

**CITY OF JACKSON,  
CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2015**

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**CITY OF JACKSON**  
**Annual Financial Report**  
**For the Year Ended June 30, 2015**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**CITY OF JACKSON**  
**City Officials**  
**For the Year Ended June 30, 2015**

**City Council**

Patrick Crew	Mayor
Keith Sweet	Vice Mayor
Wayne Garibaldi	Member
Marilyn Lewis	Member
Connie Gonsalves	Member

**City Officers**

Michael Daly	City Manager
Joshua Nelson	City Attorney
Gisele L. Wurzbarger	City Clerk
Michael Hooper	Building Inspector
Gary Ghio	City Engineer
Susan Peters	City Planner
Scott Morrison	Police Chief
Mark Morton	Fire Chief

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## **FINANCIAL SECTION**

- **Independent Auditor's Report**
- **Management's Discussion and Analysis**
- **Basic Financial Statements**
- **Required Supplementary Information**
- **Combining Nonmajor Fund Statements**

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor and Members of the City Council  
City of Jackson  
Jackson, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Jackson, California (City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

The Honorable Mayor and Members of the City Council  
City of Jackson  
Jackson, California

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

As described in Note 1Q to the financial statements, in 2015, the City implemented Governmental Accounting Standards Board (GASB) Statement Nos. 68, 69, and 71. The implementation of GASB 68 and 71 resulted in the restatement of beginning net position for the year ended June 30, 2015. Our opinion is not modified with respect to these matters.

As reported in Note 10, the net pension liability is measured as of June 30, 2015, and the pension expense is for the measurement period 2013-14. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, City Pension Plans - Schedule of Proportionate Share of the Net Pension Liability, City Pension Plans - Schedule of Contributions, Notes to City Pension Plans, City OPEB Plan - Schedule of Funding Progress, and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

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

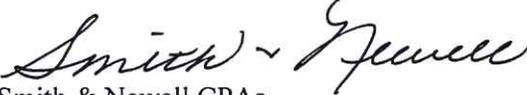
The Honorable Mayor and Members of the City Council  
City of Jackson  
Jackson, California

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated March 7, 2016, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
March 7, 2016

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**Management's Discussion and Analysis  
(Unaudited)**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of the City of Jackson's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements and related notes, which follow this section.

### **FINANCIAL HIGHLIGHTS**

#### **Entity-wide:**

- ❑ The City's total assets were \$35,378,922 as of June 30, 2015. Of this total, \$22,055,678 were governmental assets and \$13,323,244 were business-type assets.
- ❑ Entity-wide governmental revenues include program revenues of \$1,743,217 and general revenues of \$2,483,449 for a total of \$4,226,666.
- ❑ Entity-wide governmental expenses were \$4,357,683.
- ❑ Entity-wide business-type program, interest, and other revenues were \$2,937,051 while business-type expenses were \$3,038,474.

#### **Fund Level:**

- ❑ Governmental Fund balance increased to \$9,910,413 in fiscal year 2015, up \$16,130 from the prior year.
- ❑ Governmental Fund revenues decreased to \$4,196,143 in fiscal year 2015 down \$329,718 from the prior year.
- ❑ Governmental Fund expenditures increased to \$4,192,013 in fiscal year 2015, up \$285,840 from the prior year.

#### **General Fund:**

- ❑ General Fund revenues of \$2,828,705 were \$119,441 higher than the prior year.
- ❑ General Fund expenditures of \$3,278,355 were \$161,350 higher than the prior year.
- ❑ Other Financing Sources contributed \$243,522 in fiscal year 2015 down \$98,732 compared with the prior year.
- ❑ General Fund balance of \$853,407 as of June 30, 2014 decreased to \$647,279 by June 30, 2015.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements, commonly referred to as the City's Basic Financial Statements. Management's Discussion and Analysis introduces these statements and includes two different views of the City's financial activities and position: (1) Government-Wide Financial Statements provide information about the activities of the City as a whole and present a longer-term view of the City's finances; (2) Fund Financial Statements provide detailed information about the individual functions of City government, telling how services were financed in the short-term as well as what remains for future spending.

Each set of statements presents the City's finances in a distinct way. To assist the reader in understanding the differences between them, a brief discussion of each follows, including the relationship of these statements to each other and the significant differences in the information they provide.

#### **Government-Wide Financial Statements**

The Government-Wide Financial Statements provide a broad overview of City finances in a manner similar to private sector business. These statements separate the City's activities into two areas:

- **Governmental Activities** - these services are principally supported by taxes and intergovernmental revenues. Most of the City's basic services are considered to be governmental activities including public safety, community development, public works, parks and recreation, and general administration.

- **Business-Type Activities** - these services rely upon user fees and charges to help cover all or most of their costs. The City's water and wastewater systems are reported here.

Within the framework of these activities, a Statement of Net Position and a Statement of Activities report information about the City as a whole. These statements include all assets and liabilities of the City (i.e., infrastructure and long-term debt) and use the accrual basis of accounting in which all the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

The two statements can be generally described as follows:

- **The Statement of Net Position** presents information on all the City's assets and liabilities, with the difference between the two 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 showing how the City's net position changed during the 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.

Notably, these statements differ from the Fund Financial Statements in that they include all assets of the City (including infrastructure) and all liabilities (including long-term debt) and exclude certain inter-fund receivables, payables and other inter-fund activity as prescribed by GASB Statement No. 34. For additional reference, reconciliation between the two is provided on pages 14 and 16 of this report.

### **Fund Financial Statements**

The Fund Financial Statements provide detailed information about each of the City's most significant funds - not the City as a whole. Management establishes funds to help control and manage money for particular purposes. There are three categories of funds: governmental, proprietary and fiduciary.

- **Governmental Funds** - most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. This information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and the governmental funds in reconciliation on pages 14 and 16 of this report.

The City's major governmental funds are the General fund, HOME Grant, and Measure M. All other funds are combined in a single, aggregated presentation. Individual data for each of these non-major governmental funds is provided in the form of combining statements beginning on page 59 of this report.

- **Proprietary Funds** - when the City charges customers for services it provides, whether outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds provide the same type of information as shown in the government-wide financial statements (i.e., business-type activities), only in more detail. The City uses enterprise funds to account for its Sewer and Water operations; in addition the City uses enterprise funds to account for parking and utility deposits.

- **Fiduciary Funds** - the City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City's other financial statements because the resources of the funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for the intended purposes.

## NOTES TO BASIC 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.

## REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report presents the following required supplementary information: Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions for the City's Pension Plans, Schedule of Funding Progress for the City OPEB Plan, budgetary comparisons for the City's General fund and major special revenue fund, and a description of the City's accounting policies with regard to the annual budget.

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

### Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total	
	2015	2014	2015	2014	2015	2014	Dollar Change	% Change
<b>Assets:</b>								
Current and other assets	\$ 10,519,844	\$ 10,585,859	\$ 2,716,969	\$ 3,398,295	\$ 13,236,813	\$ 13,984,154	\$ (747,341)	-5.34%
Capital assets	11,535,834	11,618,288	10,606,275	10,160,428	22,142,109	21,778,716	363,393	1.67%
<b>Total assets</b>	<b>22,055,678</b>	<b>22,204,147</b>	<b>13,323,244</b>	<b>13,558,723</b>	<b>35,378,922</b>	<b>35,762,870</b>	<b>(383,948)</b>	<b>-1.07%</b>
<b>Deferred Outflows of Resources:</b>								
Deferred charge on refunding	-	-	131,063	145,626	131,063	145,626	(14,563)	-10.00%
Pension adjustments	470,214	-	78,078	-	548,292	-	548,292	100.00%
<b>Total Deferred Outflows of Resources</b>	<b>470,214</b>	<b>-</b>	<b>209,141</b>	<b>145,626</b>	<b>679,355</b>	<b>145,626</b>	<b>533,729</b>	<b>366.51%</b>
<b>Liabilities:</b>								
Current	314,256	388,249	411,627	445,534	725,883	833,783	(107,900)	-12.94%
Noncurrent	3,717,969	653,085	2,709,332	1,710,068	6,427,301	2,363,153	4,064,148	171.98%
<b>Total Liabilities</b>	<b>4,032,225</b>	<b>1,041,334</b>	<b>3,120,959</b>	<b>2,155,602</b>	<b>7,153,184</b>	<b>3,196,936</b>	<b>3,956,248</b>	<b>123.75%</b>
<b>Deferred Inflows of Resources:</b>								
Pension adjustments	702,132	-	224,223	-	926,355	-	926,355	100.00%
<b>Total Deferred Inflows of Resources</b>	<b>702,132</b>	<b>-</b>	<b>224,223</b>	<b>-</b>	<b>926,355</b>	<b>-</b>	<b>926,355</b>	<b>100.00%</b>
<b>Net Position:</b>								
Net investment in capital assets	11,535,834	11,618,288	9,836,312	9,314,359	21,372,146	20,932,647	439,499	2.10%
Restricted	9,728,060	9,538,078	1,722,662	1,719,721	11,450,722	11,257,799	192,923	1.71%
Unrestricted	(3,472,359)	6,447	(1,371,771)	514,667	(4,844,130)	521,114	(5,365,244)	-1029.57%
<b>Total Net Position</b>	<b>\$ 17,791,535</b>	<b>\$ 21,162,813</b>	<b>\$ 10,187,203</b>	<b>\$ 11,548,747</b>	<b>\$ 27,978,738</b>	<b>\$ 32,711,560</b>	<b>\$ (4,732,822)</b>	<b>-14.47%</b>

Net position represents the difference between the City's resources and its obligations. At June 30, 2015, the largest portion of the City's total net position, 76 percent, reflects the net investment in capital assets. These capital assets are used by the City to provide services to the citizens. Additional capital asset information can be found in the Capital Asset and Debt Administration section of this MD&A. Restricted net position represents amounts that may be used in accordance with external restrictions. The unrestricted balance of net position may be used at the City's discretion.

## Statement of Activities

	Governmental Activities		Business-Type Activities		Total		Total	
	2015	2014	2015	2014	2015	2014	Dollar Change	% Change
Revenues:								
Program Revenues:								
Charges for services	\$ 796,593	\$ 772,713	\$ 2,923,021	\$ 3,088,255	\$ 3,719,614	\$ 3,860,968	\$ (141,354)	-3.66%
Operating grants and contribution	489,934	533,766	-	-	489,934	533,766	(43,832)	-8.21%
Capital grants and contributions	456,690	77,941	-	-	456,690	77,941	378,749	485.94%
General Revenues:								
Property taxes	721,924	703,995	-	-	721,924	703,995	17,929	2.55%
Sales and use taxes	822,849	777,261	-	-	822,849	777,261	45,588	5.87%
Franchise taxes	143,825	140,979	-	-	143,825	140,979	2,846	2.02%
Property transfer taxes	15,090	11,891	-	-	15,090	11,891	3,199	26.90%
Transient occupancy taxes	352,688	304,768	-	-	352,688	304,768	47,920	15.72%
Grants and contributions	324,742	412,769	-	-	324,742	412,769	(88,027)	-21.33%
Interest and investment earnings	76,580	111,002	4,109	7,098	80,689	118,100	(37,411)	-31.68%
Miscellaneous	25,751	37,787	9,921	10,555	35,672	48,342	(12,670)	-26.21%
Total revenues	<u>4,226,666</u>	<u>3,884,872</u>	<u>2,937,051</u>	<u>3,105,908</u>	<u>7,163,717</u>	<u>6,990,780</u>	<u>172,937</u>	<u>2.47%</u>
Expenses:								
General government	441,183	497,772	-	-	441,183	497,772	(56,589)	-11.37%
Public protection	2,119,363	1,996,930	-	-	2,119,363	1,996,930	122,433	6.13%
Public ways and facilities	870,161	850,666	-	-	870,161	850,666	19,495	2.29%
Community development	639,143	518,960	-	-	639,143	518,960	120,183	23.16%
Culture and recreation	287,833	271,279	-	-	287,833	271,279	16,554	6.10%
Sewer facilities	-	-	1,367,379	1,275,558	1,367,379	1,275,558	91,821	7.20%
Treated water	-	-	1,608,512	1,571,174	1,608,512	1,571,174	37,338	2.38%
Parking	-	-	60,773	61,451	60,773	61,451	(678)	-1.10%
Utility Deposits	-	-	1,810	3,363	1,810	3,363	(1,553)	-46.18%
Total Expenses	<u>4,357,683</u>	<u>4,135,607</u>	<u>3,038,474</u>	<u>2,911,546</u>	<u>7,396,157</u>	<u>7,047,153</u>	<u>349,004</u>	<u>4.95%</u>
Excess before transfers	(131,017)	(250,735)	(101,423)	194,362	(232,440)	(56,373)	(176,067)	312.33%
Transfers	-	(127)	-	127	-	-	-	0.00%
Increase in Net Position	<u>(131,017)</u>	<u>(250,862)</u>	<u>(101,423)</u>	<u>194,489</u>	<u>(232,440)</u>	<u>(56,373)</u>	<u>(176,067)</u>	<u>312.33%</u>
Cumulative effect of a change in accounting principle	(3,240,261)	-	(1,260,121)	-	(4,500,382)	-	(4,500,382)	100.00%
Net Position, Beginning	<u>21,162,813</u>	<u>21,413,675</u>	<u>11,548,747</u>	<u>11,354,258</u>	<u>32,711,560</u>	<u>32,767,933</u>	<u>(56,373)</u>	<u>-0.17%</u>
Net Position, Ending	<u>\$ 17,791,535</u>	<u>\$ 21,162,813</u>	<u>\$ 10,187,203</u>	<u>\$ 11,548,747</u>	<u>\$ 27,978,738</u>	<u>\$ 32,711,560</u>	<u>\$ (4,732,822)</u>	<u>-14.47%</u>

## Revenue

The City's total revenue was \$7.16 million for the fiscal year ended June 30, 2015. Revenue from governmental activities totaled \$4.23 million and revenue from business-type activities total \$2.9 million. Property taxes provided 10 percent of the total revenue of the City, while charges for services provide 52 percent. Operating and Capital Grants and Sales and Use Taxes both provided 13 and 11 percent respectively of the total revenue received during the 2014/15 fiscal year.

