

**CITY OF JACKSON,  
CALIFORNIA**



**FINANCIAL STATEMENTS  
TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT  
FOR THE YEAR ENDED  
JUNE 30, 2018**

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**CITY OF JACKSON**  
**Annual Financial Report**  
**For the Year Ended June 30, 2018**

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**For the Year Ended June 30, 2018**

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## **INTRODUCTORY SECTION**

- **List of Officials**

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**CITY OF JACKSON**  
**City Officials**  
**For the Year Ended June 30, 2018**

**City Council**

Connie Gonsalves	Mayor
Robert Stimpson	Vice Mayor
Wayne Garibaldi	Member
Keith Sweet	Member
Marilyn Lewis	Member

**City Officers**

Yvonne Kimball	City Manager
Joshua Nelson	City Attorney
John Georgette	City Clerk
Michael Hooper	Building Inspector
Gary Ghio	City Engineer
Susan Peters	City Planner
Scott Morrison	Police Chief
Deborah Mackey	Fire Chief
Emma Brettle	Deputy City Clerk

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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**

To 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, 2018, 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.

To 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, 2018, 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.

## **Change in Accounting Principle**

As discussed in Note 10 to the financial statements, in 2017-18, the City adopted new accounting guidance, GASBS No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. 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 Plan - Schedule of Proportionate Share of the Net Pension Liability, City Pension Plan - Schedule of Contributions, Note to City Pension Plan, City OPEB Plan - Schedule of Changes in the Net OPEB Liability and Related Ratios, Note to City OPEB Plan, budgetary comparison schedules and notes to the budgetary comparison schedules 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.

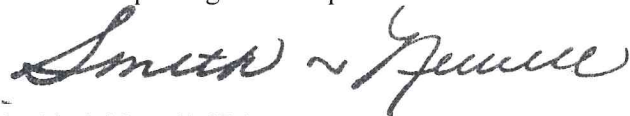
To the Honorable Mayor and Members of the City Council  
City of Jackson  
Jackson, California

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 January 11, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.



Smith & Newell CPAs  
Yuba City, California  
January 11, 2019

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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 financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2018. 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 \$43,809,809 as of June 30, 2018. Of this total, \$22,211,955 are governmental assets and \$21,597,854 were business-type assets.
- ❑ Entity-wide governmental revenues include program revenues of \$2,851,834 and general revenues and transfers of \$2,740,812 for a total of \$5,592,646.
- ❑ Entity-wide governmental expenses were \$5,243,250.
- ❑ Entity-wide business-type program revenues, interest, other revenues and transfers were \$3,873,160 while business-type expenses were \$3,403,660
- ❑ The City's governmental activities net pension liability was \$4,570,106 as of June 30, 2018. The governmental activities net OPEB liability was \$1,647,629. Total business-type (proprietary fund) pension liability was \$1,806,851 As of June 30, 2018, net OPEB liability was \$475,400.

#### **Fund Level:**

- ❑ Governmental fund balance decreased to \$4,021,292 in fiscal year 2017-18, down \$5,955,630 from the prior year. Of the total fund balance, \$2,905,168 were federal and grant funds which were restricted for specific federal and state programs. This drastic reduction was caused by the cumulative effect of a change in accounting principle.
- ❑ Governmental fund revenues increased to \$5,655,364 in fiscal year 2017-18, up \$1,117,381 from the prior year.
- ❑ Governmental fund expenditures increased to \$5,472,078 in fiscal year 2017-18, up \$1,300,707 from the prior year.
- ❑ Proprietary funds total operating revenues were \$3,282,583 and operating expenses were \$3,438,646. Resulting in an operating loss of \$156,063, compared to last year's operating loss of \$495,612.
- ❑ Total proprietary fund pension liability was \$1,806,851 as of June 30, 2018. Net OPEB liability was \$475,400.

#### **General Fund:**

- ❑ General fund revenues of \$4,009,733 were \$596,064 more than the prior year.
- ❑ General fund expenditures of \$4,635,650 were \$1,297,329 more than the prior year.
- ❑ Other financing sources contributed \$216,236 in fiscal year 2017-18, up \$51,242 compared with the prior year.
- ❑ The General fund's fund balance of \$1,039,047 as of June 30, 2017 decreased to \$629,366 by June 30, 2018. Of this total, \$444,165 were either restricted or committed funds, and \$185,201 were unassigned and were not restricted for any specific purpose or program.

### **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 15 and 17 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 reconciliations on pages 15 and 17 of the fund financial statements.

The City's major governmental fund is the General fund. 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 64 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 separate Statements 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: budgetary comparisons for the City's General fund, and a description of the City's accounting policies with regard to the annual budget.

## FINANCIAL ANALYSIS OF THE GOVERNMENT-WIDE STATEMENTS

### Analysis of Net Position

#### Statement of Net Position

	Governmental Activities		Business-Type Activities		Total		Total	
	2018	2017	2018	2017	2018	2017	Dollar Change	% Change
Assets:								
Current and other assets	\$ 10,370,218	\$ 10,386,629	\$ 1,344,473	\$ 276,878	\$ 11,714,691	\$ 10,663,507	\$ 1,051,184	9.86%
Capital assets	11,841,737	11,165,638	20,253,381	12,988,593	32,095,118	24,154,231	7,940,887	32.88%
Total Assets	22,211,955	21,552,267	21,597,854	13,265,471	43,809,809	34,817,738	8,992,071	25.83%
Deferred Outflows of Resources:								
Deferred Charge on Refunding	-	-	87,375	101,938	87,375	101,938	(14,563)	-14.29%
Deferred Pension Adjustments	1,013,970	1,032,260	371,058	360,896	1,385,028	1,393,156	(8,128)	-0.58%
Deferred OPEB Adjustments	42,218	-	12,066	-	54,284	-	54,284	n/a
Total Deferred Outflows of Resources	1,056,188	1,032,260	470,499	462,834	1,526,687	1,495,094	31,593	2.11%
Liabilities:								
Current	242,174	190,140	1,213,485	779,697	1,455,659	969,837	485,822	50.09%
Noncurrent	6,361,532	5,120,571	10,638,228	2,985,690	16,999,760	8,106,261	8,893,499	109.71%
Total Liabilities	6,603,706	5,310,711	11,851,713	3,765,387	18,455,419	9,076,098	9,379,321	103.34%
Deferred Inflows of Resources:								
Deferred Pension Adjustments	110,990	228,281	55,402	73,513	166,392	301,794	(135,402)	-44.87%
Deferred Housing Loan Payments	5,956,488	-	-	-	5,956,488	-	5,956,488	n/a
Total Deferred Inflows of Resources	6,067,478	228,281	55,402	73,513	6,122,880	301,794	5,821,086	1928.83%
Net Position:								
Net investment in capital assets	11,841,737	11,165,638	12,355,363	12,394,844	24,197,100	23,560,482	636,618	2.70%
Restricted	10,653,504	9,348,589	1,862,195	1,721,760	12,515,699	11,070,349	1,445,350	13.06%
Unrestricted	(11,898,282)	(3,468,692)	(4,056,320)	(4,227,199)	(15,954,602)	(7,695,891)	(8,258,711)	107.31%
Total Net Position	\$ 10,596,959	\$ 17,045,535	\$ 10,161,238	\$ 9,889,405	\$ 20,758,197	\$ 26,934,940	\$ (6,176,743)	-22.93%

