operating | 0.3422 | 0.3422 | 0.3422 | 0.3422 |
| Special & vocational education | 8.4178 | 8.4178 | 8.4178 | 8.4178 |
| | <u>8.7600</u> | <u>8.7600</u> | <u>8.7600</u> | <u>8.7600</u> |
| Jackson Community College | <u>1.1446</u> | <u>1.1446</u> | <u>1.1446</u> | <u>1.1446</u> |
| Jackson Transit Authority - operating | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> | <u>1.0000</u> |
| Downtown Dev. Authority - operating | <u>1.9996</u> | <u>1.9996</u> | <u>1.9996</u> | <u>1.9996</u> |
| 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 | 6.2000 |
| Recreation | 0.5000 | 0.5000 | 0.5000 | 0.5000 |
| | <u>27.7500</u> | <u>27.7500</u> | <u>27.7500</u> | <u>30.7000</u> |
| 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 |
| | <u>31.0000</u> | <u>31.0000</u> | <u>31.0000</u> | <u>31.0000</u> |
| 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 | 2.9900 |
| | <u>24.0000</u> | <u>26.9900</u> | <u>26.9900</u> | <u>26.9900</u> |
| 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 | 4.7690 | 4.7879 | 4.6949 | 4.6627 |
| | <u>28.7690</u> | <u>28.7879</u> | <u>28.6949</u> | <u>28.6627</u> |

Note: Levy shown is as of July 1. The July 1, 2024 levy is for the fiscal year ending June 30, 2025.

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.

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---------|---------|---------|---------|---------|---------|
| 6.7158 | 6.7158 | 6.7158 | 6.6828 | 6.6828 | 6.6828 |
| 1.9187 | 1.9187 | 1.9187 | 1.9092 | 1.9092 | 1.9092 |
| 1.2500 | 1.2500 | 1.0000 | 0.9500 | 0.9500 | 0.9200 |
| 9.2100 | 9.5100 | 9.6100 | 8.7000 | 8.6081 | 8.4500 |
| 19.0945 | 19.3945 | 19.2445 | 18.2420 | 18.1501 | 17.9620 |
| 5.1120 | 5.0941 | 5.0767 | 5.0660 | 5.0660 | 5.0660 |
| 0.4844 | 0.4827 | 0.4810 | - | - | - |
| 0.2496 | 0.2491 | 0.2482 | 0.2476 | 0.2476 | 0.2476 |
| 0.2496 | 0.6000 | 0.5979 | 0.5966 | 0.5966 | 0.5966 |
| 0.4993 | 0.4975 | 0.4958 | 0.4947 | 0.4947 | 0.4947 |
| 0.4993 | 0.4982 | 0.4965 | 0.4954 | 0.4954 | 0.4954 |
| 0.2496 | 0.2491 | 0.2482 | 0.2476 | 0.2476 | 0.2476 |
| 1.7570 | 1.7508 | 1.7448 | 1.7411 | 1.7411 | 1.7411 |
| 9.1008 | 9.4215 | 9.3891 | 8.8890 | 8.8890 | 8.8890 |
| 0.3422 | 0.3415 | 0.3404 | 0.3400 | 0.3400 | 0.3400 |
| 8.4178 | 8.4025 | 8.3755 | 8.3678 | 8.3678 | 8.3678 |
| 8.7600 | 8.7440 | 8.7159 | 8.7078 | 8.7078 | 8.7078 |
| 1.1431 | 1.1390 | 1.1351 | 1.1327 | 1.1327 | 1.1327 |
| 0.9995 | 0.9995 | 0.9995 | 0.9946 | 0.9946 | 0.9897 |
| 1.9996 | 1.9996 | 1.9996 | 1.9996 | 1.9996 | 1.9996 |
| 17.8920 | 17.8920 | 18.0000 | 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 | 5.9500 |
| 0.4982 | 0.4982 | 0.4977 | 0.4952 | 0.4952 | 0.4952 |
| 30.5902 | 30.5902 | 30.6977 | 30.6952 | 30.6952 | 30.4452 |
| 17.8893 | 18.0000 | 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 |
| 30.8893 | 31.0000 | 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 | 2.9000 | 2.9000 | 2.9000 | 2.9000 |
| 26.9900 | 26.9900 | 26.9000 | 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 |
| 4.2992 | 4.1835 | 4.0787 | 4.0787 | 4.0787 | 4.0787 |
| 28.2992 | 28.1835 | 28.0787 | 28.0787 | 28.0787 | 28.0787 |