## Expenses

Expenses of the City for the year totaled \$7.4 million. Governmental activity expenses totaled \$4.4 million or 59 percent of total expenses. Business-type activity expenses total \$3.0 million or 41 percent of total expenses.

## Governmental Activities

The following table shows the net cost of each of the City's governmental functions/programs. The net cost is the total cost less fees and other direct revenue generated by the activities. The net cost reflects the financial burden that was placed on the City's taxpayers by each of these functions/programs.

	Net Cost of Service	Net Cost of Service	Total	
	2015	2014	Dollar Change	% Change
General government	(\$ 280,773)	(\$ 478,377)	\$ 197,604	42.00%
Public protection	( 1,864,294)	( 1,740,087)	( 124,207)	-0.80%
Public ways and facilities	( 387,271)	( 394,794)	7,523	0.02%
Community development	157,425	85,693	71,732	84.00%
Culture and recreation	( 239,553)	( 223,622)	36,349	17.00%
Total	<u>(\$2,614,466)</u>	<u>(\$ 2,751,187)</u>	<u>\$ 136,689</u>	<u>0.05%</u>

The cost of all governmental activities for fiscal year 2015 was 4.3 million. The City's taxpayers paid for approximately 60% of these costs, \$2.61 million through property and sales and use taxes. The cost of capital assets is not presented as a cost in determining the net cost of governmental activities, but is reflected as an asset in the statement of net position.

## Business-type Activities

Program revenue of the City's business-type activities totaled \$2.9 million. Expenses of business-type activities were \$3.0 million. The cost of capital improvements are reported as capital assets in the statement of net position, rather than as expenses in the statement of activities.

## FINANCIAL ANALYSIS OF THE FUND STATEMENTS

The City uses fund accounting to assure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on individual parts of the City government, reporting the City's operation in more detail than the government-wide statements. The City's governmental funds provide information on near-term inflows, outflows and balances of spendable resources. The City's governmental funds reported combined fund balances at June 30, 2015 of \$ 9.9 million, equal to the previous fiscal year. The General Fund decreased by \$206,128 and other Governmental Funds increased by \$222,258. The General Fund increase was due to increased employee related expenditures. Within the Other Governmental Funds, the increase in fund balance was attributable to completion of several major infrastructure projects.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2015, was \$22,142,109. (net of accumulated depreciation). This investment in capital assets includes police and fire equipment, buildings, park facilities, roads and water and sewer lines and treatment facilities. Net additions to capital assets being depreciated were \$1,151,418 and net additions to accumulated depreciation were \$788,025. Therefore the City's net investment in capital assets increased \$363,393 from June 30, 2014.

### **Long-term Debt**

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$6,708,426 an increase of \$4,082,565 from June 30, 2014.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Is the glass half-empty or half-full? Sometimes from a financial standpoint in Jackson it can be difficult to tell. As of February 2016, it looks as though the City of Jackson's finances are improving, but there are also indications that tough times could lie ahead.

Sales tax is once again the key indicator of the City's economic health and at this point the numbers are down from what was expected. The "triple flip" that brought nearly \$200,000 per year over the past three fiscal years is going to be taken by the State, but they should be replacing the 25% with the sales tax amount that was taken by triple flip. So far this fiscal year, however, this has not been the case and whether that is due to the structure of the program or just less sales tax remains to be seen. The City budgeted over \$800,000 in sales tax for FY 2015-16, so the question remains as to whether the second half of this fiscal year will improve.

Once again a positive factor in the local economy is the transient occupancy tax. For the first quarter of fiscal year 2015-16, the tax was up to \$110,000. This is over 10% higher than the previous quarter and more than 20% higher than the same quarter in 2014. The City is also planning to audit these businesses in 2016 to ensure that they are collecting the proper amount of tax.

Another revenue that grew for the second time in two years was the property tax. This was based on improving economic conditions for both residential and commercial areas. Over the next two years, the property tax is projected to increase by approximately 4% per year, which could be better but it is better than the negative direction it was heading during the recession. Additional growth would be a positive factor in this area, as the population has actually decreased in a couple of recent years.

The City's wastewater treatment plant is again driving the cost of the sewer fund. Currently out as a Proposition 218 vote, the City is attempting to increase sewer rates for the first time since 2009. A significant increase of over 50% is proposed to occur over the next five years, as the City has worked with local citizens to put together what will again become a state-of-the-art treatment facility and meet the requirements of the State Regional Water Quality Control Board. Also, several inflow and infiltration projects are being identified that hopefully can reduce the flows into the wastewater treatment plant.

Grants from the State of California continue to shape the highways and streets in Jackson. Two signal projects should be occurring before the end of the current fiscal year, with Sutter Street (near Detert Park) and French Bar Road both getting signalized at the highway. In addition, the City is working with Caltrans on three bridge projects, with one at Pitt Street, one at French Bar Road and one at South Avenue. Engineering and environmental work is currently underway on these three projects, so they could begin construction in fiscal year 2016-17.

The City of Jackson is always looking to be able to provide the most services possible for the funds it receives. It appears that the recession is over; however, many of the neutral economic factors continue to impact Jackson. Furloughs still exist for general employees and both public safety departments have not seen significant increases in several years. And even though the number of businesses continues to improve, sales tax numbers are only gradually increasing and are still significantly less than in the late last decade. Housing is also in a stagnant position as population has remained the same over the past four years. Until there is growth in the employment in the area, it is not anticipated that things will change soon, so the City remains optimistic that local economic conditions will follow statewide trends.

#### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City Finance Department, 33 Broadway, Jackson, CA 95642, (209) 223-1646.

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## **Basic Financial Statements**

- **Government-Wide Financial Statements**

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**CITY OF JACKSON**  
**Statement of Net Position**  
**June 30, 2015**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 3,385,251	\$ 2,261,981	\$ 5,647,232
Cash with fiscal agent	-	119,894	119,894
Receivables:			
Accounts	32,860	260,076	292,936
Interest	1,347	1,045	2,392
Taxes	305,676	-	305,676
Intergovernmental	291,435	-	291,435
Internal balances	(73,973)	73,973	-
Prepaid insurance	88,616	-	88,616
Loans receivable	6,488,632	-	6,488,632
Capital assets:			
Non-depreciable	2,448,907	180,038	2,628,945
Depreciable, net	9,086,927	10,426,237	19,513,164
Total capital assets	<u>11,535,834</u>	<u>10,606,275</u>	<u>22,142,109</u>
<b>Total Assets</b>	<u>22,055,678</u>	<u>13,323,244</u>	<u>35,378,922</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	131,063	131,063
Pension adjustments	470,214	78,078	548,292
<b>Total Deferred Outflows of Resources</b>	<u>470,214</u>	<u>209,141</u>	<u>679,355</u>
<b>LIABILITIES</b>			
Accounts payable	170,813	232,914	403,727
Salaries and benefits payable	1,818	-	1,818
Deposits	6,900	32,313	39,213
Long-term liabilities:			
Due within one year	134,725	146,400	281,125
Due in more than one year	3,717,969	2,709,332	6,427,301
<b>Total Liabilities</b>	<u>4,032,225</u>	<u>3,120,959</u>	<u>7,153,184</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension adjustments	702,132	224,223	926,355
<b>Total Deferred Inflows of Resources</b>	<u>702,132</u>	<u>224,223</u>	<u>926,355</u>
<b>NET POSITION</b>			
Net investment in capital assets	11,535,834	9,836,312	21,372,146
Restricted for:			
General government	288,384	-	288,384
Public ways and facilities	1,402,780	-	1,402,780
Community development	7,384,027	-	7,384,027
Culture and recreation	649,673	-	649,673
Capital projects	3,196	1,722,662	1,725,858
Unrestricted	(3,472,359)	(1,371,771)	(4,844,130)
<b>Total Net Position</b>	<u>\$ 17,791,535</u>	<u>\$ 10,187,203</u>	<u>\$ 27,978,738</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF JACKSON**  
**Statement of Activities**  
**For the Year Ended June 30, 2015**

<u><b>Functions/Programs:</b></u>	<u><b>Expenses</b></u>	<u><b>Program Revenues</b></u>		
		<u><b>Charges for Services</b></u>	<u><b>Operating Grants and Contributions</b></u>	<u><b>Capital Grants and Contributions</b></u>
Governmental activities:				
General government	\$ 441,183	\$ 761	\$ 159,649	\$ -
Public protection	2,119,363	111,327	143,742	-
Public ways and facilities	870,161	55,804	(29,604)	456,690
Community development	639,143	580,421	216,147	-
Culture and recreation	287,833	48,280	-	-
<b>Total Governmental Activities</b>	<b>4,357,683</b>	<b>796,593</b>	<b>489,934</b>	<b>456,690</b>
Business-type activities:				
Sewer Facilities	1,367,379	1,263,053	-	-
Treated Water	1,608,512	1,606,029	-	-
Parking	60,773	53,939	-	-
Utility Deposits	1,810	-	-	-
<b>Total Business-Type Activities</b>	<b>3,038,474</b>	<b>2,923,021</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>\$ 7,396,157</b>	<b>\$ 3,719,614</b>	<b>\$ 489,934</b>	<b>\$ 456,690</b>

**General revenues:**

Taxes:  
    Property taxes  
    Sales and use taxes  
    Franchise taxes  
    Property transfer taxes  
    Transient occupancy taxes  
Grants and contributions - unrestricted  
Interest and investment earnings  
Miscellaneous

**Total General Revenues**

**Change in Net Position**

**Net Position - Beginning**

Cumulative effect of a change in accounting principle

**Net Position - Beginning, Restated**

**Net Position - Ending**

The notes to the basic financial statements are an integral part of this statement.

**Net (Expense) Revenue and  
Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (280,773)	\$ -	\$ (280,773)
(1,864,294)	-	(1,864,294)
(387,271)	-	(387,271)
157,425	-	157,425
(239,553)	-	(239,553)
<u>(2,614,466)</u>	<u>-</u>	<u>(2,614,466)</u>
-	(104,326)	(104,326)
-	(2,483)	(2,483)
-	(6,834)	(6,834)
-	(1,810)	(1,810)
<u>-</u>	<u>(115,453)</u>	<u>(115,453)</u>
<u>(2,614,466)</u>	<u>(115,453)</u>	<u>(2,729,919)</u>
721,924	-	721,924
822,849	-	822,849
143,825	-	143,825
15,090	-	15,090
352,688	-	352,688
324,742	-	324,742
76,580	4,109	80,689
25,751	9,921	35,672
<u>2,483,449</u>	<u>14,030</u>	<u>2,497,479</u>
<u>(131,017)</u>	<u>(101,423)</u>	<u>(232,440)</u>
21,162,813	11,548,747	32,711,560
<u>(3,240,261)</u>	<u>(1,260,121)</u>	<u>(4,500,382)</u>
<u>17,922,552</u>	<u>10,288,626</u>	<u>28,211,178</u>
<u>\$ 17,791,535</u>	<u>\$ 10,187,203</u>	<u>\$ 27,978,738</u>

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**CITY OF JACKSON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2015**

	<b>General Fund</b>	<b>HOME Grant</b>	<b>Measure M</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and investments	\$ 455,831	\$ 1,435	\$ 721,871	\$ 2,166,306	\$ 3,345,443
Receivables:					
Accounts	32,860	-	-	-	32,860
Interest	187	-	305	841	1,333
Taxes	240,161	-	65,515	-	305,676
Intergovernmental	132,027	-	-	159,408	291,435
Loans receivable	-	3,326,790	-	3,161,842	6,488,632
<b>Total Assets</b>	<b>\$ 861,066</b>	<b>\$ 3,328,225</b>	<b>\$ 787,691</b>	<b>\$ 5,488,397</b>	<b>\$ 10,465,379</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 108,884	\$ -	\$ -	\$ 61,929	\$ 170,813
Salaries and benefits payable	1,818	-	-	-	1,818
Due to other funds	-	-	-	142,286	142,286
Deposits payable	6,900	-	-	-	6,900
<b>Total Liabilities</b>	<b>117,602</b>	<b>-</b>	<b>-</b>	<b>204,215</b>	<b>321,817</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	96,185	-	-	136,964	233,149
<b>Total Deferred Inflows of Resources</b>	<b>96,185</b>	<b>-</b>	<b>-</b>	<b>136,964</b>	<b>233,149</b>
<b>FUND BALANCES</b>					
Restricted	284,559	3,328,225	787,691	5,312,781	9,713,256
Committed	109,000	-	-	-	109,000
Assigned	2,620	-	-	15,510	18,130
Unassigned	251,100	-	-	(181,073)	70,027
<b>Total Fund Balances</b>	<b>647,279</b>	<b>3,328,225</b>	<b>787,691</b>	<b>5,147,218</b>	<b>9,910,413</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 861,066</b>	<b>\$ 3,328,225</b>	<b>\$ 787,691</b>	<b>\$ 5,488,397</b>	<b>\$ 10,465,379</b>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF JACKSON**  
**Reconciliation of the Governmental Funds Balance**  
**Sheet to the Government-Wide Statement of**  
**Net Position - Governmental Activities**  
**June 30, 2015**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 9,910,413</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheets.	11,535,834
Other long term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	233,149
Deferred outflows of resources related to pensions are not reported in the governmental funds.	470,214
Deferred inflows of resources related to pensions are not reported in the governmental funds.	(702,132)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Compensated absences	(336,814)
Net pension liability	(2,957,398)
Net OPEB Obligation	(558,482)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	<u>196,751</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$17,791,535</u></u></b>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF JACKSON**  
**Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2015**