Net position represents the difference between the City's resources and its obligations. At June 30, 2018, the largest portion of the City's total net position, 116 percent, reflects the investment in capital assets, less related debt outstanding used to acquire the 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	
	2018	2017	2018	2017	2018	2017	Dollar Change	% Change
<b>Revenues:</b>								
<b>Program Revenues:</b>								
Charges for services	\$ 1,599,221	\$ 998,247	\$ 3,260,218	\$ 2,861,898	\$ 4,859,439	\$ 3,860,145	\$ 999,294	25.89%
Operating grants and contribution	1,130,247	298,390	-	-	1,130,247	298,390	831,857	278.78%
Capital grants and contributions	122,366	159,136	555,519	76,909	677,885	236,045	441,840	187.18%
<b>General Revenues:</b>								
Property taxes	801,565	849,613	-	-	801,565	849,613	(48,048)	-5.66%
Sales and use taxes	923,437	967,202	-	-	923,437	967,202	(43,765)	-4.52%
Franchise taxes	163,572	155,888	-	-	163,572	155,888	7,684	4.93%
Property transfer taxes	23,075	21,291	-	-	23,075	21,291	1,784	8.38%
Transient occupancy taxes	469,780	450,750	-	-	469,780	450,750	19,030	4.22%
Grants and contributions	371,115	359,297	-	-	371,115	359,297	11,818	3.29%
Interest and investment earnings	16,905	114,312	2,497	1,549	19,402	115,861	(96,459)	-83.25%
Miscellaneous	3,924	56,343	22,365	14,079	26,289	70,422	(44,133)	-62.67%
<b>Total revenues</b>	<b>5,625,207</b>	<b>4,430,469</b>	<b>3,840,599</b>	<b>2,954,435</b>	<b>9,465,806</b>	<b>7,384,904</b>	<b>2,080,902</b>	<b>28.18%</b>
<b>Expenses:</b>								
General government	866,455	542,607	-	-	866,455	542,607	323,848	59.68%
Public protection	2,266,871	1,952,399	-	-	2,266,871	1,952,399	314,472	16.11%
Public ways and facilities	1,098,890	1,031,392	-	-	1,098,890	1,031,392	67,498	6.54%
Community development	706,012	674,946	-	-	706,012	674,946	31,066	4.60%
Culture and recreation	305,022	274,262	-	-	305,022	274,262	30,760	11.22%
Sewer facilities	-	-	1,714,431	1,716,895	1,714,431	1,716,895	(2,464)	-0.14%
Treated water	-	-	1,644,786	1,656,131	1,644,786	1,656,131	(11,345)	-0.69%
Parking	-	-	44,443	58,171	44,443	58,171	(13,728)	-23.60%
Utility deposits	-	-	-	1	-	1	(1)	-100.00%
<b>Total Expenses</b>	<b>5,243,250</b>	<b>4,475,606</b>	<b>3,403,660</b>	<b>3,431,198</b>	<b>8,646,910</b>	<b>7,906,804</b>	<b>740,106</b>	<b>9.36%</b>
Excess before transfers	381,957	(45,137)	436,939	(476,763)	818,896	(521,900)	1,340,796	18.21%
Transfers	(32,561)	(49,965)	32,561	49,965	-	-	-	0.00%
<b>Change in Net Position</b>	<b>349,396</b>	<b>(95,102)</b>	<b>469,500</b>	<b>(426,798)</b>	<b>818,896</b>	<b>(521,900)</b>	<b>1,340,796</b>	<b>18.21%</b>
Prior period adjustment	(6,106,355)	-	-	486,713	(6,106,355)	486,713	(6,593,068)	100.00%
Cumulative effect of a change in accounting principle	(691,617)	-	(197,667)	-	(889,284)	-	(889,284)	100.00%
Net Position, Beginning	17,045,535	17,140,637	9,889,405	9,829,490	26,934,940	26,970,127	(35,187)	-0.13%
Net Position, Ending	\$ 10,596,959	\$ 17,045,535	\$ 10,161,238	\$ 9,889,405	\$ 20,758,197	\$ 26,934,940	\$ (6,176,743)	-29.76%

## Revenue

The City's total revenue was \$9.4 million for the fiscal year ended June 30, 2018. Revenue from governmental activities totaled \$5.6 million and revenue from business-type activities total \$3.8 million. Property taxes provided 8.4 percent of the total revenue of the City, while charges for services provided 51 percent. Operating and capital grants and sales and use taxes both provided 20 and 10 percent, respectively, of the total revenue received during the 2017-18 fiscal year.

## Expenses

Expenses of the City for the year totaled \$8.65 million. Governmental activity expenses totaled \$5.24 million or 60.6 percent of total expenses. Business-type activity expenses total \$3.4 million or 39.4 percent of total expenses.

## Governmental Activities

The following table shows the net cost of each of the City's major 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 programs.

	Net Cost of	Net Cost of	Total	
	Services	Services	Dollar	%
	2018	2017	Change	Change
General government	\$ 1,574	\$ (535,092)	\$ 536,666	32.4%
Public protection	(1,895,899)	(1,484,224)	(411,675)	24.6%
Public ways and facilities	(251,216)	(637,624)	386,408	-51.0%
Community development	(1,695)	(132,924)	131,229	74.5%
Culture and recreation	(244,180)	(229,969)	(14,211)	18.9%
Total	\$ (2,391,416)	\$ (3,019,833)	\$ 628,417	99.4%

The cost of all governmental activities for fiscal year 2018 was 2.4 million. The City's taxpayers paid for approximately 73 percent of these costs, \$1.73 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 \$3.8 million. Expenses of business-type activities were \$3.4 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, 2018 of \$4 million, which is a decrease of \$5.9 million from the previous fiscal year. This seems extreme but is directly related to a change in accounting principle. The General fund decreased by \$409,681 due to road construction costs and other governmental funds increased by \$560,406. The General fund increase was due to increases in property taxes, sales and use tax and transient occupancy tax.

## **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, 2018, was \$32,095,118. (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. The City's net investment in capital assets increased \$7,940,887 since June 30, 2017. This increase is created by construction of the Waste Water Treatment Plant improvements and New York Ranch Road improvements.