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

| Taxpayer | 2024 | | | 2015 | | |
|---|-----------------------|------|--------------------------------|-----------------------|------|--------------------------------|
| | Taxable Value | Rank | Percent of Total Taxable Value | Taxable Value | Rank | Percent of Total Taxable Value |
| Consumers Energy/Kinder Morgan/Alphagen | \$ 168,204,570 | 1 | 21.78% | \$ 130,096,562 | 1/2 | 21.55% |
| Jackson Crossing Realty (Ramco) | 7,417,830 | 2 | 0.96% | 9,173,880 | 4 | 1.52% |
| LG Grand River Ridge LLC | 4,822,400 | 3 | 0.62% | | | |
| Alro Steel Corporation | 4,721,858 | 4 | 0.61% | 8,231,295 | 5 | 1.36% |
| Objectiv E. Washington, LLC | 4,576,600 | 5 | 0.59% | | | |
| Wolverine Technologies/Certainteed | 3,814,854 | 6 | 0.49% | 10,053,166 | 3 | 1.67% |
| Wood Jackson (1100 W. Argyle St.) | 3,705,500 | 7 | 0.48% | | | |
| Jackson Downtown Partners | 3,700,000 | 8 | 0.48% | | | |
| Comcast of Michigan LLC | 3,695,800 | 9 | 0.48% | | | |
| Allegiance/Henry Ford/Foote/Health Center | 3,549,139 | 10 | 0.46% | 6,528,064 | 6 | 1.08% |
| Aeroquip (Eaton Corp.) | | | | 5,289,173 | 7 | 0.88% |
| Jackson Iron & Metal/Omnisource | | | | 4,471,037 | 8 | 0.74% |
| Elm Plating | | | | 4,955,224 | 9 | 0.82% |
| Production Engineering/Equestor Partners | | | | 3,155,119 | 10 | 0.52% |
| | <u>\$ 208,208,551</u> | | <u>26.95%</u> | <u>\$ 181,953,520</u> | | <u>30.14%</u> |

Note 1: Total Ad Valorem Taxable Valuation as of June 30, 2024 = \$772,443,634 (valuation for fiscal year 2025). Total Ad Valorem Taxable Valuation as of June 30, 2015 = \$603,793,360 (valuation for fiscal year 2016).

Note 2: Consumers Energy acquired Kinder Morgan/Alphagen in tax year 2015. Those values are reported together in 2015 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 |
|-------------|--------------|----------------|-------------------------|------------------------------------|----------------------------|-----------------------|--|
| 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% |
| 2024 | 2023 | 13,488,611 | 12,712,787 | 94.25% | 750,575 | 13,463,362 | 99.81% |

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 | | |
|-------------|------------------------------|--|------------------------------------|------------------------------|---------------|------------------|
| | General Obligation Bonds (1) | Notes from Direct Borrowings/ Placements | Leases and Subscriptions Liability | General Obligation Bonds (1) | Revenue Bonds | Leases Liability |
| 2015 | \$ 38,741,973 | \$ - | \$ - | \$ - | \$ 100,000 | \$ - |
| 2016 | 38,379,072 | 399,493 | - | - | - | - |
| 2017 | 45,526,527 | 426,636 | - | - | - | - |
| 2018 | 59,348,022 | 321,394 | - | - | - | - |
| 2019 | 55,555,368 | 266,161 | - | - | - | - |
| 2020 | 54,097,620 | 873,895 | - | - | - | - |
| 2021 | 51,235,055 | 676,619 | 539,688 | - | - | 154,669 |
| 2022 | 46,852,567 | 473,686 | 353,452 | - | - | 149,123 |
| 2023 | 42,384,011 | 264,996 | 695,481 | - | - | 304,762 |
| 2024 | 41,768,625 | 114,806 | 608,041 | 4,759,336 | - | 280,218 |

(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 2023 or 2024.

Schedule 10a
Unaudited

| Total Primary Government | % of Personal Income | Total Outstanding Debt Per Capita |
|--------------------------------|----------------------------|--|
| \$ 38,841,973 | 3.25% | \$ 1,161 |
| 38,778,565 | 3.11% | 1,159 |
| 45,953,163 | 3.68% | 1,374 |
| 59,669,416 | 4.60% | 1,784 |
| 55,821,529 | 4.20% | 1,669 |
| 54,971,515 | 3.99% | 1,760 |
| 52,606,031 | 3.55% | 1,684 |
| 47,828,828 | 3.30% | 1,531 |
| 43,649,250 | n/a | 1,397 |
| 47,531,026 | n/a | 1,522 |

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 |
|-------------|------------------------------|--|---------------|----------------------|---|------------|
| 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 | 3.23% | 6.78% | 1,500 |
| 2023 | 42,384,011 | - | 42,384,011 | n/a | 5.83% | 1,357 |
| 2024 | 46,527,961 | - | 46,527,961 | n/a | 6.40% | 1,490 |

(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 2023 or 2024.