	<u>General Fund</u>	<u>HOME Grant</u>	<u>Measure M</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>REVENUES</b>					
Taxes and assessments	\$ 2,095,729	\$ -	\$ 540,454	\$ -	\$ 2,636,183
Licenses and permits	123,706	-	-	-	123,706
Fines and forfeitures	10,103	-	-	-	10,103
Use of money and property	25,230	-	1,244	65,565	92,039
Intergovernmental	488,482	-	-	753,341	1,241,823
Charges for services	71,934	-	-	6,604	78,538
Other revenues	13,521	-	-	230	13,751
<b>Total Revenues</b>	<u>2,828,705</u>	<u>-</u>	<u>541,698</u>	<u>825,740</u>	<u>4,196,143</u>
<b>EXPENDITURES</b>					
Current:					
General government	441,967	-	-	8,161	450,128
Public protection	1,891,584	-	-	-	1,891,584
Public ways and facilities	561,481	-	-	249	561,730
Community development	-	1,367	579,081	58,695	639,143
Culture and recreation	252,633	-	-	-	252,633
Capital outlay	130,690	-	-	266,105	396,795
<b>Total Expenditures</b>	<u>3,278,355</u>	<u>1,367</u>	<u>579,081</u>	<u>333,210</u>	<u>4,192,013</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(449,650)</u>	<u>(1,367)</u>	<u>(37,383)</u>	<u>492,530</u>	<u>4,130</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	320,422	-	-	-	320,422
Transfers out	(88,900)	-	-	(231,522)	(320,422)
Proceeds from sale of assets	12,000	-	-	-	12,000
<b>Total Other Financing Sources (Uses)</b>	<u>243,522</u>	<u>-</u>	<u>-</u>	<u>(231,522)</u>	<u>12,000</u>
<b>Net Change in Fund Balances</b>	<u>(206,128)</u>	<u>(1,367)</u>	<u>(37,383)</u>	<u>261,008</u>	<u>16,130</u>
<b>Fund Balances - Beginning</b>	<u>853,407</u>	<u>3,329,592</u>	<u>825,074</u>	<u>4,886,210</u>	<u>9,894,283</u>
<b>Fund Balances - Ending</b>	<u>\$ 647,279</u>	<u>\$ 3,328,225</u>	<u>\$ 787,691</u>	<u>\$ 5,147,218</u>	<u>\$ 9,910,413</u>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF JACKSON**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Government-Wide Statement of Activities - Governmental Activities**  
**For the Year Ended June 30, 2015**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 16,130</b>
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital outlay	396,795
Less current year depreciation	(479,249)
Some revenues reported in the statement of activities will not be collected for several months after the City's year end and do not provide current financial resources and therefore are not reported as revenues in the governmental funds.	
Change in unavailable revenues	18,509
Certain changes in deferred outflows and deferred inflows of resources reported in the Statement of Activities relate to long-term liabilities and are not reported in the governmental funds.	
Change in deferred outflows of resources related to pensions	328,975
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 the governmental funds.	
Change in compensated absences	(36,260)
Change in net pension liability	(278,030)
Change in net OPEB obligation	(85,729)
Internal service funds are used by management to charge the cost of certain activities, such as insurance and equipment maintenance and operations, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	
	(12,158)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ (131,017)</b>

The notes to the basic financial statements are an integral part of this statement.

**CITY OF JACKSON**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Facilities</b>	<b>Treated Water</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Internal Service Fund</b>
<b>ASSETS</b>					
Current Assets:					
Cash and investments	\$ 1,309,809	\$ 918,482	\$ 33,690	\$ 2,261,981	\$ 39,808
Cash with fiscal agent	-	119,894	-	119,894	-
Receivables:					
Accounts	113,069	147,007	-	260,076	-
Interest	610	422	13	1,045	14
Due from other funds	142,286	-	-	142,286	-
Prepaid insurance	-	-	-	-	88,616
<b>Total Current Assets</b>	<b>1,565,774</b>	<b>1,185,805</b>	<b>33,703</b>	<b>2,785,282</b>	<b>128,438</b>
Noncurrent Assets:					
Capital assets:					
Non-depreciable	26,537	14,341	139,160	180,038	-
Depreciable, net	4,127,725	5,946,635	351,877	10,426,237	-
Total capital assets	4,154,262	5,960,976	491,037	10,606,275	-
<b>Total Noncurrent Assets</b>	<b>4,154,262</b>	<b>5,960,976</b>	<b>491,037</b>	<b>10,606,275</b>	<b>-</b>
<b>Total Assets</b>	<b>5,720,036</b>	<b>7,146,781</b>	<b>524,740</b>	<b>13,391,557</b>	<b>128,438</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	-	131,063	-	131,063	-
Pension adjustments	52,339	25,660	79	78,078	-
<b>Total Deferred Outflows of Resources</b>	<b>52,339</b>	<b>156,723</b>	<b>79</b>	<b>209,141</b>	<b>-</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	31,712	199,754	1,448	232,914	-
Deposits payable	-	-	32,313	32,313	-
Compensated absences payable	8,038	5,473	-	13,511	-
Customer advances	-	42,220	-	42,220	-
Bonds payable	7,000	83,669	-	90,669	-
<b>Total Current Liabilities</b>	<b>46,750</b>	<b>331,116</b>	<b>33,761</b>	<b>411,627</b>	<b>-</b>
Noncurrent Liabilities:					
Compensated absences payable	2,951	1,801	-	4,752	-
Customer advances	-	620,552	-	620,552	-
Bonds payable	31,000	779,357	-	810,357	-
Net pension liability	747,245	366,349	1,130	1,114,724	-
Net OPEB obligation	92,241	66,706	-	158,947	-
<b>Total Noncurrent Liabilities</b>	<b>873,437</b>	<b>1,834,765</b>	<b>1,130</b>	<b>2,709,332</b>	<b>-</b>
<b>Total Liabilities</b>	<b>920,187</b>	<b>2,165,881</b>	<b>34,891</b>	<b>3,120,959</b>	<b>-</b>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

**CITY OF JACKSON**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Facilities</b>	<b>Treated Water</b>	<b>Other Enterprise Funds</b>	<b>Total</b>	<b>Activities Internal Service Fund</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension adjustments	150,306	73,690	227	224,223	-
<b>Total Deferred Inflows of Resources</b>	<u>150,306</u>	<u>73,690</u>	<u>227</u>	<u>224,223</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	4,116,262	5,229,013	491,037	9,836,312	-
Restricted for capital projects	1,285,742	436,920	-	1,722,662	-
Unrestricted	(700,122)	(602,000)	(1,336)	(1,303,458)	128,438
<b>Total Net Position</b>	<u>\$ 4,701,882</u>	<u>\$ 5,063,933</u>	<u>\$ 489,701</u>	10,255,516	<u>\$ 128,438</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(68,313)	
<b>Net Position of Business-Type Activities</b>				<u>\$ 10,187,203</u>	

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

**CITY OF JACKSON**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>				<b>Governmental</b>
	<b>Sewer Facilities</b>	<b>Treated Water</b>	<b>Other Enterprise Fund</b>	<b>Total</b>	<b>Activities Internal Service Fund</b>
<b>OPERATING REVENUES</b>					
Licenses and permits	\$ -	\$ -	\$ 6,750	\$ 6,750	\$ -
Fines and forfeitures	-	-	6,917	6,917	-
Charges for services	1,263,053	1,606,029	40,272	2,909,354	195,647
Other revenues	995	8,926	-	9,921	-
<b>Total Operating Revenues</b>	<u>1,264,048</u>	<u>1,614,955</u>	<u>53,939</u>	<u>2,932,942</u>	<u>195,647</u>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	427,066	265,185	10,537	702,788	-
Contract services	248,017	13,394	1,229	262,640	-
Utilities	84,880	5,821	3,873	94,574	-
Insurance	27,386	25,233	766	53,385	-
Maintenance	37,017	41,507	157	78,681	-
Supplies	87,127	-	-	87,127	-
Write offs	-	-	1,810	1,810	-
Administration	16,223	4,558	1,808	22,589	-
Other	167,355	975,657	29,617	1,172,629	-
Insurance and claims	-	-	-	-	358,490
Depreciation	163,705	188,031	10,881	362,617	-
<b>Total Operating Expenses</b>	<u>1,258,776</u>	<u>1,519,386</u>	<u>60,678</u>	<u>2,838,840</u>	<u>358,490</u>
<b>Operating Income (Loss)</b>	<u>5,272</u>	<u>95,569</u>	<u>(6,739)</u>	<u>94,102</u>	<u>(162,843)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Interest income	2,193	1,872	44	4,109	14
Interest expense	(2,075)	(46,888)	-	(48,963)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<u>118</u>	<u>(45,016)</u>	<u>44</u>	<u>(44,854)</u>	<u>14</u>
<b>Change in Net Position</b>	<u>5,390</u>	<u>50,553</u>	<u>(6,695)</u>	<u>49,248</u>	<u>(162,829)</u>
<b>Total Net Position - Beginning</b>	5,541,203	5,427,513	497,673		291,267
Cumulative effect of a change in accounting principle	(844,711)	(414,133)	(1,277)		-
<b>Total Net Position - Beginning, Restated</b>	<u>4,696,492</u>	<u>5,013,380</u>	<u>496,396</u>		<u>291,267</u>
<b>Total Net Position - Ending</b>	<u>\$ 4,701,882</u>	<u>\$ 5,063,933</u>	<u>\$ 489,701</u>		<u>\$ 128,438</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(150,671)	
<b>Change in Net Position of Business-Type Activities</b>				<u>\$ (101,423)</u>	

The notes to the basic financial statements are an integral part of this statement.

**CITY OF JACKSON**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<b>Business-Type Activities - Enterprise Funds</b>			<b>Governmental</b>	
	<b>Sewer Facilities</b>	<b>Treated Water</b>	<b>Other Enterprise Fund</b>	<b>Activities Internal Service Fund</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,269,130	\$ 1,645,021	\$ 53,962	\$ 2,968,113	\$ 195,647
Payments to suppliers	(803,956)	(970,081)	(37,219)	(1,811,256)	(260,965)
Payments to employees	(414,889)	(255,273)	(10,536)	(680,698)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>50,285</u>	<u>419,667</u>	<u>6,207</u>	<u>476,159</u>	<u>(65,318)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Interfund loan repayments received	101,536	-	-	101,536	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>101,536</u>	<u>-</u>	<u>-</u>	<u>101,536</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(372,512)	(435,952)	-	(808,464)	-
Principal paid on debt	(7,000)	(125,888)	-	(132,888)	-
Interest paid on debt	(2,075)	(32,326)	-	(34,401)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(381,587)</u>	<u>(594,166)</u>	<u>-</u>	<u>(975,753)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	2,252	1,817	41	4,110	37
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>2,252</u>	<u>1,817</u>	<u>41</u>	<u>4,110</u>	<u>37</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(227,514)	(172,682)	6,248	(393,948)	(65,281)
<b>Balances - Beginning</b>	<u>1,537,323</u>	<u>1,211,058</u>	<u>27,442</u>	<u>2,775,823</u>	<u>105,089</u>
<b>Balances - Ending</b>	<u>\$ 1,309,809</u>	<u>\$ 1,038,376</u>	<u>\$ 33,690</u>	<u>\$ 2,381,875</u>	<u>\$ 39,808</u>

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 1 of 2)

**CITY OF JACKSON**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2015**

	<u>Business-Type Activities - Enterprise Funds</u>				<u>Governmental</u>
	<u>Sewer Facilities</u>	<u>Treated Water</u>	<u>Other Enterprise Fund</u>	<u>Total</u>	<u>Internal Service Fund</u>
<b>RECONCILIATION OF OPERATING INCOME</b>					
<b>(LOSS) TO NET CASH PROVIDED (USED)</b>					
<b>BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 5,272	\$ 95,569	\$ (6,739)	\$ 94,102	\$ (162,843)
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	163,705	188,031	10,881	362,617	-
Decrease (increase) in:					
Accounts receivable	5,082	30,066	23	35,171	-
Prepaid insurance	-	-	-	-	97,525
Pension adjustments - deferred outflows	4,723	2,316	7	7,046	-
Increase (decrease) in:					
Accounts payable	(135,951)	96,089	118	(39,744)	-
Deposits payable	-	-	1,923	1,923	-
Compensated absences payable	(1,860)	(3,869)	-	(5,729)	-
Net pension liability	(154,528)	(75,760)	(233)	(230,521)	-
Net OPEB obligation	13,536	13,535	-	27,071	-
Pension adjustments - deferred inflows	150,306	73,690	227	224,223	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 50,285</u>	<u>\$ 419,667</u>	<u>\$ 6,207</u>	<u>\$ 476,159</u>	<u>\$ (65,318)</u>
<b>NONCASH INVESTING, CAPITAL, AND</b>					
<b>FINANCING ACTIVITIES</b>					
Amortization of deferred charge on refunding	\$ -	\$ 14,563	\$ -	\$ 14,563	\$ -
Amortization of premium	-	(1,848)	-	(1,848)	-
Amortization of discount	-	3,179	-	3,179	-

The notes to the basic financial statements are an integral part of this statement.

Continued (Page 2 of 2)

**CITY OF JACKSON**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2015**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	<u>\$ 16,590</u>
<b>Total Assets</b>	<u><u>\$ 16,590</u></u>
<b>LIABILITIES</b>	
Agency obligations	<u>\$ 16,590</u>
<b>Total Liabilities</b>	<u><u>\$ 16,590</u></u>

The notes to the basic financial statements are an integral part of this statement.

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## **Basic Financial Statements**

- **Notes to Basic Financial Statements**

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City operates under a Council form of government and provides the following services: public safety, highways and streets, sanitation, health and social services, culture-recreation, public improvements, planning and zoning, general administrative services, water, sewer, and parking.

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the primary government.

Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units are, although legally separate entities, in substance part of the City's operations and, therefore, data from these units are combined with data of the primary government. Discretely presented component units, on the other hand, would be reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

For financial reporting purposes, the City's basic financial statements include all financial activities that are controlled by or are dependent upon actions taken by the City Council. The financial statements of the individual component units may be obtained by writing to the City of Jackson, 33 Broadway, Jackson, CA 95642.