### **Long-Term Debt**

At the end of the current fiscal year, the City had total long-term obligations outstanding of \$16,999,760. Pension and OPEB liabilities make up \$8,499,986. The majority of the balance is made up of the State

Revolving Fund Loan for the WWTP improvements. Also included in the figure is the balance of the 2010 Water Refunding Bonds and Compensated Absences.

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

The FY 17-18 finished on a bitter sweet note with some good news for the water and sewer funds yet alarming information for the General fund.

In the FY 17-18, the revenues from taxes did not rise as much as anticipated. Permit fees only rose moderately. The slow increase is indicative of the low growth rate in Jackson. The interests earned from investment were lower than originally anticipated which reflects the stock market's volatile state. On the other hand, the General fund expenditures have increased, which represents the ongoing activities and changes.

FY 17-18 was a busy year for the City in spite of lapse in revenues. The City ended the 10-year-long furlough. Some delayed or unexpected charges were processed. The City broke ground to a \$1.4 million project to improve New York Ranch Road which is completely funded by the Jackson Rancheria. The City also spent more funds on engineering due to the 2017 winter storm claims.

The total fund balances in the General fund ended in a decreasing position. Other funds seemed to do better.

The Water and the Sewer funds saw increased fund balances. This was a result of diligent work by both the City council and staff. In FY 17-18, the City raised the sewer rates to properly fund the required reserves and the \$12 million loan for the WWTP improvement project. This rate change is expected to bring the sewer fund to a solvent state in a 5 to 10 years. For the Water fund, the City restructured the Water Dept. and as a result, the water fund is seeing a deficit less than last year. However, the water rates have not been updated for 10 years and there is still a significant deficit in the fund.

The future of the City finances will continue to depend upon a multitude of factors. Thriving business and some growth would certainly help improve the City's financial picture. The City has made some strikes towards that goal: the City hired a Business Promotion consultant; the City is committed to monitoring sales/use taxes; the Council once again suspended growth constraints to stimulate growth.

We are undoubtedly facing grave challenges: A very limited number of revenue sources to handle the ever-increasing costs. A long list of overdue infrastructure improvement still exists. Employee resources are stretched thin. Pension and health care costs will continue to increase. Public safety costs are likely to continue to go up. Unfunded state and federal mandates will also continue to impact our bottom line. Lastly, we need to be prepared for another economy downturn.

Turning the City's finance position for the better will not happen over the night. But the City Council and Staff are committed to this goal. Where there is a will, there is a way. We are getting there one step at a time.

## **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, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 3,883,738	\$ 814,714	\$ 4,698,452
Cash with fiscal agent	-	122,424	122,424
Receivables:			
Accounts	13,933	339,386	353,319
Taxes	323,189	-	323,189
Intergovernmental	86,596	-	86,596
Internal balances	(65,753)	65,753	-
Deposits	-	2,196	2,196
Prepaid insurance	172,027	-	172,027
Loans receivable	5,956,488	-	5,956,488
Capital assets:			
Non-depreciable	4,088,228	9,969,399	14,057,627
Depreciable, net	7,753,509	10,283,982	18,037,491
Total capital assets	<u>11,841,737</u>	<u>20,253,381</u>	<u>32,095,118</u>
<b>Total Assets</b>	<u>22,211,955</u>	<u>21,597,854</u>	<u>43,809,809</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	87,375	87,375
Deferred pension adjustments	1,013,970	371,058	1,385,028
Deferred OPEB adjustments	42,218	12,066	54,284
<b>Total Deferred Outflows of Resources</b>	<u>1,056,188</u>	<u>470,499</u>	<u>1,526,687</u>
<b>LIABILITIES</b>			
Accounts payable	69,623	662,221	731,844
Salaries and benefits payable	4,479	-	4,479
Retentions payable	-	338,364	338,364
Deposits payable	7,100	29,552	36,652
Unearned revenue	17,175	-	17,175
Long-term liabilities:			
Due within one year	143,797	183,348	327,145
Due in more than one year	143,797	8,355,977	8,499,774
Net pension liability	4,570,106	1,806,851	6,376,957
Net OPEB liability	1,647,629	475,400	2,123,029
<b>Total Liabilities</b>	<u>6,603,706</u>	<u>11,851,713</u>	<u>18,455,419</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred housing loan payments	5,956,488	-	5,956,488
Deferred pension adjustments	110,990	55,402	166,392
<b>Total Deferred Inflows of Resources</b>	<u>6,067,478</u>	<u>55,402</u>	<u>6,122,880</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 Net Position**  
**June 30, 2018**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>NET POSITION</b>			
Net investment in capital assets	11,841,737	12,355,363	24,197,100
Restricted for:			
General government	380,578	-	380,578
Public ways and facilities	1,709,677	-	1,709,677
Community development	6,829,312	-	6,829,312
Culture and recreation	787,456	-	787,456
Capital projects	946,481	1,862,195	2,808,676
Unrestricted	<u>(11,898,282)</u>	<u>(4,056,320)</u>	<u>(15,954,602)</u>
<b>Total Net Position</b>	<u>\$ 10,596,959</u>	<u>\$ 10,161,238</u>	<u>\$ 20,758,197</u>

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

Continued (Page 2 of 2)

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**CITY OF JACKSON**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

<u>Functions/Programs:</u>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>
Governmental activities:				
General government	\$ 866,455	\$ 74,706	\$ 793,323	\$ -
Public protection	2,266,871	231,507	139,465	-
Public ways and facilities	1,098,890	551,534	173,774	122,366
Community development	706,012	704,317	-	-
Culture and recreation	305,022	37,157	23,685	-
<b>Total Governmental Activities</b>	<b>5,243,250</b>	<b>1,599,221</b>	<b>1,130,247</b>	<b>122,366</b>
Business-type activities:				
Sewer Facilities	1,714,431	1,585,827	-	555,519
Treated Water	1,644,786	1,672,984	-	-
Parking	44,443	1,407	-	-
<b>Total Business-Type Activities</b>	<b>3,403,660</b>	<b>3,260,218</b>	<b>-</b>	<b>555,519</b>
<b>Total</b>	<b>\$ 8,646,910</b>	<b>\$ 4,859,439</b>	<b>\$ 1,130,247</b>	<b>\$ 677,885</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

**Transfers**

**Total General Revenues and Transfers**

**Change in Net Position**

**Net Position - Beginning**

Prior period adjustment

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>
\$ 1,574	\$ -	\$ 1,574
(1,895,899)	-	(1,895,899)
(251,216)	-	(251,216)
(1,695)	-	(1,695)
(244,180)	-	(244,180)
<u>(2,391,416)</u>	<u>-</u>	<u>(2,391,416)</u>
-	426,915	426,915
-	28,198	28,198
-	(43,036)	(43,036)
<u>-</u>	<u>412,077</u>	<u>412,077</u>
<u>(2,391,416)</u>	<u>412,077</u>	<u>(1,979,339)</u>
801,565	-	801,565
923,437	-	923,437
163,572	-	163,572
23,075	-	23,075
469,780	-	469,780
371,115	-	371,115
16,905	2,497	19,402
3,924	22,365	26,289
(32,561)	32,561	-
<u>2,740,812</u>	<u>57,423</u>	<u>2,798,235</u>
<u>349,396</u>	<u>469,500</u>	<u>818,896</u>
17,045,535	9,889,405	26,934,940
(6,106,355)	-	(6,106,355)
(691,617)	(197,667)	(889,284)
<u>10,247,563</u>	<u>9,691,738</u>	<u>19,939,301</u>
<u>\$ 10,596,959</u>	<u>\$ 10,161,238</u>	<u>\$ 20,758,197</u>