Computation of Net Direct and Overlapping Debt
June 30, 2024

| | Debt Outstanding | Percentage Applicable to City | Estimated Share of Overlapping Debt |
|---|---------------------|-------------------------------------|---|
| Direct debt | | | |
| General obligation bonds (1) | \$ 41,768,625 | 100% | \$ 41,768,625 |
| Notes from direct borrowings/placements | 114,806 | 100% | 114,806 |
| Leases and subscriptions liability | 608,041 | 100% | 608,041 |
| | <u>42,491,472</u> | | <u>42,491,472</u> |
| Net direct debt | | | <u>42,491,472</u> |
| Overlapping debt | | | |
| School Districts: | | | |
| Jackson School District | \$ 87,160,000 | 49.59% | 43,222,644 |
| East Jackson School District | 25,843,698 | 0.08% | 20,675 |
| Michigan Center School District | 10,225,000 | 1.16% | 118,610 |
| Northwest School District | 39,105,000 | 0.17% | 66,479 |
| | | | <u>43,428,407</u> |
| Jackson County at large | 97,710,000 | 13.55% | 13,239,705 |
| Jackson College | 24,465,000 | 13.55% | 3,315,008 |
| Jackson County Intermediate School District | 5,835,000 | 13.40% | 781,890 |
| | | | <u>60,765,010</u> |
| Net overlapping debt | | | <u>60,765,010</u> |
| Total direct and overlapping debt | | | <u>\$ 103,256,482</u> |
| Per capita debt: (31,235 from 2020 Census) | | | |
| Gross direct debt | | | \$ 1,360.38 |
| Net direct debt | | | 1,360.38 |
| Net overlapping debt | | | 1,945.41 |
| Total net direct and overlapping debt | | | 3,305.79 |
| Percent of taxable valuation: (\$778,905,256 total taxable valuation at 6/30/24) | | | |
| Net direct debt | | | 5.46% |
| Net overlapping debt | | | <u>7.80%</u> |
| Total net debt | | | <u>13.26%</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 2024

| | |
|--|-------------------------|
| State equalized value as of December 31, 2023 (for taxes levied by the City on July 1, 2024) | \$ 1,089,299,200 |
| Act 198 Adjustment - one-half of the IFT taxable value amount abated | 489,801 |
| State Revenue Sharing Adjustment (1) | 300,702,916 |
| Personal Property Tax Reimbursement Adjustment for 2024 (2) | 21,490,646 |
| Total 2024 state equalized value, as adjusted | <u>\$ 1,411,982,563</u> |
| Debt limit (10% of state equalized value) | \$ 141,198,256 |
| Total debt - (See Schedule 11) | \$ 42,491,472 |
| Less Exempt obligations | |
| 2017 Michigan Transportation Fund Bonds | (4,850,000) |
| 2020 Special Assessment Bonds | (1,074,000) |
| 2024 Michigan Transportation Fund Bonds | (3,650,000) |
| | <u>(9,574,000)</u> |
| | <u>32,917,472</u> |
| Legal debt margin | <u>\$ 108,280,784</u> |
| Non-exempt debt outstanding as a percentage of 2024 state equalized valuation, as adjusted | <u>2.33%</u> |

(1) The 2024 constitutional and statutory revenue sharing of \$ 5,457,788 divided by the millage rate of 18.1501.

(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 |
|-------------|-------------------|--------------------|-------------------|---------------------|--------------------------|--------------------------------------|--------------------------|
| 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% | 1,449,585 | 46,409 |
| 2023 | 31,235 | 14,408 | 13,347 | 1,061 | 7.4% | n/a | n/a |
| 2024 | 31,235 | 14,409 | 13,268 | 1,141 | 7.9% | n/a | n/a |

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2024 represents June, 2024.

- (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 2023 or 2024.

Principal Employers

Current Year and Nine Years Ago

| Employer | 2024 | | | 2015 | | | |
|--------------------------------------|---------------------------|------|-----------------------------------|---------------|-----|------|-------------------|
| | (1) Total Employees | Rank | % of Total City Labor Force | Employees | | Rank | % of Workforce |
| Henry Ford Allegiance Health System | 3,378 | 1 | 20.82% | 3,620 | (a) | 1 | 21.15% |
| Consumers Energy | 1,500 | 2 | 9.02% | 2,400 | (b) | 2 | 9.17% |
| Local Government | 870 | 3 | 6.04% | 870 | | 4 | 6.13% |
| Jackson Public Schools | 780 | 4 | 5.41% | 782 | | 5 | 5.51% |
| Eaton Corporation | 350 | 5 | 2.43% | 636 | | 6 | 4.48% |
| Elara Caring/Great Lakes Home Health | 322 | 6 | 2.23% | 1,118 | | 3 | 7.88% |
| Anesthesia Business Consultants | 300 | 7 | 2.08% | 284 | | 7 | 2.00% |
| State of Michigan - Jackson Office | 300 | 7 | 2.08% | | | | |
| Applegate Heating | 285 | 9 | 1.98% | | | | |
| Center for Family Health | 265 | 10 | 1.84% | 219 | | 10 | 1.54% |
| Lifeways/Community Connections | | | | 275 | | 8 | 1.94% |
| Alro Steel Corporation | | | | 271 | | 9 | 1.91% |
| | <u>8,350</u> | | <u>53.94%</u> | <u>10,475</u> | | | <u>61.73%</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 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| General government: | | | | | | | | | | |
| City manager | 3 | 3 | 3 | 4 | 4 | 5 | 3 | 3 | 3 | 3 |
| Finance | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| City assessor | 3 | 5 | 4 | 5 | 5 | 5 | 4 | 4 | 4 | 4 |
| City attorney | 5 | 5 | 5 | 4 | 4 | 5 | 4 | 5 | 5 | 5 |
| City clerk/elections | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 | 3 |
| Personnel | 2 | 2 | 1 | 1 | 2 | 1 | 1 | 2 | 2 | 2 |
| Purchasing/city hall | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| City treasurer/income tax | 3 | 3 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 6 |
| Mgt. information services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Public safety: | | | | | | | | | | |
| Police - civilian | 10 | 11 | 11 | 16 | 13 | 9 | 8 | 8 | 9 | 9 |
| Police - enforcement | 42 | 43 | 46 | 46 | 46 | 45 | 42 | 45 | 45 | 51 |
| Fire - civilian | - | - | - | - | - | - | - | - | - | 1 |
| Fire - protection | 26 | 17 | 26 | 23 | 26 | 20 | 24 | 31 | 31 | 31 |
| Public works: | | | | | | | | | | |
| Public works | 16 | 11 | 12 | 16 | 12 | 13 | 15 | 12 | 13 | 14 |
| Engineering | 8 | 8 | 6 | 6 | 7 | 8 | 5 | 5 | 6 | 6 |
| Culture & recreation: | | | | | | | | | | |
| Parks, recreation & grounds | 13 | 15 | 13 | 14 | 15 | 8 | 15 | 14 | 13 | 16 |
| Diversity, equity & inclusion | - | - | - | - | - | - | 1 | 2 | 2 | 2 |
| Neighborhood Economic Operations: | | | | | | | | | | |
| Public safety/community enrichment & development | 9 | 14 | 13 | 14 | 14 | 5 | 12 | 14 | 14 | 16 |
| Building inspection | 6 | 3 | 3 | 3 | 2 | 2 | 2 | 3 | 3 | 2 |
| Enterprise funds: | | | | | | | | | | |
| Sewer | 12 | 12 | 13 | 12 | 12 | 13 | 13 | 13 | 13 | 13 |
| Water | 26 | 28 | 28 | 29 | 29 | 29 | 27 | 31 | 41 | 41 |
| Total | 192 | 189 | 197 | 206 | 205 | 182 | 191 | 207 | 219 | 232 |