**Blended Component Units**

*City of Jackson Public Financing Authority* - The Authority was established January 8, 1990 by the execution of a Joint Exercise of Powers Agreement between the City of Jackson and the former City of Jackson Redevelopment Agency. The Authority was created for the purpose of providing financing for public capital improvements owned and operated by the City. The Authority is the lessor for the City's 2010 Water Revenue Refunding Bonds and makes debt service payments on behalf of the City. The City Council is the governing body of the Authority and because its financial and operational relationship with the City is closely integrated, the activity and debt of the Authority is reported in the Treated Water enterprise fund financial statements.

**Discretely Presented Component Units**

There are no component units of the City which meet the criteria for discrete presentation.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**A. Reporting Entity (Continued)**

**Joint Agencies**

The City is a participant in Northern California Cities Self-Insurance Fund (NCCSIF), the purpose of which is for members cities to share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by a board of directors appointed by the member cities. Complete financial information can be obtained from the Program Administrator, 600 Montgomery Street, 9<sup>th</sup> Floor, San Francisco, CA 94111. The City is not financially accountable for this organization and therefore it is not a component unit under Statement Nos. 14, 39, and 61 of the Governmental Accounting Standards Board.

**B. Basis of Presentation**

**Government-Wide Financial Statements**

The statement of net position and statement of activities display information on all of the nonfiduciary activities of the City, and its blended component units. These statements include the financial activities of the overall government, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the City. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for each different identifiable activity of the City's business-type activities 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. Program revenues include 1) charges paid by the recipients of goods and services offered by the program, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are presented instead as general revenues.

**Fund Financial Statements**

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories; each is displayed in a separate column. All remaining governmental and proprietary funds are separately aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

- The General fund is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General fund includes such activities as general government, public protection, community development, public ways and facilities, and culture and recreation services.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Basis of Presentation (Continued)**

**Fund Financial Statements (Continued)**

The City reports the following major governmental funds: (Continued)

- The HOME Grant fund is a special revenue fund used to account for the Home grant program. Funding comes primarily from grant revenues.
- The Measure “M” fund is a special revenue fund used to account for Measure “M” revenues and expenditures.

The City reports the following major proprietary funds:

- The Sewer Facilities fund is an enterprise fund used to account for activity related to providing customers with sewer service and billing for service provided by the City.
- The Treated Water fund is an enterprise fund used to account for activity related to providing customers with water service and billing for service provided by the City.

The City reports the following additional fund types:

- Internal Service funds account for the City’s self insurance programs which provide services to other departments on a cost reimbursement basis.
- Agency funds account for resources held by the City as an agent for various local governments and for individuals.

**C. Basis of Accounting and Measurement Focus**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales tax, grants, entitlements, and donations. Under the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Basis of Accounting and Measurement Focus (Continued)**

Governmental funds 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. Property and sales taxes, interest, certain state and federal grants, and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the fiscal year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in the various functions of the governmental funds. Proceeds of governmental long-term debt and acquisitions under capital leases are reported as other financing sources.

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 enterprise and internal service funds are charges to customers for sales and services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary funds include agency funds. Agency funds are reported using the accrual basis of accounting to recognize receivables and payables.

**D. Non-Current Governmental Assets/Liabilities**

Non-current governmental assets and liabilities, such as capital assets and long-term liabilities, are reported in the governmental activities column in the government-wide Statement of Net Position.

**E. Cash, Cash Equivalents, and Investments**

The City pools cash and investments of all funds except cash with fiscal agent. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Interest from pooled investments is allocated to all funds in the pool. Interest is allocated on the basis of average month end cash balance amounts for each fund as a percentage of the total balance.

Investments are reported in the accompanying balance sheet at fair value which is determined using selected bases annually. 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. Cash deposits are reported at carrying amount which reasonably estimates fair value. Managed funds not listed on an established market are reported at the estimated fair value as determined by the respective fund managers based on quoted sales prices of the underlying securities.

For purposes of the accompanying Statement of Cash Flows, the City consider all highly liquid investments, including cash with fiscal agent, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Receivables**

Receivables for governmental activities consist mainly of accounts, interest, taxes, and intergovernmental. Management believes these receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

Receivables for business-type activities consist mainly of user fees and interest. Management believes these receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

**G. Other Assets**

**Inventory**

Governmental and proprietary fund inventories are recorded as expenditures/expenses at the time inventory is purchased rather than when consumed. Records are not maintained of inventory and supplies on hand, although these amounts are not considered material.

**Prepaid Items**

Payments made for services that will benefit periods beyond June 30, 2015, are recorded as prepaid costs in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

**H. Loans Receivable**

For the purpose of the governmental fund financial statements, special revenue fund expenditures relating to long-term loans receivable arising from mortgage subsidy programs are charged to operations upon funding and the loans receivable are recorded. The balance of the long-term receivable includes loans that may be forgiven if certain terms and conditions of the loans are met. The City reported \$6,488,632 in loans receivable as of June 30, 2015.

**I. Capital Assets**

Capital assets, including public domain (infrastructure such as roads, bridges, sidewalks, water, sewer, and similar items) are defined by the City as assets with a cost greater than \$5,000 and an estimated useful life of more than two years. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is unavailable. Contributed capital assets are recorded at their estimated fair market value at the date of donation.

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful life in the government-wide financial statements. The range of estimated useful lives by type of asset is as follows:

<u>Depreciable Asset</u>	<u>Estimated Lives</u>
Equipment	5-25 years
Structures and improvements	5-50 years
Infrastructure	30-50 years

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Capital Assets (Continued)**

Maintenance and repairs are charged to operations when incurred. Betterments and major improvements which significantly increase values, change capacities or extend useful lives are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

**J. Property Tax**

Amador County assesses properties, bills, collects, and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties.

Property taxes are levied on a fiscal year (July 1 - June 30). The secured property tax assessments are due on November 1 and February 1 and become delinquent after December 10 and April 10, respectively. The unsecured property tax assessments are due on August 1 and become delinquent after August 31. Property taxes become a lien on the property effective January 1 of the preceding year.

The City recognizes property taxes when the individual installments are due provided they are collected within 30 days after year-end.

**K. Interfund Transactions**

Interfund transactions are reflected as either loans, services provided or used, reimbursements, or transfers.

Loans reported as receivables and payables are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans) as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.” Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not in spendable form.

Services provided or used, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. These services provide information on the net cost of each government function and therefore are not eliminated in the process of preparing the government-wide statement of activities.

Reimbursements occur when the funds responsible for particular expenditures or expenses repay the funds that initially paid for them. Such reimbursements are reflected as expenditures or expenses in the reimbursing fund and reductions to expenditures or expenses in the reimbursed fund.

All other interfund transactions are treated as transfers. Transfers between funds are netted as part of the reconciliation to the government-wide presentation.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. Unearned Revenue**

Under the accrual and modified accrual basis of accounting, revenue may be recognized only when it is earned. When assets are recognized in connection with a transaction before the earnings process is complete, those assets are offset by a corresponding liability for unearned revenue.

**M. Compensated Absences**

It is the City's policy to permit employees to accumulate a limited amount of earned but unused vacation and sick leave, which will be paid to employees upon separation from City service. Compensated absences liability is typically liquidated by the General fund for all non proprietary fund compensated absences. In the government-wide and proprietary fund financial statements, the accrued compensated absences is reported as an expense and related liability. In the governmental fund financial statements, the expenditures and liabilities related to those obligations are recognized only when they mature.

**N. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. 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.

**O. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category. This item relates to the pension adjustments and is reportable on the Statement of Net Position.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources ( revenue) until that time. The City has two types of items which qualify for reporting in this category. One item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues for receivables that have not been received within the modified accrual period. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The other item relates to the pension adjustments and is reportable on the Statement of Net Position.

**P. Estimates**

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Implementation of Governmental Accounting Standards Board Statements (GASB)**

The following Governmental Accounting Standards Board (GASB) Statements have been implemented, if applicable, in the current financial statements.

**Statement No. 68**, Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27. This statement improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

**Statement No. 69**, Government Combinations and Disposals of Government Operations. This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

**Statement No. 71**, Pension Transition for Contributions made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68. This statement addresses an issue regarding application of the transition provisions of Statement No. 68.

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Restatement of Net Position**

Adjustments resulting from errors or a change to comply with provisions of the accounting standards are treated as adjustments to prior periods. Accordingly, the City reports these changes as restatements of beginning net position. During the current year a prior period adjustment was made to reflect the prior period costs related to implementing the net pension liability as required by GASB Statement No. 68.

The impact of the restatements on the net position on the government-wide financial statements as previously reported is presented below:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, June 30, 2014, as previously reported	\$ 21,162,813	\$ 11,548,747
Adjustment associated with:		
Net pension liability adjustment	( 3,240,261)	( 1,260,121)
Total Adjustments	( 3,240,261)	( 1,260,121)
Net Position, July 1, 2014, as restated	<u>\$ 17,922,552</u>	<u>\$ 10,288,626</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)**

**A. Restatement of Net Position (Continued)**

The impact of the restatements on the net position on the fund financial statements as previously reported is presented below:

	<u>Sewer Facilities</u>	<u>Treated Water</u>	<u>Other Enterprise Funds</u>
Net Position, June 30, 2014, as previously reported	\$ 5,541,203	\$ 5,427,513	\$ 497,673
Adjustment associated with:			
Net pension liability adjustment	( 844,711)	( 414,133)	( 1,277)
Total Adjustments	( 844,711)	( 414,133)	( 1,277)
Net Position, July 1, 2014, as restated	<u>\$ 4,696,492</u>	<u>\$ 5,013,380</u>	<u>\$ 496,396</u>

**B. Deficit Fund Balance/Net Position**

The following nonmajor capital projects funds had deficit fund balances:

The South Avenue Bridge had a fund balance deficit of \$22,551, which is expected to be eliminated in future years through grant revenues.

The Pitt Street Bridge fund had a fund balance deficit of \$45,194, which is expected to be eliminated in future years through grant revenues.

The French Bar Bridge fund had a fund balance deficit of \$50,041, which is expected to be eliminated in future years through grant revenues.

The Kennedy Wheels TEA fund had a fund balance deficit of \$37,277, which is expected to be eliminated in the future through grant revenues.

The Sutter Street fund had a fund balance deficit of \$3,928, which is expected to be eliminated in future years through grant revenues.

The Oro de Amador Fund had a fund balance deficit of \$22,082, which is expected to be eliminated in the future through grant revenues.

The following nonmajor enterprise fund had a deficit net position:

The Utility Deposits fund had a net position deficit of \$9,991, which is expected to be eliminated in future years through increased user charges.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 3: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2015, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 3,385,251
Business-type activities	2,381,875
Agency Funds	<u>16,590</u>
Total Cash and Investments	<u><u>\$ 5,783,716</u></u>

As of June 30, 2015, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 510
Deposits (less outstanding checks)	2,278,425
Deposits with fiscal agents	<u>119,894</u>
Total Cash	<u>2,398,829</u>
Investments:	
Local Agency Investment Fund	<u>3,384,887</u>
Total Investments	<u>3,384,887</u>
Total Cash and Investments	<u><u>\$ 5,783,716</u></u>

**B. Cash**

At year end, the carrying amount of the City's cash deposits (including amount in checking accounts, savings accounts, and deposits with fiscal agents) was \$2,398,319 and the bank balance was \$2,589,331. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. In addition, the City had cash on hand of \$510.

Custodial Credit Risk for Deposits - Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. The City's investment policy requires that deposits in banks must meet the requirements of California Government Code. Under this code, deposits of more than \$250,000 must be collateralized at 105 percent to 150 percent of the value of the deposit to guarantee the safety of the public funds. The first \$250,000 of the City's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits more than the \$250,000 insured amount are collateralized.

**C. Investments**

Pursuant to Section 53646 of the Government Code, the City prepares an investment policy annually and presents it to the City Council for review and approval.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

The investment policy provides the basis for the management of a prudent, conservative investment program. Funds are invested to provide the maximum security of principal with secondary emphasis on achieving the highest return, while meeting daily cash flow needs. All investments are made in accordance with the Government Code and, in general, the investment policy is more restrictive than state law. Under the provisions of the City's investment policy the City may invest or deposit in the following:

- Local Agency Investment Fund (LAIF)
- Money Market Funds
- Nonnegotiable Certificates of Deposit
- Securities of the Federal Government or its Agencies

**Interest Rate Risk** - Interest rate risk is the risk of loss due to the fair value of an investment falling due to interest rates rising. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. To limit exposure to fair value losses resulting from increases in interest rates, the City's investment policy limits investment maturities to a term appropriate to the need for funds so as to permit the City to meet all projected obligations.

As of June 30, 2015, the City had the following investments all of which had a maturity of 5 years or less:

Investment Type	Interest Rates	Maturities		Fair Value	Weighted Average Maturity (Years)
		0-1 year	1-5 years		
Local Agency Investment Fund (LAIF)	Variable	\$ 3,384,887	\$ -	\$ 3,384,887	\$ -
Total Investments		<u>\$ 3,384,887</u>	<u>\$ -</u>	<u>\$ 3,384,887</u>	<u>\$ -</u>

**Credit Risk** - Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy sets specific parameters by type of investment to be met at the time of purchase. As of June 30, 2015, the City investments were all pooled with the State of California Local Agency Investment Fund which is not rated by a nationally recognized statistical rating organization.

**Custodial Credit Risk for Investments** - Custodial credit risk for investments is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or collateral securities that are in the possession of an outside party. To mitigate the custodial credit risk the City's investment policy requires that all of its managed investments shall be held in the name of the City in safekeeping by a third party bank trust department. Custodial credit risk does not apply to local government's indirect investments in securities through the use of mutual funds or government investment pools.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 3: CASH AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of the City's investment in a single issuer of securities. When investments are concentrated in one issuer, this concentration presents a heightened risk of potential loss. The City's investment policy contains limitations on the amount that can be invested in any one issuer. As of June 30, 2015, the City investments were all pooled with the State of California Local Agency Investment Fund which holds a diversified portfolio of high quality investments.