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## **Basic Financial Statements**

- **Fund Financial Statements**

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**CITY OF JACKSON**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2018**

	<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	\$ 382,965	\$ 1,435	\$ 486,758	\$ 2,892,059	\$ 3,763,217
Receivables:					
Accounts	13,933	-	-	-	13,933
Taxes	323,189	-	-	-	323,189
Intergovernmental	11,951	-	-	74,645	86,596
Due from other funds	-	-	-	74,392	74,392
Loans receivable	-	3,326,790	-	2,629,698	5,956,488
<b>Total Assets</b>	<b>\$ 732,038</b>	<b>\$ 3,328,225</b>	<b>\$ 486,758</b>	<b>\$ 5,670,794</b>	<b>\$10,217,815</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 61,967	\$ -	\$ -	\$ 7,656	\$ 69,623
Salaries and benefits payable	4,479	-	-	-	4,479
Unearned revenue	17,175	-	-	-	17,175
Due to other funds	-	-	-	74,392	74,392
Deposits payable	7,100	-	-	-	7,100
<b>Total Liabilities</b>	<b>90,721</b>	<b>-</b>	<b>-</b>	<b>82,048</b>	<b>172,769</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenues	11,951	-	-	55,315	67,266
Deferred housing loan payments	-	3,326,790	-	2,629,698	5,956,488
<b>Total Deferred Inflows of Resources</b>	<b>11,951</b>	<b>3,326,790</b>	<b>-</b>	<b>2,685,013</b>	<b>6,023,754</b>
<b>FUND BALANCES</b>					
Restricted	335,165	1,435	486,758	2,892,857	3,716,215
Committed	109,000	-	-	-	109,000
Assigned	-	-	-	71,904	71,904
Unassigned	185,201	-	-	(61,028)	124,173
<b>Total Fund Balances</b>	<b>629,366</b>	<b>1,435</b>	<b>486,758</b>	<b>2,903,733</b>	<b>4,021,292</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 732,038</b>	<b>\$ 3,328,225</b>	<b>\$ 486,758</b>	<b>\$ 5,670,794</b>	<b>\$10,217,815</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, 2018**

<b>Total Fund Balance - Total Governmental Funds</b>	<b>\$ 4,021,292</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.	11,841,737
Other long term assets are not available to pay for current period expenditures and therefore, are reported as unavailable revenues in the governmental funds.	67,266
Deferred outflows of resources related to pensions and OPEB are not reported in the governmental funds.	1,056,188
Deferred inflows of resources related to pensions are not reported in the governmental funds.	(110,990)
Certain liabilities are not due and payable in the current period and therefore, are not reported in the governmental funds.	
Compensated absences	(287,594)
Net pension liability	(4,570,106)
Net OPEB liability	(1,647,629)
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>226,795</u>
<b>Net Position of Governmental Activities</b>	<b><u><u>\$ 10,596,959</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, 2018**

	<b>General Fund</b>	<b>HOME Grant</b>	<b>Measure M</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>REVENUES</b>					
Taxes and assessments	\$ 2,466,505	\$ -	\$ 562,082	\$ -	\$ 3,028,587
Licenses and permits	246,530	-	-	403,106	649,636
Fines and forfeitures	8,257	-	-	-	8,257
Use of money and property	14,317	-	351	2,237	16,905
Intergovernmental	1,191,974	-	-	463,584	1,655,558
Charges for services	78,226	-	-	214,271	292,497
Other revenues	3,924	-	-	-	3,924
<b>Total Revenues</b>	<b>4,009,733</b>	<b>-</b>	<b>562,433</b>	<b>1,083,198</b>	<b>5,655,364</b>
<b>EXPENDITURES</b>					
Current:					
General government	675,499	-	-	7,775	683,274
Public protection	1,904,844	-	-	-	1,904,844
Public ways and facilities	752,883	-	-	274	753,157
Community development	-	-	701,602	4,410	706,012
Culture and recreation	237,009	-	-	-	237,009
Capital outlay	1,065,415	-	-	122,367	1,187,782
<b>Total Expenditures</b>	<b>4,635,650</b>	<b>-</b>	<b>701,602</b>	<b>134,826</b>	<b>5,472,078</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(625,917)</b>	<b>-</b>	<b>(139,169)</b>	<b>948,372</b>	<b>183,286</b>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	326,875	-	-	151,615	478,490
Transfers out	(110,639)	-	-	(400,412)	(511,051)
<b>Total Other Financing Sources (Uses)</b>	<b>216,236</b>	<b>-</b>	<b>-</b>	<b>(248,797)</b>	<b>(32,561)</b>
<b>Net Change in Fund Balances</b>	<b>(409,681)</b>	<b>-</b>	<b>(139,169)</b>	<b>699,575</b>	<b>150,725</b>
<b>Fund Balances - Beginning</b>	<b>1,039,047</b>	<b>3,328,225</b>	<b>625,927</b>	<b>4,983,723</b>	<b>9,976,922</b>
Prior period adjustment	-	(3,326,790)	-	(2,779,565)	(6,106,355)
<b>Fund Balances - Beginning, Restated</b>	<b>1,039,047</b>	<b>1,435</b>	<b>625,927</b>	<b>2,204,158</b>	<b>3,870,567</b>
<b>Fund Balances - Ending</b>	<b>\$ 629,366</b>	<b>\$ 1,435</b>	<b>\$ 486,758</b>	<b>\$ 2,903,733</b>	<b>\$ 4,021,292</b>

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, 2018**

**Net Change in Fund Balances - Total Governmental Funds** \$ 150,725

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	1,187,782
Less current year depreciation	(511,683)

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	(30,157)
--------------------------------	----------

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	(18,286)
Change in deferred outflows of resources related to OPEB	42,218
Change in deferred inflows of resources related to pensions	117,291

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	(25,863)
Change in net pension liability	(534,930)
Change in net OPEB liability	(109,440)

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.