Source: City of Jackson Finance Department payroll records.

Operating Indicators by Function/Program
Last Ten Years

| Function/Program | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Public safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Physical arrests | 2,514 | 2,887 | 2,779 | 2,714 | 2,595 | 2,607 | 1,695 | 1,594 | 1,029 | 1,234 |
| Traffic violations | 3,976 | 5,111 | 5,333 | 3,502 | 3,529 | 3,382 | 2,415 | 3,192 | 1,370 | 1,043 |
| Engineering - Traffic Division - | | | | | | | | | | |
| Parking violations | 1,966 | 1,982 | 2,056 | 2,245 | 2,456 | 1,186 | 747 | 901 | 2,607 | 2,989 |
| Fire: | | | | | | | | | | |
| Calls answered | 4,662 | 4,259 | 4,863 | 4,808 | 5,088 | 5,125 | 4,532 | 5,397 | 5,484 | 6,134 |
| Inspections conducted | 172 | 43 | 79 | 40 | 42 | 76 | 31 | 62 | 165 | 280 |
| Sewer system | | | | | | | | | | |
| Service connections | 11,449 | 11,407 | 11,330 | 11,923 | 12,118 | 12,156 | 11,806 | 11,032 | 11,287 | 11,245 |
| Daily average treatment (mg) | 9.3 | 9.6 | 10.1 | 9.0 | 11.2 | 11.4 | 9.8 | 12.3 | 11.3 | 11.2 |
| Maximum daily capacity (mg) | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 |
| Township service (bulk metering) | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Water system | | | | | | | | | | |
| Service connections | 14,307 | 14,549 | 14,112 | 14,879 | 15,855 | 15,893 | 15,252 | 15,460 | 15,412 | 15,520 |
| Daily average consumption (mg) | 6.47 | 7.66 | 7.58 | 7.57 | 7.36 | 6.71 | 6.92 | 6.26 | 5.59 | 4.98 |
| 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 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public Safety | | | | | | | | | | |
| Police: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 29 | 29 | 29 | 31 | 32 | 22 | 22 | 22 | 24 | 28 |
| Fire: | | | | | | | | | | |
| Stations (1) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Response vehicles | 11 | 11 | 11 | 9 | 10 | 10 | 5 | 5 | 9 | 12 |
| Culture and recreation | | | | | | | | | | |
| Parks: | | | | | | | | | | |
| Number | 26 | 26 | 26 | 26 | 26 | 27 | 27 | 27 | 29 | 29 |
| Acreage | 639 | 639 | 639 | 639 | 639 | 645 | 645 | 645 | 645 | 645 |
| Community centers | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 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 | 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 | 16 | 16 | 16 | 9 | 14 |
| Tennis courts | 14 | 14 | 14 | 14 | 14 | 13 | 12 | 12 | 6 | 6 |
| Public works | | | | | | | | | | |
| Miles of streets | 171 | 171 | 171 | 171 | 171 | 171 | 171 | 171 | 171 | 171 |
| Street lights | 2,719 | 2,719 | 2,719 | 2,863 | 2,839 | 2,975 | 3,026 | 3,026 | 3,176 | 3,207 |
| Sewer system | | | | | | | | | | |
| Miles of sanitary sewers | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 165 | 159 | 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 | 242 | 244 | 244 | 240 | 243 |
| 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 | 2,156 | 2,156 | 2,160 | 2,180 |

(1) Only one station was actively in use since from 2012 through 2019. All three stations were in use during the COVID-19 Pandemic in 2020 and 2021. Two stations were in use during fiscal years 2022, 2023, and 2024.