**D. Investment in External Investment Pools**

Investment in Local Agency Investment Fund - The City of Jackson is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute. Investments in LAIF are available on demand and are stated at amortized cost, which approximates fair value. The fair value of the City's position in the pool is the same as the value of the pooled shares. At June 30, 2015 the City's investment position in LAIF was \$3,384,887. The total amount invested by all public agencies in LAIF on that day was \$69,606,487,716. Of that amount, 97.92% is invested in non-derivative financial products and 2.08% in structured notes and asset-backed securities.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2015, was as follows:

**Governmental Activities**

	Balance				Balance
	<u>July 1, 2014</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>June 30, 2015</u>
Capital Assets, Not Being Depreciated:					
Land	\$ 1,472,252	\$ -	\$ -	\$ -	\$ 1,472,252
Construction in progress	<u>1,684,706</u>	<u>268,633</u>	<u>-</u>	<u>( 976,684)</u>	<u>976,655</u>
Total Capital Assets, Not Being Depreciated	<u>3,156,958</u>	<u>268,633</u>	<u>-</u>	<u>( 976,684)</u>	<u>2,448,907</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	3,220,574	-	( 22,003)	976,684	4,175,255
Equipment	2,692,110	128,162	( 31,838)	-	2,788,434
Infrastructure	<u>14,385,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,385,025</u>
Total Capital Assets, Being Depreciated	<u>20,297,709</u>	<u>128,162</u>	<u>( 53,841)</u>	<u>976,684</u>	<u>21,348,714</u>
Less Accumulated Depreciation For:					
Buildings and improvements	( 1,777,353)	( 66,644)	22,003	-	( 1,821,994)
Equipment	( 1,971,675)	( 152,196)	31,838	-	( 2,092,033)
Infrastructure	<u>( 8,087,351)</u>	<u>( 260,409)</u>	<u>-</u>	<u>-</u>	<u>( 8,347,760)</u>
Total Accumulated Depreciation	<u>( 11,836,379)</u>	<u>( 479,249)</u>	<u>53,841</u>	<u>-</u>	<u>( 12,261,787)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,461,330</u>	<u>( 351,087)</u>	<u>-</u>	<u>976,684</u>	<u>9,086,927</u>
Governmental Activities Capital Assets, Net	<u>\$11,618,288</u>	<u>(\$ 82,454)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,535,834</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 4: CAPITAL ASSETS (CONTINUED)**

**Business-Type Activities**

	Balance				Balance
	July 1, 2014	Additions	Retirements	Transfers	June 30, 2015
Capital Assets, Not Being Depreciated:					
Land	\$ 165,263	\$ -	\$ -	\$ -	\$ 165,939
Construction in Progress	<u>273,200</u>	<u>738,932</u>	<u>( 233)</u>	<u>( 997,124)</u>	<u>14,775</u>
Total Capital Assets, Not Being Depreciated	<u>438,463</u>	<u>738,932</u>	<u>( 233)</u>	<u>( 997,124)</u>	<u>180,038</u>
Capital Assets, Being Depreciated:					
Buildings and improvements	3,691,802	-	-	-	3,691,802
Equipment	1,715,250	9,026	-	-	1,724,276
Infrastructure	<u>12,916,682</u>	<u>60,739</u>	<u>-</u>	<u>997,124</u>	<u>13,974,545</u>
Total Capital Assets, Being Depreciated	<u>18,323,734</u>	<u>69,765</u>	<u>-</u>	<u>997,124</u>	<u>19,390,623</u>
Less Accumulated Depreciation For:					
Buildings and improvements	( 2,065,126)	( 75,718)	-	-	( 2,140,844)
Equipment	( 1,527,228)	( 37,181)	-	-	( 1,564,409)
Infrastructure	<u>( 5,009,415)</u>	<u>( 249,718)</u>	<u>-</u>	<u>-</u>	<u>( 5,259,133)</u>
Total Accumulated Depreciation	<u>( 8,601,769)</u>	<u>( 362,617)</u>	<u>-</u>	<u>-</u>	<u>( 8,964,386)</u>
Total Capital Assets, Being Depreciated, Net	<u>9,721,965</u>	<u>( 292,852)</u>	<u>-</u>	<u>997,124</u>	<u>10,426,237</u>
Business-Type Activities Capital Assets, Net	<u>\$ 10,160,428</u>	<u>\$ 446,080</u>	<u>(\$ 233)</u>	<u>\$ -</u>	<u>\$ 10,606,275</u>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 32,939
Public protection	152,656
Public ways and facilities	266,843
Culture and recreation	<u>26,811</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 479,249</u>

Depreciation expense was charged to the business-type functions as follows:

Sewer Facilities	\$ 163,705
Treated Water	188,031
Parking	<u>10,881</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 362,617</u>

**Construction in Progress**

Construction in progress for governmental activities relates primarily to work performed on street and bridge projects.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 5: INTERFUND TRANSACTIONS**

**Due To/From Other Funds**

During the course of operations, transactions occur between funds to account for goods received or services rendered. These receivables and payables are classified as due from or due to other funds. In addition, when funds overdraw their share of pooled cash, the receivables and payables are also classified as due from or due to other funds. The following are due to and due from balances as of June 30, 2015:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor Governmental Funds	\$ -	\$ 142,286
Sewer Facilities	<u>142,286</u>	<u>-</u>
Total	<u>\$ 142,286</u>	<u>\$ 142,286</u>

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various City operation and re-allocations of special revenues. The following are the interfund transfers for fiscal year ended June 30, 2015:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 320,422	\$ 88,900
Nonmajor Governmental Funds	<u>-</u>	<u>231,522</u>
Total	<u>\$ 320,422</u>	<u>\$ 320,422</u>

**NOTE 6: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2015:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	\$ 300,554	\$ 159,946	(\$ 123,686)	\$ 336,814	\$ 134,725
Net Pension Liability	-	3,657,978*	( 700,580)	2,957,398	-
Net OPEB Obligation	<u>472,753</u>	<u>106,727</u>	<u>( 20,998)</u>	<u>558,482</u>	<u>-</u>
Total Governmental Activities	<u>\$ 773,307</u>	<u>\$ 3,924,651</u>	<u>(\$ 845,264)</u>	<u>\$ 3,852,694</u>	<u>\$ 134,725</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

<u>Type of Indebtedness</u>	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance June 30, 2015</u>	<u>Amounts Due Within One Year</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 23,992	\$ 33,246	(\$ 38,975)	\$ 18,263	\$ 13,511
Customer Advances	704,991	-	( 42,219)	662,772	42,220
Bonds	1,005,000	-	( 92,000)	913,000	92,000
Plus: Bond Premium	18,482	-	( 1,848)	16,634	1,848
Less Deferred Amounts:					
Unamortized Discount	( 31,787)	-	3,179	( 28,608)	( 3,179)
Bonds (Net)	991,695	-	( 90,669)	901,026	90,669
Net Pension Liability	-	1,345,245*	( 230,521)	1,114,724	-
Net OPEB Obligation	131,876	33,702	( 6,631)	158,947	-
Total Business-type Activities	<u>\$ 1,852,554</u>	<u>\$ 1,412,193</u>	<u>(\$ 409,015)</u>	<u>\$ 2,855,732</u>	<u>\$ 146,400</u>

\*In accordance with GASB 68, the net pension liability is recorded as a restatement of beginning net position. The adjustment to long-term liabilities is the total adjustment less the adjustments to deferred outflows and deferred inflows of resources.

Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred, which is primarily the General fund. The net pension liability is generally liquidated by the fund where the accrued liability occurred, which is primarily the General fund. The net other postemployment benefit obligation (OPEB) for the governmental activities is generally liquidated by the fund where the accrued liability occurred, which is primarily the General fund.

For business-type activities, all debt is accounted for in the proprietary fund where the liability occurred.

Individual issues of debt payable outstanding at June 30, 2015, are as follows:

**Business-Type Activities**

Customer Advances:

Frontier Communications, payable in annual installments of \$13,841 to \$42,220 as part of the purchase agreement for Jackson Water Works, Inc. the City agreed to pay an amount equal to the annual refunds. Jackson Water Works, Inc. was obligated to pay pursuant to "Main Extension Contracts" executed after June 10, 1992.	<u>\$ 662,772</u>
Total Customer Advances	<u>662,772</u>

Bonds:

1979 Sewer Expansion Bonds, dated September 12, 1979, payable in annual installments of \$7,000 to \$17,000, with an interest rate of 5.0% and maturity on January 1, 2019. The bonds were used to fund the sewer expansion.	38,000
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**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 6: LONG-TERM LIABILITIES (CONTINUED)**

**Business-Type Activities**

Bonds:

2010 Water Revenue Refunding Bonds, dated February 10, 2010, payable in annual installments of \$85,000 to \$330,000, with an interest rate of 2.0% to 4.0% and maturity on September 1, 2023. The bonds were used to refund the 1998 Water Revenue Refunding Bonds.	<u>875,000</u>
	<u>913,000</u>
Total Bonds	<u><u>\$ 1,575,722</u></u>
Total Business-Type Activities	

Following is a schedule of debt payment requirements to maturity for long term debt, excluding compensated absences that have indefinite maturities, net pension liability which is reported in Note 10 and net OPEB obligation which is reported in Note 11.

**Business-Type Activities**

<u>Year Ended June 30</u>	Customer Advances		
	Principal	Interest	Total
2016	\$ 42,220	\$ -	\$ 42,220
2017	42,220	-	42,220
2018	42,220	-	42,220
2019	42,220	-	42,220
2020	42,220	-	42,220
2021-2025	211,098	-	211,098
2026-2030	203,007	-	203,007
2031-2032	<u>37,567</u>	<u>-</u>	<u>37,567</u>
Total	<u><u>\$ 662,772</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 662,772</u></u>

<u>Year Ended June 30</u>	Bonds		
	Principal	Interest	Total
2016	\$ 92,000	\$ 30,595	\$ 122,595
2017	92,000	28,014	120,014
2018	97,000	25,145	122,145
2019	107,000	21,755	128,755
2020	100,000	18,165	118,165
2021-2024	<u>425,000</u>	<u>34,410</u>	<u>459,410</u>
Total	<u><u>\$ 913,000</u></u>	<u><u>\$ 158,084</u></u>	<u><u>\$ 1,071,084</u></u>

**NOTE 7: PRIOR ADVANCE REFUNDING**

The City of Jackson has defeased 1992 Certificates of Participation with an original issue amount of \$1,840,000. Proceeds of new debt was placed in an irrevocable trust to provide for all future debt service payments on the old debt. The escrow account assets and the liability for the defeased debt are not included in the City's financial statements. At June 30, 2015, the defeased debt outstanding but not shown in these financial statements was \$945,000.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 8: NET POSITION**

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net investment in capital assets** - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- **Restricted net position** - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

**Net Position Restricted by Enabling Legislation**

The government-wide Statement of Net Position reports \$11,450,722 of restricted net position, of which \$2,794,912 is restricted by enabling legislation.

**Net Position Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted net position are available, it is considered that restricted resources are used first, followed by the unrestricted resources.

**NOTE 9: FUND BALANCES**

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2015, fund balance for governmental funds is made up of the following:

- **Nonspendable fund balance** - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: inventories and prepaid amounts.
- **Restricted fund balance** - amounts with constraints placed on their use that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 9: FUND BALANCES (CONTINUED)**

- **Committed fund balance** - amounts that can only be used for the specific purposes determined by formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision making authority for the City that can, by adoption of an ordinance commit fund balance. Once adopted, the limitation imposed remains in place until a similar action is taken to remove or revise the limitation. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.
- **Assigned fund balance** - amounts that are constrained by the City's intent to be used for specific purposes. The intent can be established at either the highest level of decision-making, or by a body or an official designated for that purpose.
- **Unassigned fund balance** - the residual classification for the City's General fund that includes all amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

The fund balances for all major and nonmajor governmental funds as of June 30, 2015, were distributed as follows:

	General	HOME Grant	Measure M	Other Govern- mental Funds	Total
<b>Restricted For:</b>					
Measure E	\$ 284,559	\$ -	\$ -	\$ -	\$ 284,559
Argonaut Heights	-	-	-	4,990	4,990
Essential services	-	-	-	494,853	494,853
Measure M	-	-	787,691	-	787,691
Recycling Promo	-	-	-	3,825	3,825
Parkland	-	-	-	649,673	649,673
SLESF	-	-	-	706	706
Streets and Bridges	-	-	-	852,179	852,179
Argonaut Lane Improvements	-	-	-	35,836	35,836
New York Ranch Rd Forfeiture	-	-	-	2,406	2,406
Community development	-	3,328,225	-	3,268,111	6,596,336
Capital Projects	-	-	-	202	202
Subtotal	<u>284,559</u>	<u>3,328,225</u>	<u>787,691</u>	<u>5,312,781</u>	<u>9,713,256</u>
<b>Committed to:</b>					
Corporate yard sinking fund	49,000	-	-	-	49,000
Computer sinking fund	9,000	-	-	-	9,000
Park equipment sinking fund	51,000	-	-	-	51,000
Subtotal	<u>109,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,000</u>
<b>Assigned</b>					
Recreation	2,620	-	-	-	2,620
HES Signs	-	-	-	12,516	12,516
Street stripe	-	-	-	2,994	2,994
Subtotal	<u>2,620</u>	<u>-</u>	<u>-</u>	<u>15,510</u>	<u>18,130</u>
<b>Unassigned</b>	<u>251,100</u>	<u>-</u>	<u>-</u>	<u>( 181,073)</u>	<u>70,027</u>
<b>Total</b>	<u>\$ 647,279</u>	<u>\$ 3,328,225</u>	<u>\$ 787,691</u>	<u>\$ 5,147,218</u>	<u>\$ 9,910,413</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 9: FUND BALANCES (CONTINUED)**

**Fund Balance Flow Assumption**

When a government funds outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance), a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted fund balance are available, it is considered that restricted fund balance is depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

**Fund Balance Policy**

The City Council adopted the City of Jackson fund balance policy in January 2013. The policy establishes procedures for reporting fund balance classifications. The policy also provides for a measure of financial protection for the City against unforeseen circumstances and to comply with GASB Statement No. 54.