81,739
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**Change in Net Position of Governmental Activities** \$ 349,396

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, 2018**

	<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	\$ 156,481	\$ 638,408	\$ 19,825	\$ 814,714	\$ 120,521
Cash with fiscal agent	-	122,424	-	122,424	-
Receivables:					
Accounts	172,607	166,779	-	339,386	-
Due from other funds	1,271,035	-	-	1,271,035	-
Deposits	-	2,196	-	2,196	-
Prepaid insurance	-	-	-	-	172,027
<b>Total Current Assets</b>	<b>1,600,123</b>	<b>929,807</b>	<b>19,825</b>	<b>2,549,755</b>	<b>292,548</b>
Noncurrent Assets:					
Capital assets:					
Non-depreciable	9,804,995	8,818	155,586	9,969,399	-
Depreciable, net	4,523,336	5,441,412	319,234	10,283,982	-
Total capital assets	14,328,331	5,450,230	474,820	20,253,381	-
<b>Total Noncurrent Assets</b>	<b>14,328,331</b>	<b>5,450,230</b>	<b>474,820</b>	<b>20,253,381</b>	<b>-</b>
<b>Total Assets</b>	<b>15,928,454</b>	<b>6,380,037</b>	<b>494,645</b>	<b>22,803,136</b>	<b>292,548</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	-	87,375	-	87,375	-
Deferred pension adjustments	250,200	121,043	(185)	371,058	-
Deferred OPEB adjustments	8,534	3,532	-	12,066	-
<b>Total Deferred Outflows of Resources</b>	<b>258,734</b>	<b>211,950</b>	<b>(185)</b>	<b>470,499</b>	<b>-</b>
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts payable	659,740	2,344	137	662,221	-
Retentions payable	338,364	-	-	338,364	-
Deposits payable	-	-	29,552	29,552	-
Due to other funds	1,271,035	-	-	1,271,035	-
Compensated absences payable	3,074	7,164	2	10,240	-
Customer advances	-	84,439	-	84,439	-
Bonds payable	-	88,669	-	88,669	-
<b>Total Current Liabilities</b>	<b>2,272,213</b>	<b>182,616</b>	<b>29,691</b>	<b>2,484,520</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, 2018**

	<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>
Noncurrent Liabilities:					
Compensated absences payable	-	7,579	-	7,579	-
Customer advances	-	451,674	-	451,674	-
Loans payable	7,378,375	-	-	7,378,375	-
Bonds payable	-	518,349	-	518,349	-
Net pension liability	1,209,241	596,478	1,132	1,806,851	-
Net OPEB liability	312,956	162,444	-	475,400	-
<b>Total Noncurrent Liabilities</b>	<b>8,900,572</b>	<b>1,736,524</b>	<b>1,132</b>	<b>10,638,228</b>	<b>-</b>
<b>Total Liabilities</b>	<b>11,172,785</b>	<b>1,919,140</b>	<b>30,823</b>	<b>13,122,748</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred pension adjustments	43,496	11,907	(1)	55,402	-
<b>Total Deferred Inflows of Resources</b>	<b>43,496</b>	<b>11,907</b>	<b>(1)</b>	<b>55,402</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	6,949,956	4,930,587	474,820	12,355,363	-
Restricted for capital projects	1,344,070	518,125	-	1,862,195	-
Unrestricted	(3,323,119)	(787,772)	(11,182)	(4,122,073)	292,548
<b>Total Net Position</b>	<b>\$ 4,970,907</b>	<b>\$ 4,660,940</b>	<b>\$ 463,638</b>	<b>10,095,485</b>	<b>\$ 292,548</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				65,753	
<b>Net Position of Business-Type Activities</b>				<b>\$10,161,238</b>	

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, 2018**

	<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>OPERATING REVENUES</b>					
Licenses and permits	\$ 72,050	\$ 67,115	\$ 80	\$ 139,245	\$ -
Fines and forfeitures	-	-	1,327	1,327	-
Charges for services	1,513,777	1,605,869	-	3,119,646	95,179
Other revenues	260	21,605	500	22,365	-
<b>Total Operating Revenues</b>	<b>1,586,087</b>	<b>1,694,589</b>	<b>1,907</b>	<b>3,282,583</b>	<b>95,179</b>
<b>OPERATING EXPENSES</b>					
Salaries and benefits	536,133	344,564	2,390	883,087	-
Contract services	445,621	15,967	-	461,588	-
Utilities	123,314	11,924	3,160	138,398	-
Insurance	87,195	37,084	1,847	126,126	-
Maintenance	89,044	26,060	-	115,104	-
Supplies	119,445	14,369	-	133,814	-
Write offs	-	-	57	57	-
Administration	-	10,212	-	10,212	-
Other	162,200	970,180	27,056	1,159,436	-
Insurance and claims	-	-	-	-	(61,561)
Depreciation	204,505	195,438	10,881	410,824	-
<b>Total Operating Expenses</b>	<b>1,767,457</b>	<b>1,625,798</b>	<b>45,391</b>	<b>3,438,646</b>	<b>(61,561)</b>
<b>Operating Income (Loss)</b>	<b>(181,370)</b>	<b>68,791</b>	<b>(43,484)</b>	<b>(156,063)</b>	<b>156,740</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Grants and other receipts	555,519	-	-	555,519	-
Interest income	945	1,534	18	2,497	-
Interest expense	-	(40,013)	-	(40,013)	-
<b>Total Non-Operating Revenues (Expenses)</b>	<b>556,464</b>	<b>(38,479)</b>	<b>18</b>	<b>518,003</b>	<b>-</b>
<b>Income (Loss) Before Transfers</b>	<b>375,094</b>	<b>30,312</b>	<b>(43,466)</b>	<b>361,940</b>	<b>156,740</b>
Transfers in	-	-	32,561	32,561	-
<b>Change in Net Position</b>	<b>375,094</b>	<b>30,312</b>	<b>(10,905)</b>	<b>394,501</b>	<b>156,740</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 Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Sewer</u>	<u>Treated</u>	<u>Other</u>	<u>Internal</u>
	<u>Facilities</u>	<u>Water</u>	<u>Enterprise</u>	<u>Service</u>
			<u>Funds</u>	<u>Fund</u>
			<u>Total</u>	
<b>Total Net Position - Beginning</b>	4,735,626	4,688,482	474,543	135,808
Cumulative effect of a change in accounting principle	<u>(139,813)</u>	<u>(57,854)</u>	<u>-</u>	<u>-</u>
<b>Total Net Position - Beginning, Restated</b>	4,595,813	4,630,628	474,543	135,808
<b>Total Net Position - Ending</b>	<u>\$ 4,970,907</u>	<u>\$ 4,660,940</u>	<u>\$ 463,638</u>	<u>\$ 292,548</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.			<u>75,000</u>	
<b>Change in Net Position of Business-Type Activities</b>			<u>\$ 469,501</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 Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2018**