Source: City of Jackson Finance Department.

Schedule of Insurance

As of June 30, 2024

| Type of Coverage | Name of Company | Policy Period | Premium | Description |
|---|---|----------------|------------|---|
| <u>Building and Contents</u> | | 7/1/23-6/30/24 | \$ 217,556 | All risk coverage on buildings and contents. \$194,566,652 limit with \$2,500 deductible per occurrence. |
| | <i>Michigan Municipal Liability and Property Pool</i> | | | |
| <u>Automobile</u> | | 7/1/23-6/30/24 | 105,638 | \$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> | | 7/1/23-6/30/24 | 296,979 | 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> | | 7/1/23-6/30/24 | 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 | 23,705 | 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, 2015 Through 2024

| Assessed Value as of December 31 | Year of State Equalization and Tax Levy | Fiscal Year Ended June 30 | Total State Equalized Valuation | Ad Valorem Taxable Value | Total Taxable Valuation (1) |
|----------------------------------|---|---------------------------|---------------------------------|--------------------------|-----------------------------|
| 2014 | 2015 | 2016 | \$ 637,756,650 | \$ 603,793,360 | \$ 611,997,165 |
| 2015 | 2016 | 2017 | 639,245,000 | 588,708,506 | 594,000,645 |
| 2016 | 2017 | 2018 | 654,348,144 | 590,875,184 | 594,858,908 |
| 2017 | 2018 | 2019 | 667,008,150 | 597,440,443 | 600,472,705 |
| 2018 | 2019 | 2020 | 711,206,421 | 617,213,712 | 620,658,183 |
| 2019 | 2020 | 2021 | 765,486,300 | 632,122,376 | 635,697,097 |
| 2020 | 2021 | 2022 | 793,962,150 | 648,602,935 | 652,098,929 |
| 2021 | 2022 | 2023 | 880,333,309 | 691,281,781 | 694,962,009 |
| 2022 | 2023 | 2024 | 955,301,600 | 726,908,810 | 730,635,649 |
| 2023 | 2024 | 2025 | 1,089,299,200 | 772,443,634 | 778,905,256 |

Per capita 2024 ad valorem taxable valuation is \$24,730 and per capita 2024 total taxable valuation is \$24,937 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 | 2024 |
| Use: | | | | | | | | | | |
| Commercial | 29.88% | 30.88% | 26.72% | 30.97% | 31.42% | 31.49% | 31.66% | 31.63% | 30.12% | 29.50% |
| Industrial | 27.65% | 25.81% | 29.70% | 24.88% | 24.50% | 23.93% | 23.34% | 23.07% | 23.53% | 23.00% |
| Residential | 42.47% | 43.31% | 43.58% | 44.15% | 44.08% | 44.58% | 45.00% | 45.30% | 46.35% | 47.50% |
| | <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> | <u>100.00%</u> |
| Class: | | | | | | | | | | |
| Real | 76.89% | 78.80% | 79.14% | 80.11% | 76.82% | 77.41% | 78.24% | 78.44% | 78.66% | 79.50% |
| Personal | 23.11% | 21.20% | 20.86% | 19.89% | 23.18% | 22.59% | 21.76% | 21.56% | 21.34% | 20.50% |
| | <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> | <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 | |
| 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 | - | - | - | - |
| 2024 | 7,732,779 | 3,933,919 | 3,798,860 | - | 13,036 | 13,036 | 291.41 |

- (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 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 | |
| 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 | - | - | - | - |
| 2024 | 15,684,762 | 7,416,685 | 8,268,077 | - | - | - | - |

- (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 transfers are made or debt defeasance transactions.