**NOTE 10: PENSION PLANS**

**A. General Information about the Pension Plans**

All qualified permanent and probationary employees are eligible to participate in the City's separate Safety police, Safety fire, and Miscellaneous (all other) Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Effective January 1, 2013, the City added retirement tiers for both Miscellaneous and Safety Plans for new employees as required under the Public Employee Pension Reform Act (PEPRA). New employees hired on or after January 1, 2013 will be subject to new, lower pension formulas, caps on pensionable income levels and new definitions of pensionable income. In addition, new employees will be required to contribute half of the total normal cost of the pension benefit unless impaired by an existing Memorandum of Understanding. The cumulative effect of these PEPRA changes will ultimately reduce the City's retirement costs. As of the valuation date there were no Miscellaneous PEPRA or Safety PEPRA employees.

**Summary of Plans and Eligible Participants**

Open for New Enrollment

Miscellaneous PEPRA	Miscellaneous members hired on or after January 1, 2013
Safety PEPRA	Safety police members hired on or after January 1, 2013

Closed to New Enrollment

Miscellaneous	Miscellaneous members hired before January 1, 2013
Safety Police	Safety police members hired before January 1, 2013
Safety Fire	Safety fire members hired before January 1, 2013

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10: PENSION PLANS (CONTINUED)**

**A. General Information about the Pension Plans (Continued)**

**Benefits Provided**

CalPers provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Retirement benefits are paid monthly for life. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Each Plan's specific provisions and benefits in effect at June 30, 2015, are summarized as follows:

	<u>Benefit Formula</u>	<u>Retirement Age</u>	<u>Monthly Benefits as a % of Eligible Compensation</u>
Miscellaneous	2.5% @ 55	55	2.5%
Miscellaneous PEPRA	2.0% @ 62	62	2.0%
Safety Police	3.0% @ 50	50	3.0%
Safety Fire	2.0% @ 50	50	2.0%
Safety PEPRA	2.7% @ 57	57	2.7%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

	<u>Employer Contribution Rates</u>	<u>Employee Contribution Rates</u>	<u>Employer Paid Member Contribution Rates</u>
Miscellaneous First Tier	26.898%	7.000%	0.000%
Miscellaneous PEPRA	6.250%	6.250%	0.000%
Safety Police	51.961%	9.000%	3.500%
Safety Fire	23.237%	9.000%	0.000%
Safety PEPRA	11.500%	11.500%	0.000%

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10: PENSION PLANS (CONTINUED)**

**A. General Information about the Pension Plans (Continued)**

**Contributions (Continued)**

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 210,476	\$ -
Safety Police	249,051	16,649
Safety Fire	43,315	-

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

The City's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Proportion June 30, 2013</u>	<u>Proportion June 30, 2014</u>	<u>Change - Increase (Decrease)</u>
Miscellaneous	.04126%	.04429%	(.00303%)
Safety Police	.02032%	.02066%	.00034%
Safety Fire	.00049%	.00049%	.00000%

As of June 30, 2015, the City reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 2,756,209
Safety Police	1,285,394
Safety Fire	30,519
Total Net Pension Liability	<u>\$ 4,072,122</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10: PENSION PLANS (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

For the year ended June 30, 2015, the City recognized pension expense of \$398,933. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 449,128	\$ -
Differences between projected and actual earnings on pension plan investments	-	( 920,411)
Difference between City contributions and proportionate share of contributions	99,164	-
Adjustment due to differences in proportions	-	( 5,944)
Total	\$ 548,292	(\$ 926,355)

\$449,128 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2016	(\$ 196,808)
2017	( 196,808)
2018	( 203,471)
2019	( 230,104)
Thereafter	-
Total	(\$ 827,191)

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10: PENSION PLANS (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	2.75%
Projected Salary Increase	3.30% to 14.20% (1)
Investment Rate of Return	7.50% (2)
Mortality	(3)

- (1) Depending on age, service, and type of employment
- (2) Net of pension plan investment and administrative expenses, including inflation
- (3) Derived using CalPERS membership data for all funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at the CalPERS website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses.

Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10: PENSION PLANS (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

**Discount Rate (Continued)**

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10(a)</u>	<u>Real Return Years 11+(b)</u>
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 10: PENSION PLANS (CONTINUED)**

**B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)**

**Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the City’s proportionate share of the net pension liability for each Plan as of the measurement date, calculated using the discount rate for each Plan, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease <u>6.50%</u>	Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
Miscellaneous	\$ 4,235,174	\$ 2,756,209	\$ 1,528,810
Safety Police	2,109,968	1,285,394	605,980
Safety Fire	50,848	30,519	13,769

**Pension Plan Fiduciary Net Position**

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**A. Plan Description**

The City provides a defined benefit healthcare plan (the “Retiree Health Plan”). The Retiree Health Plan provides lifetime healthcare insurance for eligible retirees through the CalPERS Health Benefit Program, which covers both active and retired members. Spouses are also covered throughout his or her life. The City pays \$175 per month to CalPERS toward health insurance premiums.

**B. Funding Policy**

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the City’s funding policy is to continue to pay healthcare premiums for retirees as they fall due. The City has elected not to establish an irrevocable trust at this time.

The City Council reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City.

**C. Annual OPEB Cost and Net OPEB Obligation**

The City’s annual other postemployment benefits (OPEB) cost is calculated based on the annual required contribution(ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities over a period not to exceed the remaining period of 30 years.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**C. Annual OPEB Cost and Net OPEB Obligation (Continued)**

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation.

Annual required contribution	\$ 141,235
Interest on net OPEB obligation	27,216
Adjustment to annual required contribution	( 28,021)
Annual OPEB cost	140,430
Contributions Made	( 27,630)
Increase in net OPEB obligation	112,800
Net OPEB Obligation Beginning	<u>604,629</u>
 Net OPEB Obligation Ending	 <u>\$ 717,429</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and prior two years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligations
June 30, 2013	\$ 140,723	\$ 30,800	21.89%	\$ 495,027
June 30, 2014	140,577	30,975	22.03%	604,629
June 30, 2015	140,430	27,630	19.67%	717,429

**D. Funded Status and Funding Progress**

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0.0 percent funded. The actuarial accrued liability was \$1,561,541, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,561,541. The covered payroll (annual payroll of employees covered by the plan) was \$1,608,318, and the ratio of the UAAL to the covered payroll was 97.09%.

Actuarial valuations of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the City are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**E. Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 11: OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)**

**E. Actuarial Methods and Assumptions (Continued)**

The following simplifying assumptions were made:

Retirement age for active employees - based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Mortality - Life expectancies at the calculation date are based on the most recent mortality tables published by the National Center for Health Statistics website ([www.cdc.gov](http://www.cdc.gov)). The calculation of OPEB liability for each year is based on the assumption that all participants will live until their expected age as displayed in the mortality tables.

Turnover - The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in paragraph 35 of GASB Statement No. 45. In addition, the expected future working lifetimes of employees were determined using Table 2 in paragraph 35c of GASB Statement No. 45.

Healthcare cost trend rate - Healthcare cost trend rates were selected based on a combination of national and state trend surveys as well as professional judgment. The ultimate trend rate was 6.4%.

Health insurance premiums - 2012 health insurance premiums for retirees were used as a basis for calculation of the present value of total benefits to be paid. An employee is assumed to continue with the same medical plan upon retirement. If an employee waived medical coverage, then such waiver is assumed to continue into retirement.

Medicare coordination - Medicare was assumed as the primary payer for current and future retirees at age 65.

Payroll increase - changes in payroll for current employees are expected to increase at a rate of approximately 2.0% annually.

Discount rate - The calculation uses an annual discount rate of 4.5%. This is based on the assumed long-term return on plan assets or employer assets.

Actuarial Cost Method - The entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at July 1, 2013 was thirty years.

**F. Plan for Funding**

On an ongoing basis, the City will be reviewing its assumptions, comparing them against actual experience and recalculating the needed funding with the goal of paying for postemployment benefits out of interest earned on designated funds.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 12: RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has a Risk Management fund (internal service fund) to account for and finance its uninsured risks of loss for workers' compensation and liability.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that 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.

There are no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverages for each of the past three fiscal years.

The City is a member of Northern California Cities Self Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self insured \$25,000 retention for liability and the self insured \$100,000 retention for workers compensation. The NCCSIF is composed of 22 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The City pays an annual premium to NCCSIF for its insurance coverage.

NCCSIF is a joint powers agency organized in accordance with Article 1, Chapter 5, Division 7, Title 1 of the California Government Code. The purpose is to create a common pool of funds to be used to meet obligations of the parties to provide workers' compensation benefits for their employees and to provide excess liability insurance. The Authority provides claims processing administrative services, risk management services, and actuarial studies. It is governed by a member from each city. The City of Jackson council members do not have significant oversight responsibility, since they evenly share all factors of responsibility with the other cities. However, ultimate liability for payment of claims and insurance premiums resides with member cities. The Authority is empowered to make supplemental assessments as needed to eliminate deficit positions of member cities. If the JPA becomes insolvent, the City is responsible only to the extent of any deficiency in its equity balance.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances of each equity.

The Authority establishes claims liabilities based on estimates of the ultimate cost of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claims costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2015**

**NOTE 12: RISK MANAGEMENT (CONTINUED)**

The participants as of June 30, 2015 were as follows:

- Anderson
- Auburn
- Colusa
- Corning
- Dixon
- Elk Grove
- Folsom
- Galt
- Gridley
- Ione
- Jackson
- Lincoln
- Marysville
- Nevada City
- Oroville
- Paradise
- Placerville
- Red Bluff
- Rio Vista
- Rocklin
- Willows
- Yuba City

The City's investment in the NCCSIF of \$88,616 is recorded in the Internal Service fund as prepaid insurance. The net change is shown as an income or expense item in the Internal Service fund.

**NOTE 13: OTHER INFORMATION**

**A. Contingencies**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the appreciable 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.

**B. Subsequent Events**

Management has evaluated events subsequent to June 30, 2015 through March 7, 2016, the date on which the financial statements were available for issuance. Management has determined no subsequent events requiring disclosure have occurred.

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**Required Supplementary Information  
(Unaudited)**

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**CITY OF JACKSON**  
**Required Supplementary Information**  
**City Pension Plans**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2015**  
**Last 10 Years\***

	<b>2015</b>
<b>Miscellaneous Plan</b>	
Proportion of the net pension liability	0.04429%
Proportionate share of the net pension liability	\$ 2,756,209
Covered employee payroll	902,696
Proportionate share of the net pension liability as a percentage of covered employee payroll	305.33%
Plan fiduciary net position as a percentage of the total pension liability	75.28%
<b>Safety Police Plan</b>	
Proportion of the net pension liability	0.02066%
Proportionate share of the net pension liability	\$ 1,285,394
Covered employee payroll	503,799
Proportionate share of the net pension liability as a percentage of covered employee payroll	255.14%
Plan fiduciary net position as a percentage of the total pension liability	79.12%
<b>Safety Fire Plan</b>	
Proportion of the net pension liability	0.00049%
Proportionate share of the net pension liability	\$ 30,519
Covered employee payroll	185,209
Proportionate share of the net pension liability as a percentage of covered employee payroll	16.48%
Plan fiduciary net position as a percentage of the total pension liability	79.89%

\* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only one year is shown.

**CITY OF JACKSON**  
**Required Supplementary Information**  
**City Pension Plans**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2015**  
**Last 10 Years\***

	<b>2015</b>
<b>Miscellaneous Plan</b>	
Contractually required contribution (actuarially determined)	\$ 210,476
Contributions in relation to the actuarially determined contributions	(210,476)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 902,696
Contributions as a percentage of covered employee payroll	23.32%
 <b>Safety Police Plan</b>	
Contractually required contribution (actuarially determined)	\$ 249,051
Contributions in relation to the actuarially determined contributions	(249,051)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 503,799
Contributions as a percentage of covered employee payroll	49.43%
 <b>Safety Fire Plan</b>	
Contractually required contribution (actuarially determined)	\$ 43,315
Contributions in relation to the actuarially determined contributions	(43,315)
Contribution deficiency (excess)	\$ -
Covered employee payroll	\$ 185,209
Contributions as a percentage of covered employee payroll	23.39%

\* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only one year is shown.

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Notes to City Pension Plans**  
**For the Year Ended June 30, 2015**

**NOTE 1: SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

There were no changes in assumptions or benefits in calculating the net pension liability.

**NOTE 2: SCHEDULE OF CONTRIBUTIONS**

Methods and assumptions used to determine the contribution rates for the Miscellaneous Plan were as follows:

Valuation Date	June 30, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	21 years as of the valuation date
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.3% to 14.2% depending on age, service, and type of employment
Investment rate of return	7.5%, net of pension plan investment and administrative expense, including inflation
Retirement age	50-62 years

Methods and assumptions used to determine the contribution rates for the Safety Plan were as follows:

Valuation Date	June 30, 2011
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	16 years
Asset valuation method	15-year smoothed market
Inflation	2.75%
Salary increases	3.3% to 14.2% depending on age, service, and type of employment
Investment rate of return	7.5%, net of pension plan investment and administrative expense, including inflation
Retirement age	50-57 years

**CITY OF JACKSON**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Schedule of Funding Progress**  
**For the Year Ended June 30, 2015**

**SCHEDULE OF FUNDING PROGRESS**

The Schedule of Funding Progress - Other Postemployment Benefits (OPEB) provides a consolidated snapshot of the City's ability to meet current and future liabilities with the plan assets. Of particular interest to most is the funded status ratio. This ratio conveys a plan's level of assets to liabilities, an important indicator to determine the financial health of the OPEB plan. The closer the plan is to a 100% funded status, the better position it will be in to meet all of its future liabilities.

The table below shows a three year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll for the City OPEB plan.