	<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>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,561,177	\$ 1,711,156	\$ 6,425	\$ 3,278,758	\$ 95,179
Payments to suppliers	(555,666)	(1,177,673)	(32,113)	(1,765,452)	-
Payments to employees	(432,802)	(274,173)	(2,354)	(709,329)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>572,709</u>	<u>259,310</u>	<u>(28,042)</u>	<u>803,977</u>	<u>95,179</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Grants and other receipts	555,519	-	-	555,519	-
Interfund loans made	(1,946,531)	-	-	(1,946,531)	-
Interfund loans repayments received	1,271,076	-	-	1,271,076	-
Transfers from other funds	-	-	32,561	32,561	-
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>(119,936)</u>	<u>-</u>	<u>32,561</u>	<u>(87,375)</u>	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(7,681,349)	-	-	(7,681,349)	-
Retirement of capital assets	5,737	-	-	5,737	-
Proceeds from issuance of debt	7,378,375	-	-	7,378,375	-
Principal paid on debt	-	(74,106)	-	(74,106)	-
Interest paid on debt	-	(40,013)	-	(40,013)	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<u>(297,237)</u>	<u>(114,119)</u>	<u>-</u>	<u>(411,356)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest on investments	945	1,532	18	2,495	-
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>945</u>	<u>1,532</u>	<u>18</u>	<u>2,495</u>	<u>-</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	156,481	146,723	4,537	307,741	95,179
<b>Balances - Beginning</b>	-	614,109	15,288	629,397	25,342
<b>Balances - Ending</b>	<u>\$ 156,481</u>	<u>\$ 760,832</u>	<u>\$ 19,825</u>	<u>\$ 937,138</u>	<u>\$ 120,521</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, 2018**

	<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>RECONCILIATION OF OPERATING INCOME</b>					
<b>(LOSS) TO NET CASH PROVIDED (USED)</b>					
<b>BY OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ (181,370)	\$ 68,791	\$ (43,484)	\$ (156,063)	\$ 156,740
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation	204,505	195,438	10,881	410,824	-
Decrease (increase) in:					
Accounts receivable	(24,910)	16,568	41	(8,301)	-
Deposits	-	-	-	-	-
Prepaid insurance	-	-	-	-	(61,561)
Pension adjustments - deferred outflows	(701)	(9,426)	(35)	(10,162)	-
OPEB adjustments - deferred outflows	(8,534)	(3,532)	-	(12,066)	-
Increase (decrease) in:					
Accounts payable	132,789	(90,781)	7	42,015	-
Retentions payable	338,364	-	-	338,364	-
Deposits payable	-	(1,098)	4,479	3,381	-
Compensated absences payable	(13,100)	5,797	-	(7,303)	-
Net pension liability	117,624	72,434	64	190,122	-
Net OPEB liability	22,123	9,154	-	31,277	-
Pension adjustments - deferred inflows	(14,081)	(4,035)	5	(18,111)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 572,709</b>	<b>\$ 259,310</b>	<b>\$ (28,042)</b>	<b>\$ 803,977</b>	<b>\$ 95,179</b>
<b>NONCASH INVESTING, CAPITAL, AND 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 Net Position**  
**Fiduciary Funds**  
**June 30, 2018**

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 36,565
<b>Total Assets</b>	<u>\$ 36,565</u>
<b>LIABILITIES</b>	
Agency obligations	\$ 36,565
<b>Total Liabilities</b>	<u>\$ 36,565</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**

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**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**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, 2018**

**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 member 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, 2180 Harvard Street, Suite 460 Sacramento, CA 95815. 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. Interfund services provided and used are not eliminated in the process of consolidation. 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, 2018**

**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, 2018**

**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 asset 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 and Cash Equivalents**

For purposes of the accompanying Statement of Cash Flows, the City considers all highly liquid investments with a maturity of three months or less when purchased including cash with fiscal agent, and their equity in the City's investment pool, to be cash and cash equivalents.

**F. 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.

Investment transactions are recorded on the trade date. The fair value of investments is determined annually. Investments in nonparticipating interest-earning investment contracts are reported at cost; short term investments are reported at amortized cost, investments in the State of California Local Agency Investment Fund, an external pool, are reported at amortized cost which approximates fair value, and the fair value of all other investments are obtained by using quotations obtained from independent published sources or by the safekeeping institution. The fair value represents the amount the City could reasonably expect to receive for an investment in a current sale between a willing buyer and seller.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**F. Investments (Continued)**

Income from pooled investments is allocated to the individual funds based on the fund or participant's average daily cash balance at quarter end in relation to the total pool investments. Income from non-pooled investments is recorded based on the specific investments held by the fund.

**G. Receivables**

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

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

**H. 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, 2018, are recorded as prepaid costs in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The City records prepaid insurance for the net investment in a joint powers self insurance agency.

**I. Loans Receivable**

The City has received funding over the years from the California Department of Housing and Community Development as part of the Federal Community Development Block Grant Program (CDBG) for FHA Title 1 and other revolving loans and as part of the Federal First Time Homebuyers Program (HOME), which is an owner occupied housing program. Notes were issued to borrowers for homebuyers, construction and housing rehabilitation and for the Kennedy Meadows Project. The notes are secured by first deeds of trust. The notes have various monthly installment amounts and due dates. Interest rates vary depending on the term of the loan. The balance at June 30, 2018 including accrued interest was \$5,956,488.

**J. 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 acquisition value at the date of donation.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**J. Capital Assets (Continued)**

Capital assets used in operations are depreciated or amortized using the straight-line method over the assets estimated useful lives 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

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.

**K. 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 60 days after year-end.

**L. 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.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**L. Interfund Transactions (Continued)**

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.

**M. 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.

**N. 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.

**O. 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) plan (Plan) and additions to/deductions from the Plan's 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.

**P. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Measurement Period	June 30, 2017 to June 30, 2018

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**Q. 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 three items that qualify for reporting in this category. One item, deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The other items relate to the outflows from changes in the net pension liability and net OPEB liability and are 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 three 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 second item relates to housing principal and interest receivable amount and is reported in the statement of net position as well as the governmental funds balance sheet. The third item relates to the inflows from changes in the net pension liability and is reportable on the Statement of Net Position.

**R. 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.

**S. 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. 75**, Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement improves accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). This statement also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities.

**Statement No. 81**, Irrevocable Split-Interest Agreements. This statement improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

**Statement No. 85**, Omnibus 2017. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits.



**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

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

**Statement No. 86**, Certain Debt Extinguishment Issues. This statement improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt.

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

**A. Restatement of Fund Balance/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 fund balance/net position. During the current year a prior period adjustment was made to reflect the prior period costs related to implementing the net OPEB liability as required by GASB Statement No. 75. The City also reported a prior period adjustment to correct an understatement of deferred housing loan payments.