CITY OF JACKSON, MICHIGAN

Water Supply System

Last Ten Fiscal Years

| | Fiscal Year Ended June 30 | | | | |
|--|---------------------------|---------------------|---------------------|---------------------|----------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Water pumped vs. water sold: (in million gallons) | | | | | |
| Pumped | 2,363 | 2,795 | 2,768 | 2,754 | 2,688 |
| Sold | 2,036 | 2,266 | 2,394 | 2,281 | 2,260 |
| Sold as a % of pumped | 86.16% | 81.07% | 86.49% | 82.82% | 84.08% |
| Number of customers: | | | | | |
| Residential | 12,166 | 12,060 | 11,986 | 12,000 | 11,979 |
| Commercial | 1,958 | 1,878 | 1,845 | 1,887 | 2,075 |
| Industrial | 172 | 169 | 171 | 168 | 229 |
| Total | <u>14,296</u> | <u>14,107</u> | <u>14,002</u> | <u>14,055</u> | <u>14,283</u> |
| Percent of water consumption by category: | | | | | |
| Residential | 30.00% | 26.00% | 25.20% | 24.97% | 20.95% |
| Commercial | 49.00% | 43.00% | 41.10% | 41.55% | 49.20% |
| Industrial | 21.00% | 31.00% | 33.70% | 33.48% | 29.85% |
| 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 | \$ 79.73 | \$ 87.89 | \$ 91.50 |
| % Change (in average consumption) | 0.00% | 0.00% | 10.00% | 10.23% | 4.11% |
| Water supply system annual revenues: | | | | | |
| Metered revenue | \$ 7,348,461 | \$ 7,917,879 | \$ 8,677,881 | \$ 9,316,942 | \$ 10,332,492 |
| % increase (decrease) | -3.11% | 7.75% | 9.60% | 7.36% | 10.90% |
| Water supply system revenues by user class: | | | | | |
| Residential | \$ 3,116,062 | \$ 3,033,734 | \$ 3,371,231 | \$ 3,665,473 | \$ 3,763,268 |
| Commercial | 3,332,473 | 3,297,299 | 3,657,125 | 3,891,952 | 4,708,645 |
| Industrial | 899,926 | 1,586,846 | 1,649,525 | 1,759,517 | 1,860,579 |
| Sewer - billing & collection charges | 264,581 | 251,416 | 223,028 | 238,536 | 251,754 |
| Total | <u>\$ 7,613,042</u> | <u>\$ 8,169,295</u> | <u>\$ 8,900,909</u> | <u>\$ 9,555,478</u> | <u>\$ 10,584,246</u> |
| Water supply revenues by user class as a % of total revenues: | | | | | |
| Residential | 40.93% | 37.14% | 37.88% | 38.36% | 35.56% |
| Commercial | 43.77% | 40.36% | 41.09% | 40.73% | 44.49% |
| Industrial | 11.82% | 19.42% | 18.53% | 18.41% | 17.58% |
| Sewer - billing & collection charges | 3.48% | 3.08% | 2.50% | 2.50% | 2.37% |
| 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 | | | | |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| 2020 | 2021 | 2022 | 2023 | 2024 |
| 2,458 | 2,359 | 2,109 | 2,084 | 1,941 |
| 2,067 | 2,100 | 1,809 | 1,746 | 1,598 |
| 84.09% | 89.02% | 85.78% | 83.81% | 82.35% |
| 12,088 | 12,120 | 12,032 | 12,039 | 12,001 |
| 2,116 | 2,187 | 2,184 | 2,191 | 2,170 |
| 228 | 229 | 227 | 222 | 218 |
| <u>14,432</u> | <u>14,536</u> | <u>14,443</u> | <u>14,452</u> | <u>14,389</u> |
| 26.08% | 26.71% | 28.94% | 29.27% | 32.03% |
| 40.80% | 38.65% | 45.16% | 46.00% | 50.29% |
| 33.12% | 34.64% | 25.90% | 24.73% | 17.68% |
| <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| \$ 95.14 | \$ 100.88 | \$ 112.99 | \$ 126.61 | \$ 136.64 |
| 3.98% | 6.03% | 12.00% | 12.05% | 20.93% |
| \$ 10,451,663 | \$ 12,559,104 | \$ 12,647,260 | \$ 13,826,642 | \$ 14,033,253 |
| 1.15% | 20.16% | 0.70% | 9.33% | 10.96% |
| \$ 3,820,711 | \$ 4,132,760 | \$ 4,453,940 | \$ 4,912,737 | \$ 5,313,038 |
| 4,409,784 | 4,996,143 | 5,638,015 | 6,250,888 | 6,746,997 |
| 2,221,168 | 3,430,201 | 2,555,305 | 2,663,016 | 1,973,488 |
| 263,234 | 287,617 | 291,549 | 342,458 | 357,917 |
| <u>\$ 10,714,897</u> | <u>\$ 12,846,721</u> | <u>\$ 12,938,809</u> | <u>\$ 14,169,099</u> | <u>\$ 14,391,440</u> |
| 35.66% | 32.17% | 34.43% | 34.67% | 36.92% |
| 41.16% | 38.89% | 43.57% | 44.12% | 46.88% |
| 20.73% | 26.70% | 19.75% | 18.79% | 13.71% |
| 2.45% | 2.24% | 2.25% | 2.42% | 2.49% |
| <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, 2024

| Customer | (1) Usage | (2) % of Total | Revenue | (3) % of Total |
|--|--------------|----------------------|--------------|----------------------|
| * Michigan Department of Corrections | 184,918 | 10.59% | \$ 1,155,496 | 8.16% |
| Consumers Energy - Jackson Generating | 95,333 | 5.46% | 742,445 | 5.24% |
| Henry Ford - Allegiance Health/Health Center | 39,621 | 2.27% | 355,033 | 2.51% |
| Elm Plating Company | 29,379 | 1.68% | 287,916 | 2.03% |
| * Sun Communities Inc. | 24,443 | 1.40% | 196,091 | 1.38% |
| Jackson Tumble Finish | 23,399 | 1.34% | 223,637 | 1.58% |
| Commonwealth Commerce Center | 22,161 | 1.27% | 135,774 | 0.96% |
| Eaton Aerospace | 19,375 | 1.11% | 182,475 | 1.29% |
| * JSP International LLC | 18,626 | 1.07% | 146,111 | 1.03% |
| * Walnut Ridge | 14,737 | 0.84% | 122,901 | 0.87% |

(1) Unit = thousand gallons (TG)

(2) Based on June 30, 2024 total water sold (Schedule 22) of 1,598 MG's (million gallons).