Miscellaneous Plan:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL As a % of Covered Payroll</u>	
July 1, 2009	\$	-	\$ 1,556,377	\$ 1,556,377	0.0%	\$ 1,851,938	84.04%
July 1, 2011		-	1,604,241	1,604,241	0.0%	1,618,992	99.09%
July 1, 2013		-	1,561,541	1,561,541	0.0%	1,608,318	97.09%

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 2,100,863	\$ 2,100,863	\$ 2,095,729	\$ (5,134)
Licenses and permits	140,425	140,425	123,706	(16,719)
Fines and forfeitures	9,200	9,200	10,103	903
Use of money and property	14,500	14,500	25,230	10,730
Intergovernmental	373,799	380,752	488,482	107,730
Charges for services	498,675	498,600	490,344	(8,256)
Other revenues	51,470	51,470	13,521	(37,949)
<b>Total Revenues</b>	<u>3,188,932</u>	<u>3,195,810</u>	<u>3,247,115</u>	<u>51,305</u>
<b>EXPENDITURES</b>				
Current:				
General government	821,637	821,637	860,377	(38,740)
Public protection	1,764,783	1,771,736	1,891,584	(119,848)
Public ways and facilities	444,196	444,196	561,481	(117,285)
Culture and recreation	235,663	235,663	252,633	(16,970)
Capital outlay	139,963	139,963	130,690	9,273
<b>Total Expenditures</b>	<u>3,406,242</u>	<u>3,413,195</u>	<u>3,696,765</u>	<u>(283,570)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(217,310)</u>	<u>(217,385)</u>	<u>(449,650)</u>	<u>(232,265)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	328,804	328,804	320,422	(8,382)
Transfers out	(84,454)	(84,454)	(88,900)	(4,446)
Proceeds from sale of assets	-	-	12,000	12,000
<b>Total Other Financing Sources (Uses)</b>	<u>244,350</u>	<u>244,350</u>	<u>243,522</u>	<u>(828)</u>
<b>Net Change in Fund Balance</b>	27,040	26,965	(206,128)	(233,093)
<b>Fund Balance - Beginning</b>	<u>853,407</u>	<u>853,407</u>	<u>853,407</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 880,447</u>	<u>\$ 880,372</u>	<u>\$ 647,279</u>	<u>\$ (233,093)</u>

**Reconciliation of Net Changes in Fund Balances - Budgetary to GAAP Basis:**

**Net Change in Fund Balance - Budgetary Basis** \$ (206,128)

The amount reported in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances was different because:

Expenditure reimbursements were included as charges for services for budgetary purposes, but are a reduction of expenditures for financial reporting purposes.

Charges for services	(418,410)
General government	418,410
	<u>418,410</u>

**Net Change in Fund Balance - Statement of Revenues, Expenditures, and Changes in Fund Balances** \$ (206,128)

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Measure M - Major Special Revenue Fund**  
**For the Year Ended June 30, 2015**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 470,000	\$ 470,000	\$ 540,454	\$ 70,454
Use of money and property	1,500	1,500	1,244	(256)
<b>Total Revenues</b>	<u>471,500</u>	<u>471,500</u>	<u>541,698</u>	<u>70,198</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>508,549</u>	<u>508,549</u>	<u>579,081</u>	<u>(70,532)</u>
<b>Total Expenditures</b>	<u>508,549</u>	<u>508,549</u>	<u>579,081</u>	<u>(70,532)</u>
<b>Net Change in Fund Balance</b>	(37,049)	(37,049)	(37,383)	(334)
<b>Fund Balance - Beginning</b>	<u>825,074</u>	<u>825,074</u>	<u>825,074</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ 788,025</u>	<u>\$ 788,025</u>	<u>\$ 787,691</u>	<u>\$ (334)</u>

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2015**

**BUDGETARY BASIS OF ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year. The City presents a comparison of annual budgets to actual results for the General fund and major special revenue fund. The amounts reported on the budgetary basis are generally on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The City did not legally adopt a budget for the HOME Grant major special revenue fund.

The following procedures are performed by the City in establishing the budgetary data reflected in the financial statements:

1. The City Manager submits to the City Council a recommended budget for the fiscal year commencing the following July 1. The budget includes recommended expenditures and the means of financing them.
2. The City Council reviews the recommended budget at regularly scheduled meetings, which are open to the public. The Council also conducts a public hearing on the recommended budget to obtain comments from interested persons.
3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein, as recommended expenditures become appropriations to the various City departments. The City Council may amend the budget by motion during the fiscal year.

The City does not use encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

**EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the fiscal year ended June 30, 2015, the City incurred expenditures in excess of appropriations as follows:

	<u>Appropriations</u>	<u>Expenditures</u>	Excess of Expenditures Over <u>Appropriations</u>
General fund	\$ 3,413,195	\$ 3,696,765	\$ 283,570
Measure "M" fund	508,549	579,081	70,532

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## **Combining Nonmajor Fund Statements**

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## **Nonmajor Governmental Funds**

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**CITY OF JACKSON**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2015**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 2,163,110	\$ 3,196	\$ 2,166,306
Receivables:			
Interest	841	-	841
Intergovernmental	9,162	150,246	159,408
Loans receivable	3,161,842	-	3,161,842
<b>Total Assets</b>	\$ 5,334,955	\$ 153,442	\$ 5,488,397
<b>LIABILITIES</b>			
Accounts payable	\$ -	\$ 61,929	\$ 61,929
Due to other funds	9,860	132,426	142,286
<b>Total Liabilities</b>	9,860	194,355	204,215
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	136,964	136,964
<b>Total Deferred Inflows of Resources</b>	-	136,964	136,964
<b>FUND BALANCES</b>			
Restricted	5,312,579	202	5,312,781
Assigned	12,516	2,994	15,510
Unassigned	-	(181,073)	(181,073)
<b>Total Fund Balances</b>	5,325,095	(177,877)	5,147,218
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	\$ 5,334,955	\$ 153,442	\$ 5,488,397

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2015**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>REVENUES</b>			
Use of money and property	\$ 65,559	\$ 6	\$ 65,565
Intergovernmental	433,616	319,725	753,341
Charges for services	6,604	-	6,604
Other revenues	-	230	230
	<b>505,779</b>	<b>319,961</b>	<b>825,740</b>
<b>EXPENDITURES</b>			
Current:			
General government	8,161	-	8,161
Public ways and facilities	-	249	249
Community development	58,695	-	58,695
Capital outlay	-	266,105	266,105
	<b>66,856</b>	<b>266,354</b>	<b>333,210</b>
<b>Total Expenditures</b>	<b>66,856</b>	<b>266,354</b>	<b>333,210</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>438,923</b>	<b>53,607</b>	<b>492,530</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	(231,522)	-	(231,522)
	<b>(231,522)</b>	<b>-</b>	<b>(231,522)</b>
<b>Total Other Financing Sources (Uses)</b>	<b>(231,522)</b>	<b>-</b>	<b>(231,522)</b>
<b>Net Change in Fund Balances</b>	<b>207,401</b>	<b>53,607</b>	<b>261,008</b>
<b>Fund Balances - Beginning</b>	<b>5,117,694</b>	<b>(231,484)</b>	<b>4,886,210</b>
<b>Fund Balances - Ending</b>	<b>\$ 5,325,095</b>	<b>\$ (177,877)</b>	<b>\$ 5,147,218</b>

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## **Nonmajor Governmental Funds**

- **Special Revenue Funds**

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**CITY OF JACKSON**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2015**

	<u>Argonaut Heights</u>	<u>CDBG Revolving</u>	<u>CDBG Discretionary</u>	<u>1995 CDBG Grant</u>
<b>ASSETS</b>				
Cash and investments	\$ 4,988	\$ 35,289	\$ 5,739	\$ -
Receivables:				
Interest	2	-	2	-
Intergovernmental	-	-	-	-
Loans receivable	-	320,516	-	66,230
<b>Total Assets</b>	<u>\$ 4,990</u>	<u>\$ 355,805</u>	<u>\$ 5,741</u>	<u>\$ 66,230</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	4,990	355,805	5,741	66,230
Assigned	-	-	-	-
<b>Total Fund Balances</b>	<u>4,990</u>	<u>355,805</u>	<u>5,741</u>	<u>66,230</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 4,990</u>	<u>\$ 355,805</u>	<u>\$ 5,741</u>	<u>\$ 66,230</u>

<b>1999 CDBG Grant</b>	<b>First Time Homebuyers</b>	<b>First Time Homebuyers 2005</b>	<b>First Time Homebuyers 2006</b>	<b>First Time Homebuyers 08-HOME-4729</b>	<b>Essential Services</b>	<b>Recycling Promo</b>	<b>Gas Tax Streets</b>
\$ -	\$ -	\$ -	\$ -	\$ 66,614	\$ 494,641	\$ 3,821	\$ -
-	-	-	-	29	212	4	-
-	-	-	-	-	-	-	-
55,992	530,370	622,520	727,518	559,671	-	-	-
<u>\$ 55,992</u>	<u>\$ 530,370</u>	<u>\$ 622,520</u>	<u>\$ 727,518</u>	<u>\$ 626,314</u>	<u>\$ 494,853</u>	<u>\$ 3,825</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
55,992	530,370	622,520	727,518	626,314	494,853	3,825	-
-	-	-	-	-	-	-	-
55,992	530,370	622,520	727,518	626,314	494,853	3,825	-
<u>\$ 55,992</u>	<u>\$ 530,370</u>	<u>\$ 622,520</u>	<u>\$ 727,518</u>	<u>\$ 626,314</u>	<u>\$ 494,853</u>	<u>\$ 3,825</u>	<u>\$ -</u>

**CITY OF JACKSON**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2015**

	<b>HES Signs</b>	<b>Parkland In Lieu</b>	<b>SLESF</b>	<b>Streets and Bridges</b>
<b>ASSETS</b>				
Cash and investments	\$ 12,511	\$ 649,395	\$ -	\$ 851,886
Receivables:				
Interest	5	278	-	293
Intergovernmental	-	-	9,162	-
Loans receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ 12,516</b>	<b>\$ 649,673</b>	<b>\$ 9,162</b>	<b>\$ 852,179</b>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ -	\$ 8,456	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>8,456</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	-	649,673	706	852,179
Assigned	12,516	-	-	-
<b>Total Fund Balances</b>	<b>12,516</b>	<b>649,673</b>	<b>706</b>	<b>852,179</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,516</b>	<b>\$ 649,673</b>	<b>\$ 9,162</b>	<b>\$ 852,179</b>

<b>FTHB 2011</b>	<b>Argonaut Lane Improvement</b>	<b>Tennis Program</b>	<b>New York Ranch Road Forfeiture</b>	<b>Total</b>
\$ -	\$ 35,821	\$ -	\$ 2,405	\$ 2,163,110
-	15	-	1	841
-	-	-	-	9,162
279,025	-	-	-	3,161,842
<u>\$ 279,025</u>	<u>\$ 35,836</u>	<u>\$ -</u>	<u>\$ 2,406</u>	<u>\$ 5,334,955</u>
\$ 1,404	\$ -	\$ -	\$ -	\$ 9,860
1,404	-	-	-	9,860
277,621	35,836	-	2,406	5,312,579
-	-	-	-	12,516
277,621	35,836	-	2,406	5,325,095
<u>\$ 279,025</u>	<u>\$ 35,836</u>	<u>\$ -</u>	<u>\$ 2,406</u>	<u>\$ 5,334,955</u>

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2015**

	<u>Argonaut Heights</u>	<u>CDBG Revolving</u>	<u>CDBG Discretionary</u>	<u>1995 CDBG Grant</u>
<b>REVENUES</b>				
Use of money and property	\$ 8	\$ 12	\$ 5	\$ 1,305
Intergovernmental	-	-	-	-
Charges for services	-	-	5,729	-
<b>Total Revenues</b>	<u>8</u>	<u>12</u>	<u>5,734</u>	<u>1,305</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Community development	-	51,340	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>51,340</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>8</u>	<u>(51,328)</u>	<u>5,734</u>	<u>1,305</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>8</u>	<u>(51,328)</u>	<u>5,734</u>	<u>1,305</u>
<b>Fund Balances - Beginning</b>	<u>4,982</u>	<u>407,133</u>	<u>7</u>	<u>64,925</u>
<b>Fund Balances - Ending</b>	<u>\$ 4,990</u>	<u>\$ 355,805</u>	<u>\$ 5,741</u>	<u>\$ 66,230</u>

<b>1999 CDBG Grant</b>	<b>First Time Homebuyers</b>	<b>First Time Homebuyers 2005</b>	<b>First Time Homebuyers 2006</b>	<b>First Time Homebuyers 08-HOME-4729</b>	<b>Essential Services</b>	<b>Recycling Promo</b>	<b>Gas Tax Streets</b>
\$ -	\$ 8,129	\$ 14,788	\$ 17,772	\$ 14,886	\$ 844	\$ 20	\$ -
-	-	-	-	-	-	-	113,162
875	-	-	-	-	-	-	-
875	8,129	14,788	17,772	14,886	844	20	113,162
-	-	-	-	-	-	8,056	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,056	-
875	8,129	14,788	17,772	14,886	844	(8,036)	113,162
-	-	-	-	-	-	-	(127,921)
-	-	-	-	-	-	-	(127,921)
875	8,129	14,788	17,772	14,886	844	(8,036)	(14,759)
55,117	522,241	607,732	709,746	611,428	494,009	11,861	14,759
\$ 55,992	\$ 530,370	\$ 622,520	\$ 727,518	\$ 626,314	\$ 494,853	\$ 3,825	\$ -

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2015**

	<b>HES Signs</b>	<b>Parkland In Lieu</b>	<b>SLESF</b>	<b>Streets and Bridges</b>
<b>REVENUES</b>				
Use of money and property	\$ 21	\$ 1,109	\$ -	\$ 1,383
Intergovernmental	-	-	104,307	-
Charges for services	-	-	-	-
<b>Total Revenues</b>	<b>21</b>	<b>1,109</b>	<b>104,307</b>	<b>1,383</b>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Community development	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>21</b>	<b>1,109</b>	<b>104,307</b>	<b>1,383</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	(103,601)	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(103,601)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>21</b>	<b>1,109</b>	<b>706</b>	<b>1,383</b>
<b>Fund Balances - Beginning</b>	<b>12,495</b>	<b>648,564</b>	<b>-</b>	<b>850,796</b>
<b>Fund Balances - Ending</b>	<b>\$ 12,516</b>	<b>\$ 649,673</b>	<b>\$ 706</b>	<b>\$ 852,179</b>

<b>FTHB 2011</b>	<b>Argonaut Lane Improvement</b>	<b>Tennis Program</b>	<b>New York Ranch Road Forfeiture</b>	<b>Total</b>
\$ 5,212	\$ 61	\$ -	\$ 4	\$ 65,559
216,147	-	-	-	433,616
-	-	-	-	6,604
<u>221,359</u>	<u>61</u>	<u>-</u>	<u>4</u>	<u>505,779</u>
-	-	105	-	8,161
7,355	-	-	-	58,695
<u>7,355</u>	<u>-</u>	<u>105</u>	<u>-</u>	<u>66,856</u>
<u>214,004</u>	<u>61</u>	<u>(105)</u>	<u>4</u>	<u>438,923</u>
-	-	-	-	(231,522)
-	-	-	-	(231,522)
214,004	61	(105)	4	207,401
<u>63,617</u>	<u>35,775</u>	<u>105</u>	<u>2,402</u>	<u>5,117,694</u>
<u>\$ 277,621</u>	<u>\$ 35,836</u>	<u>\$ -</u>	<u>\$ 2,406</u>	<u>\$ 5,325,095</u>

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## **Nonmajor Governmental Funds**

- **Capital Projects Funds**

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**CITY OF JACKSON**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2015**

	<b>South Ave Bridge</b>	<b>Pitt Street Bridge</b>	<b>French Bar Bridge</b>	<b>Kennedy Wheels TEA</b>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Intergovernmental	21,947	44,970	50,531	-
<b>Total Assets</b>	<u>\$ 21,947</u>	<u>\$ 44,970</u>	<u>\$ 50,531</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 8,194	\$ 18,279	\$ 19,616	\$ -
Due to other funds	14,357	26,915	30,425	37,277
<b>Total Liabilities</b>	<u>22,551</u>	<u>45,194</u>	<u>50,041</u>	<u>37,277</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	21,947	44,970	50,531	-
<b>Total Deferred Inflows of Resources</b>	<u>21,947</u>	<u>44,970</u>	<u>50,531</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	(22,551)	(45,194)	(50,041)	(37,277)
<b>Total Fund Balances</b>	<u>(22,551)</u>	<u>(45,194)</u>	<u>(50,041)</u>	<u>(37,277)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 21,947</u>	<u>\$ 44,970</u>	<u>\$ 50,531</u>	<u>\$ -</u>

<b>Sutter Street</b>	<b>Street Stripe</b>	<b>Vista Point</b>	<b>Oro de Amador</b>	<b>Total</b>
\$ -	\$ 2,994	\$ 202	\$ -	\$ 3,196
5,260	-	-	27,538	150,246
<u>\$ 5,260</u>	<u>\$ 2,994</u>	<u>\$ 202</u>	<u>\$ 27,538</u>	<u>\$ 153,442</u>
\$ -	\$ -	\$ -	\$ 15,840	\$ 61,929
3,928	-	-	19,524	132,426
<u>3,928</u>	<u>-</u>	<u>-</u>	<u>35,364</u>	<u>194,355</u>
5,260	-	-	14,256	136,964
<u>5,260</u>	<u>-</u>	<u>-</u>	<u>14,256</u>	<u>136,964</u>
-	-	202	-	202
-	2,994	-	-	2,994
<u>(3,928)</u>	<u>-</u>	<u>-</u>	<u>(22,082)</u>	<u>(181,073)</u>
<u>(3,928)</u>	<u>2,994</u>	<u>202</u>	<u>(22,082)</u>	<u>(177,877)</u>
<u>\$ 5,260</u>	<u>\$ 2,994</u>	<u>\$ 202</u>	<u>\$ 27,538</u>	<u>\$ 153,442</u>

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2015**

	<u>South Ave Bridge</u>	<u>Pitt Street Bridge</u>	<u>French Bar Bridge</u>	<u>Kennedy Wheels TEA</u>
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 2	\$ -
Intergovernmental	37,148	105,579	138,208	432
Other revenues	-	-	-	28
<b>Total Revenues</b>	<u>37,148</u>	<u>105,579</u>	<u>138,210</u>	<u>460</u>
<b>EXPENDITURES</b>				
Current:				
Public ways and facilities	-	223	-	26
Capital outlay	49,451	76,600	99,121	310
<b>Total Expenditures</b>	<u>49,451</u>	<u>76,823</u>	<u>99,121</u>	<u>336</u>
<b>Net Change in Fund Balances</b>	(12,303)	28,756	39,089	124
<b>Fund Balances - Beginning</b>	<u>(10,248)</u>	<u>(73,950)</u>	<u>(89,130)</u>	<u>(37,401)</u>
<b>Fund Balances - Ending</b>	<u>\$ (22,551)</u>	<u>\$ (45,194)</u>	<u>\$ (50,041)</u>	<u>\$ (37,277)</u>

<b>Sutter Street</b>	<b>Street Stripe</b>	<b>Vista Point</b>	<b>Oro de Amador</b>	<b>Total</b>
\$ -	\$ 4	\$ -	\$ -	\$ 6
25,077	-	-	13,281	319,725
-	-	202	-	230
<u>25,077</u>	<u>4</u>	<u>202</u>	<u>13,281</u>	<u>319,961</u>
-	-	-	-	249
5,260	-	-	35,363	266,105
<u>5,260</u>	<u>-</u>	<u>-</u>	<u>35,363</u>	<u>266,354</u>
19,817	4	202	(22,082)	53,607
(23,745)	2,990	-	-	(231,484)
<u>\$ (3,928)</u>	<u>\$ 2,994</u>	<u>\$ 202</u>	<u>\$ (22,082)</u>	<u>\$ (177,877)</u>

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## **Nonmajor Proprietary Funds**

- **Enterprise Funds**

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**CITY OF JACKSON**  
**Combining Statement of Net Position**  
**Nonmajor Enterprise Funds**  
**June 30, 2015**

	<b>Parking</b>	<b>Utility Deposits</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 11,378	\$ 22,312	\$ 33,690
Receivables:			
Interest	3	10	13
<b>Total Current Assets</b>	<b>11,381</b>	<b>22,322</b>	<b>33,703</b>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	139,160	-	139,160
Depreciable, net	351,877	-	351,877
<b>Total Noncurrent Assets</b>	<b>491,037</b>	<b>-</b>	<b>491,037</b>
<b>Total Assets</b>	<b>502,418</b>	<b>22,322</b>	<b>524,740</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension adjustments	79	-	79
<b>Total Deferred Outflows of Resources</b>	<b>79</b>	<b>-</b>	<b>79</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	1,448	-	1,448
Deposits payable	-	32,313	32,313
<b>Total Current Liabilities</b>	<b>1,448</b>	<b>32,313</b>	<b>33,761</b>
Noncurrent Liabilities:			
Net pension liability	1,130	-	1,130
<b>Total Noncurrent Liabilities</b>	<b>1,130</b>	<b>-</b>	<b>1,130</b>
<b>Total Liabilities</b>	<b>2,578</b>	<b>32,313</b>	<b>34,891</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension adjustments	227	-	227
<b>Total Deferred Inflows of Resources</b>	<b>227</b>	<b>-</b>	<b>227</b>
<b>NET POSITION</b>			
Investment in capital assets	491,037	-	491,037
Unrestricted	8,655	(9,991)	(1,336)
<b>Total Net Position</b>	<b>\$ 499,692</b>	<b>\$ (9,991)</b>	<b>\$ 489,701</b>

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenses,**  
**And Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2015**

	<u>Parking</u>	<u>Utility Deposits</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 6,750	\$ -	\$ 6,750
Fines and forfeitures	6,917	-	6,917
Charges for services	40,272	-	40,272
<b>Total Operating Revenues</b>	<u>53,939</u>	<u>-</u>	<u>53,939</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	10,537	-	10,537
Contract services	1,229	-	1,229
Utilities	3,873	-	3,873
Insurance	766	-	766
Maintenance	157	-	157
Administration	1,808	-	1,808
Write-offs	-	1,810	1,810
Other	29,617	-	29,617
Depreciation	10,881	-	10,881
<b>Total Operating Expenses</b>	<u>58,868</u>	<u>1,810</u>	<u>60,678</u>
<b>Operating Income (Loss)</b>	<u>(4,929)</u>	<u>(1,810)</u>	<u>(6,739)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest revenue	8	36	44
<b>Total Non-Operating Revenues (Expenses)</b>	<u>8</u>	<u>36</u>	<u>44</u>
<b>Change in Net Position</b>	<u>(4,921)</u>	<u>(1,774)</u>	<u>(6,695)</u>
<b>Total Net Position - Beginning</b>	505,890	(8,217)	497,673
Cumulative effect of a change in accounting principle	(1,277)	-	(1,277)
<b>Total Net Position - Beginning, Restated</b>	<u>504,613</u>	<u>(8,217)</u>	<u>496,396</u>
<b>Total Net Position - Ending</b>	<u>\$ 499,692</u>	<u>\$ (9,991)</u>	<u>\$ 489,701</u>

**CITY OF JACKSON**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2015**

	<u>Parking</u>	<u>Utility Deposits</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 53,962	\$ -	\$ 53,962
Payments to suppliers	(37,332)	113	(37,219)
Payments to employees	(10,536)	-	(10,536)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>6,094</u>	<u>113</u>	<u>6,207</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	<u>6</u>	<u>35</u>	<u>41</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>6</u>	<u>35</u>	<u>41</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	6,100	148	6,248
<b>Balances - Beginning</b>	<u>5,278</u>	<u>22,164</u>	<u>27,442</u>
<b>Balances - Ending</b>	<u>\$ 11,378</u>	<u>\$ 22,312</u>	<u>\$ 33,690</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (4,929)	\$ (1,810)	\$ (6,739)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	10,881	-	10,881
(Increase) decrease in:			
Accounts receivable	23	-	23
Pension adjustments - deferred outflows	7	-	7
Increase (decrease) in:			
Accounts payable	118	-	118
Deposits payable	-	1,923	1,923
Net pension liability	(233)	-	(233)
Pension adjustments - deferred inflows	<u>227</u>	<u>-</u>	<u>227</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 6,094</u>	<u>\$ 113</u>	<u>\$ 6,207</u>

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## **Fiduciary Funds**

- **Agency Funds**

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**CITY OF JACKSON**  
**Combining Statement of Assets and Liabilities**  
**Agency Funds**  
**June 30, 2015**

	<u>Kennedy Wheels</u>	<u>Amador County Fees</u>	<u>Business Improvement District</u>	<u>Friends of the Cemetery</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 635	\$ 15,310	\$ 457	\$ 188	\$ 16,590
<b>Total Assets</b>	<u>\$ 635</u>	<u>\$ 15,310</u>	<u>\$ 457</u>	<u>\$ 188</u>	<u>\$ 16,590</u>
<b>LIABILITIES</b>					
Agency obligations	\$ 635	\$ 15,310	\$ 457	\$ 188	16,590
<b>Total Liabilities</b>	<u>\$ 635</u>	<u>\$ 15,310</u>	<u>\$ 457</u>	<u>\$ 188</u>	<u>\$ 16,590</u>

**CITY OF JACKSON**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	<u>Balance June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2015</u>
<b>KENNEDY WHEELS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 726	\$ -	\$ (91)	\$ 635
<b>Total Assets</b>	<u>\$ 726</u>	<u>\$ -</u>	<u>\$ (91)</u>	<u>\$ 635</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 726	\$ -	\$ (91)	\$ 635
<b>Total Liabilities</b>	<u>\$ 726</u>	<u>\$ -</u>	<u>\$ (91)</u>	<u>\$ 635</u>
<b>AMADOR COUNTY FEES</b>				
<b>ASSETS</b>				
Cash and investments	\$ 15,310	\$ -	\$ -	\$ 15,310
<b>Total Assets</b>	<u>\$ 15,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,310</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 15,310	\$ -	\$ -	\$ 15,310
<b>Total Liabilities</b>	<u>\$ 15,310</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,310</u>
<b>BUSINESS IMPROVEMENT DISTRICT</b>				
<b>ASSETS</b>				
Cash and investments	\$ 7,842	\$ -	\$ (7,385)	\$ 457
Receivables:				
Interest	3	-	(3)	-
<b>Total Assets</b>	<u>\$ 7,845</u>	<u>\$ -</u>	<u>\$ (7,388)</u>	<u>\$ 457</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 7,845	\$ -	\$ (7,388)	\$ 457
<b>Total Liabilities</b>	<u>\$ 7,845</u>	<u>\$ -</u>	<u>\$ (7,388)</u>	<u>\$ 457</u>
<b>FRIENDS OF THE CEMETERY</b>				
<b>ASSETS</b>				
Cash and investments	\$ 188	\$ -	\$ -	\$ 188
<b>Total Assets</b>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 188	\$ -	\$ -	\$ 188
<b>Total Liabilities</b>	<u>\$ 188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 188</u>

**CITY OF JACKSON**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2015**

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 24,066	\$ -	\$ (7,476)	\$ 16,590
Receivables:				
Interest	3	-	(3)	-
<u>Total Assets</u>	<u>\$ 24,069</u>	<u>\$ -</u>	<u>\$ (7,479)</u>	<u>\$ 16,590</u>
<b>LIABILITIES</b>				
Agency obligations	<u>\$ 24,069</u>	<u>\$ -</u>	<u>\$ (7,479)</u>	<u>\$ 16,590</u>
<u>Total Liabilities</u>	<u>\$ 24,069</u>	<u>\$ -</u>	<u>\$ (7,479)</u>	<u>\$ 16,590</u>