(3) Based on June 30, 2024 water supply system revenues by user class (Schedule 22) of \$ 14,391,400.

* Located outside of City limits.

Source: City Water Department.

Industrial Facilities Tax Roll

For the Fiscal Year Ended June 30, 2024

| Tax Year (1) of Transfer To Ad Valorem Tax Roll | (2) I.F.T. S.E.V. Amount |
|---|-----------------------------------|
| 2024 | \$ - |
| 2025 | 189,700 |
| 2026 | 216,100 |
| 2027 | 30,400 |
| 2028 | - |
| 2029 | - |
| 2030 | 88,600 |
| 2031 | 481,700 |
| | <u>\$ 1,006,500</u> |

(1) Tax year shown is as of July 1. The July 1, 2024 tax year is for the fiscal year ending June 30, 2025.

(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 |
|-------------|----------------------------|--------------------------|--------------|-------------------------------|-----------------------|
| 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 |
| 2024 | 1,872,026 | 1,500,000 | 3,090,188 | 281,838 | 1.09 |

(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 |
|-------------|----------------------------|--------------|-------------------------------|-----------------------|
| 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 |
| 2024 | 1,186,054 | 1,211,982 | (25,928) | 0.98 |

(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 |
|-------------|--------------------------|-----------------------------------|--------------------------------|
| 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 |
| 2024 | 3,424,616 | 2,033,172 | 5,457,788 |

(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 |
|-------------|--------------|-------------------------------------|
| 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% |
| 2024 | 11,020,164 | (3.49%) |

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 |
|-------------|---------------------------|---------------------------------|----------------------------------|
| 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 |
| 2024 | 4,973,950 | 1,236,455 | 4.02 |

(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 | | | | | |
| | 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% |
| | 2023 | 44,416 | 59,999 | 15,583 | 74.0% |
| Policemen's and Firemen's Pension | | | | | |
| | 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% |
| | 2023 | 3,379 | 3,895 | 516 | 86.8% |
| Policemen's and Firemen's Pension - Act 345 | | | | | |
| | 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% |
| | 2023 | 58,138 | 83,410 | 25,272 | 69.7% |

(1) See Note 19 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:

| | Number of Employees | Contract Expiration Date |
|---|------------------------------------|---|
| Employee Group: | | |
| International Association of Firefighters | 30 | June 30, 2024 |
| Police Officers Labor Council - Supervisory | 9 | June 30, 2024 |
| Police Officers Labor Council - Non-Supervisory | 33 | June 30, 2024 |
| Michigan Association of Public Employees | 81 | June 30, 2025 |
| Non-Union | 79 | |
| | <u>232</u> | |

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**SINGLE AUDIT
ACT COMPLIANCE**

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

December 17, 2024

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, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 17, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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CITY OF JACKSON, MICHIGAN

Schedule of Expenditures of Federal Awards

For the Fiscal Year Ended June 30, 2024

| 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 | B22MC260021 | \$ 699,991 |
| Community Development Block Grant | 14.218 | Direct | B23MC260021 | 252,045 |
| Community Development Block Grant - CV | 14.218 | Direct | B20MW260021 | 5,886 |
| | | | | <u>957,922</u> |
| Home Investment Partnership Programs | 14.239 | Direct | M20MC260214 | 181,347 |
| Home Investment Partnership Programs | 14.239 | Direct | M21MC260214 | 129,674 |
| Home Investment Partnership Programs | 14.239 | Direct | M21MP260214 | 1,512 |
| | | | | <u>312,533</u> |
| Total U.S. Department of Housing and Urban Development | | | | <u>1,270,455</u> |
| U.S. Department of Justice | | | | |
| Bulletproof Vest Partnership Program | 16.607 | Direct | n/a | 5,419 |
| Project Safe Neighborhoods | 16.609 | Direct | n/a | 140,654 |
| Byrne Recovery Act Grant | 16.804 | Direct | 2015-DJ-BX-0775 | 23,202 |
| | | | | <u>169,275</u> |
| Total U.S. Department of Justice | | | | <u>169,275</u> |
| U.S. Department of Transportation | | | | |
| Safe Communities Traffic Programs | 20.602 | R2 PC | n/a | 3,630 |
| U.S. Department of Treasury | | | | |
| COVID-19 - State and Local Fiscal Recovery Fund (CSLFRF): | | | | |
| American Rescue Plan Act - CSLFRF | 21.027 | Direct | n/a | 11,093,308 |
| American Rescue Plan Act - CSLFRF | 21.027 | EGLE | 7537-01 | 2,164,539 |
| | | | | <u>13,257,847</u> |
| U.S. Environmental Protection Agency | | | | |
| Drinking Water State Revolving Fund Cluster - State Drinking Water Revolving Loan Fund Program | | | | |
| | 66.468 | EGLE | 7537-01 | 41,038 |
| Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements | | | | |
| | 66.818 | Direct | 00E03212 | 246,782 |
| | | | | <u>287,820</u> |
| Total U.S. Environmental Protection Agency | | | | <u>287,820</u> |
| U.S. Department of Homeland Security | | | | |
| SAFER Grant | 97.044 | Direct | n/a | 484,018 |
| Assistance to Firefighters Grant | 97.044 | Direct | n/a | 26,923 |
| | | | | <u>510,941</u> |
| Total expenditures of federal awards | | | | <u>\$ 15,499,968</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, 2024. 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 17, 2024

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, 2024, 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 17, 2024.

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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.



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 response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

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

December 17, 2024

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

Report on Compliance for the Major Federal Program

Opinion on the 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 the City's major federal program for the year ended June 30, 2024. The City's major federal program is 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 its major federal program for the year ended June 30, 2024.

Basis for Opinion on the 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 the 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 the 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified? X yes 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? X yes none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes X no

Identification of major programs and type of auditors' report issued on compliance for each major program:

| <u>Assistance Listing Number</u> | <u>Name of Federal Program or Cluster</u> | <u>Type of Report</u> |
|----------------------------------|---|-----------------------|
| 21.027 | Coronavirus State and Local Fiscal Recovery Funds | Unmodified |

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

Auditee qualified as low-risk auditee? yes X no

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

2024-001 - Capital Asset Schedules

Finding Type. Significant Deficiency in Internal Control over Financial Reporting

Criteria. Management is responsible for maintaining complete and accurate capital asset records. The records should be updated and reviewed by the City for completeness and conformity to generally accepted accounting principles (GAAP).

Condition. During our audit, we identified approximately \$530,000 of capital assets that were inappropriately excluded from the City's capital asset records and approximately \$694,000 of capital assets that were inappropriately included in the City's capital asset records.

Cause. Internal controls did not detect all necessary items to be capitalized and depreciated and did not consider accrued costs that were capitalized in prior years.

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

Recommendation. We recommend that the City reconcile all capital asset records to the general ledger activity and to the capital asset footnote within the financial statements.

View of Responsible Official. There was an oversight during the process of reviewing and identifying capital assets during the fiscal year under audit. This manual error led to the misstatement in capital assets. A detailed process to reconcile all material capital assets to general ledger activity has been implemented and reviewed by staff to ensure capital asset additions are properly identified and capitalized going forward.

Responsible Official. Finance Director

Estimated Completion Date. June 30, 2025

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2024

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

2024-002 - Procurement, Suspension and Debarment

Finding Type. Immaterial Noncompliance; Significant Deficiency in Internal Control over Compliance (Procurement)

Federal Program(s)

U.S. Department of Treasury

- Coronavirus State and Local Fiscal Recovery Funds (ALN 21.027); Direct and Passed through EGLE; All project numbers.

Criteria. A recipient of federal awards is required to determine that vendors being paid with federal funds are not suspended or debarred from doing business with the government. Such procedures are required whenever the amount disbursed to a single vendor in a given fiscal year is expected to be at least \$25,000. Also, recipients of federal awards are required to ensure that federal procurement standards are followed for any purchases over the federal micropurchase threshold. 2 CFR 200.320 requires that these purchases must adhere to one of the allowable procurement methods (sealed bids, competitive proposals, noncompetitive procurement) and maintain documentation of this procurement decision.

Condition. In cases where the vendor did not sign a suspension or debarment certification, either within the vendor contract or as a separate certification, the City did not have a process in place to manually search the Excluded Parties List System to verify the vendor was not suspended or debarred.

Cause. This condition is the result of lack of management oversight.

Effect. As a result of this condition, while none of the vendors tested appeared to be suspended or debarred, documentation does not exist to support that the City verified its vendors paid with federal dollars were not suspended or debarred prior to contracting with them.

Questioned Costs. No costs were questioned as a result of this finding.

Recommendation. We recommend that the City create procedures and a related checklist to ensure all federal requirements are being addressed.

View of Responsible Official. Due to the influx of new employees managing federal funds under the Coronavirus State and Local Fiscal Recovery Funds program, many were unaware of the requirement to document their searches for suspended or debarred vendors. As a result, search results showing no matches were not retained in the files. Moving forward, all relevant employees will receive additional training to ensure proper documentation of these searches. This training will help to ensure this requirement is consistently met in the future.

CITY OF JACKSON, MICHIGAN

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2024

SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

Responsible Official. Finance Director

Estimated Completion Date. June 30, 2025

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CITY OF JACKSON, MICHIGAN

Summary Schedule of Prior Audit Findings

For the Year Ended June 30, 2024

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

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. 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. As a result of this condition, the SEFA initially presented understated expenditures of federal awards by approximately \$1.2 million. This finding has been resolved in the current year.

2023-002 - Material Audit Adjustment (Capital Assets)

During the audit, the City's auditors 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. As a result of this condition, the City's capital assets were initially misstated by an amount that was material to the financial statements. This finding has been resolved in the current year.



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