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, June 30, 2017, as previously reported	\$ 17,045,535	\$ 9,889,405
Adjustment associated with:		
Deferred Housing Loan Payments	( 6,106,355)	-
Net OPEB Liability Adjustment	( 691,617)	( 197,667)
Total Adjustments	( 6,717,972)	( 197,667)
Net Position, July 1, 2017, as restated	<u>\$ 10,247,563</u>	<u>\$ 9,691,738</u>

The impact of the restatement on the fund balance of the fund financial statements as previously reported is presented below:

	<u>HOME Grant</u>	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2017, as previously reported	\$ 3,328,225	\$ 4,983,723
Adjustment associated with:		
Deferred Housing Loan Payments	( 3,326,790)	( 2,779,565)
Total Adjustments	( 3,326,790)	( 2,779,565)
Fund Balance, July 1, 2017, as restated	<u>\$ 1,435</u>	<u>\$ 2,204,158</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**A. Restatement of Fund Balance/Net Position (Continued)**

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

	<u>Sewer Facilities</u>	<u>Treated Water</u>
Net Position, June 30, 2017, as previously reported	\$ 4,735,626	\$ 4,688,482
Adjustment associated with:		
Net OPEB Liability Adjustment	( 139,813)	( 57,854)
Total Adjustments	( 139,813)	( 57,854)
Net Position, July 1, 2017, as restated	<u>\$ 4,595,560</u>	<u>\$ 4,630,628</u>

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

The following nonmajor special revenue fund had a deficit fund balance:

The FTHB 2011 fund had a fund balance deficit of \$1,404, which is expected to be eliminated in future years through grant revenues.

The following nonmajor capital projects funds had deficit fund balances:

The South Avenue Bridge fund had a fund balance deficit of \$6,744, which is expected to be eliminated in future years through grant revenues.

The Pitt Street Bridge fund had a fund balance deficit of \$44,097, which is expected to be eliminated in future years through grant revenues.

The French Bar Bridge fund had a fund balance deficit of \$5,412, which is expected to be eliminated in future years through grant revenues.

The Sidewalk Improvement fund had a fund balance deficit of \$263, which is expected to be eliminated in the future through grant revenues.

The Oro de Amador fund had a fund balance deficit of \$3,108, which is expected to be eliminated through contributions from the General fund.

The following nonmajor enterprise fund had a deficit net position:

The Utility Deposits fund had a net position deficit of \$9,838, 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, 2018**

**NOTE 3: CASH AND INVESTMENTS**

**A. Financial Statement Presentation**

As of June 30, 2018, the City's cash and investments are reported in the financial statements as follows:

Governmental activities	\$ 3,883,738
Business-type activities	937,138
Agency funds	<u>36,565</u>
Total Cash and Investments	<u>\$ 4,857,441</u>

As of June 30, 2018, the City's cash and investments consisted of the following:

Cash:	
Cash on hand	\$ 520
Deposits (less outstanding checks)	3,896,329
Deposits with fiscal agents	<u>122,424</u>
Total Cash	<u>4,019,273</u>
Investments:	
Investment Trust of California	792,823
Local Agency Investment Fund	<u>45,345</u>
Total Investments	<u>838,168</u>
Total Cash and Investments	<u>\$ 4,857,441</u>

**B. Cash**

At year end, the carrying amount of the City's cash deposits (including amounts in checking accounts, savings accounts, and deposits with fiscal agents) was \$4,018,753 and the bank balance was \$4,320,061. 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 \$520.

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 the 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 of 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. 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.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**C. Investments (Continued)**

Under the provisions of the City's investment policy the City may invest or deposit in the following:

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

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The City's position in external investment pools is in its self regarded as a type of investment and looking through to the underlying investments of the pool is not appropriate. Therefore, the City's investment in external investment pools are not recognized in the three-tiered fair value hierarchy described above.

At June 30, 2018, the City had the following recurring fair value measurements.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level				
None	\$ -	\$ -	\$ -	\$ -
Total Investments Measured at Fair Value	-	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Investments in External Investment Pools				
CalTRUST	792,823			
LAIF	<u>45,345</u>			
Total Investments	<u>\$ 838,168</u>			

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 the 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. Any investments that mature more than five years from the date of the purchase cannot occur without prior approval of the City Council.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**C. Investments (Continued)**

As of June 30, 2018, 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		
CalTRUST	Variable	\$ 792,823	\$ -	\$ 792,823	\$ -
LAIF	Variable	45,345	-	45,345	-
Total Investments		<u>\$ 838,168</u>	<u>\$ -</u>	<u>\$ 838,168</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, 2018, the City investments were all pooled with CalTRUST and LAIF, which are not rated by a nationally recognized statistical rating organization.

**Custodial Credit Risk** - 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.

**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, 2018, the City's investments were all pooled with CalTRUST and LAIF, which hold a diversified portfolio of high quality investments.

**D. Investment in External Investment Pools**

The City of Jackson maintains an investment in the Investment Trust of California (CalTRUST), administered by the California State Association of Counties (CSAC) Finance Corporation. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California Government Code. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasurers and investment officers. At June 30, 2018, the City's investment in CalTRUST is based on the City's fair value per share provided by CalTRUST applied to the number of shares held by the City. There are no restrictions on withdrawal of funds.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**D. Investment in External Investment Pools (Continued)**

The City of Jackson maintains an investment in the State of California Local Agency Investment Fund (LAIF), managed by the State Treasurer. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. At June 30, 2018, the City's investment in LAIF valued at amortized cost was \$45,345 and is the same as the value of the pool shares. There are no restrictions on withdrawal of funds. The total amount invested by all public agencies in LAIF on that day was \$88.8 billion. Of that amount, 97.33 percent is invested in non-derivative financial products and 2.67 percent in structured notes and asset-backed securities.

**NOTE 4: CAPITAL ASSETS**

Capital assets activity for the year ended June 30, 2018, was as follows:

	Balance <u>July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2018</u>
<b>Governmental Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,472,252	\$ -	\$ -	\$ 1,472,252
Construction in progress	<u>1,540,340</u>	<u>1,075,636</u>	<u>-</u>	<u>2,615,976</u>
Total Capital Assets, Not Being Depreciated	<u>3,012,592</u>	<u>1,075,636</u>	<u>-</u>	<u>4,088,228</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	4,272,979	50,451	-	4,323,430
Equipment	2,842,628	38,468	-	2,881,096
Infrastructure	<u>14,385,025</u>	<u>23,227</u>	<u>-</u>	<u>14,408,252</u>
Total Capital Assets, Being Depreciated	<u>21,500,632</u>	<u>112,146</u>	<u>-</u>	<u>21,612,778</u>
Less Accumulated Depreciation For:				
Buildings and improvements	( 2,078,622)	( 113,448)	-	( 2,192,070)
Equipment	( 2,401,818)	( 141,607)	-	( 2,543,425)
Infrastructure	<u>( 8,867,146)</u>	<u>( 256,628)</u>	<u>-</u>	<u>( 9,123,774)</u>
Total Accumulated Depreciation	<u>( 13,347,586)</u>	<u>( 511,683)</u>	<u>-</u>	<u>( 13,859,269)</u>
Total Capital Assets, Being Depreciated, Net	<u>8,153,046</u>	<u>( 399,537)</u>	<u>-</u>	<u>7,753,509</u>
Governmental Activities Capital Assets, Net	<u>\$ 11,165,638</u>	<u>\$ 676,100</u>	<u>\$ -</u>	<u>\$ 11,841,737</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
<b>Business-Type Activities</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 181,689	\$ -	\$ -	\$ 181,689
Construction in Progress	<u>2,195,234</u>	<u>7,598,213</u>	<u>( 5,737)</u>	<u>9,787,710</u>
Total Capital Assets, Not Being Depreciated	<u>2,376,923</u>	<u>7,598,213</u>	<u>( 5,737)</u>	<u>9,969,399</u>
Capital Assets, Being Depreciated:				
Buildings and improvements	3,698,902	-	-	3,698,902
Equipment	1,882,477	-	-	1,882,477
Infrastructure	<u>14,759,291</u>	<u>83,136</u>	<u>-</u>	<u>14,842,427</u>
Total Capital Assets, Being Depreciated	<u>20,340,670</u>	<u>83,136</u>	<u>-</u>	<u>20,423,806</u>
Less Accumulated Depreciation For:				
Buildings and improvements	( 2,292,155)	( 75,970)	-	( 2,368,125)
Equipment	( 1,632,921)	( 36,598)	-	( 1,669,519)
Infrastructure	<u>( 5,803,924)</u>	<u>( 298,256)</u>	<u>-</u>	<u>( 6,102,180)</u>
Total Accumulated Depreciation	<u>( 9,729,000)</u>	<u>( 410,824)</u>	<u>-</u>	<u>( 10,139,824)</u>
Total Capital Assets, Being Depreciated, Net	<u>10,611,670</u>	<u>( 327,688)</u>	<u>-</u>	<u>10,283,982</u>
Business-Type Activities Capital Assets, Net	<u>\$ 12,988,593</u>	<u>\$ 7,270,525</u>	<u>(\$ 5,737)</u>	<u>\$ 20,253,381</u>

**Depreciation**

Depreciation expense was charged to governmental functions as follows:

General government	\$ 29,936
Public protection	118,906
Public ways and facilities	308,417
Culture and recreation	<u>54,424</u>
Total Depreciation Expense - Governmental Functions	<u>\$ 511,683</u>

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

Sewer Facilities	\$ 204,505
Treated Water	195,438
Parking	<u>10,881</u>
Total Depreciation Expense - Business-Type Functions	<u>\$ 410,824</u>

**Construction in Progress**

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

Construction in progress for business-type activities relates primarily to work performed on the Westview Liftstation Upgrade and the Wastewater Treatment Plant project.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**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, 2018:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Nonmajor Governmental funds	\$ 74,392	\$ 74,392
Sewer Facilities	<u>1,271,035</u>	<u>1,271,035</u>
Total	<u>\$ 1,345,427</u>	<u>\$ 1,345,427</u>

**Transfers**

Transfers are indicative of funding for capital projects, lease payments or debt service, and re-allocations of special revenues. The following are the interfund transfer balances as of June 30, 2018:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 326,875	\$ 110,639
Nonmajor Governmental funds	151,615	400,412
Nonmajor Enterprise funds	<u>32,561</u>	<u>-</u>
Total	<u>\$ 511,051</u>	<u>\$ 511,051</u>

**NOTE 6: LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities for the year ended June 30, 2018:

<u>Type of Indebtedness</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Adjustments/ Retirements</u>	<u>Balance June 30, 2018</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities</b>					
Compensated Absences	\$ 261,731	\$ 268,042	(\$ 242,179)	\$ 287,594	\$ 143,797
Total Governmental Activities	<u>\$ 261,731</u>	<u>\$ 268,042</u>	<u>(\$ 242,179)</u>	<u>\$ 287,594</u>	<u>\$ 143,797</u>
<b>Business-Type Activities</b>					
Compensated Absences	\$ 25,123	\$ 52,386	(\$ 59,690)	\$ 17,819	\$ 10,240
Customer Advances	536,113	-	-	536,113	84,439
Loans	-	7,378,375	-	7,378,375	-
Bonds	705,000	-	( 90,000)	615,000	90,000
Plus: Bond Premium	12,937	-	( 1,848)	11,089	1,848
Less Deferred Amounts:					
Unamortized Discount	( 22,250)	-	3,179	( 19,071)	( 3,179)
Bonds (Net)	<u>695,687</u>	<u>-</u>	<u>( 88,669)</u>	<u>607,018</u>	<u>88,669</u>
Total Business-Type Activities	<u>\$ 1,256,923</u>	<u>\$ 7,430,761</u>	<u>(\$ 148,359)</u>	<u>\$ 8,539,325</u>	<u>\$ 183,348</u>



**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

Compensated absences for the governmental activities are generally liquidated by the fund where the accrued liability occurred, which is primarily the General fund.

On October 17, 2016, the City obtained a loan from the California Water Resources Control Board in the amount of \$11,950,521 to finance water waste treatment plant facility upgrades. As of June 30, 2018, the City had not drawn down the full amount of the loan funds and the balance outstanding is \$7,378,375. The final payment schedule will be provided to the City after all the disbursements have been paid and construction of the project has been completed.

Individual issues of debt payable outstanding at June 30, 2018 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>\$ 536,113</u>
Total Customer Advances	<u>536,113</u>

Loans:

California Water Resources Control Board loan, issued October 17, 2016, in the amount of \$11,950,521 and payable in annual installments of \$471,639 to \$511,431, with an interest rate of 1.70% and a maturity on January 28, 2049. The bonds are being used to finance wastewater treatment plant facility upgrades. Total proceeds of the loan have not been drawn down by the City as of June 30, 2018.	<u>7,378,375</u>
Total Loans	<u>7,378,375</u>

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>615,000</u>
Total Bonds	<u>615,000</u>
Total Business-Type Activities	<u><u>\$ 8,529,488</u></u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

Following is a schedule of debt payment requirements to maturity for long term debt, excluding compensated absences that have indefinite maturities and the California Water Resources Control Board loan.

**Business-Type Activities**

Year Ended June 30	Customer Advances		
	Principal	Interest	Total
2019	\$ 84,439	\$ -	\$ 84,439
2020	42,220	-	42,220
2021	42,219	-	42,219
2022	42,220	-	42,220
2023	42,219	-	42,219
2024-2028	211,098	-	211,098
2029-2032	71,698	-	71,698
Total	\$ 536,113	\$ -	\$ 536,113

Year Ended June 30	Bonds		
	Principal	Interest	Total
2019	\$ 90,000	\$ 21,330	\$ 111,330
2020	100,000	18,165	118,165
2021	100,000	14,615	114,615
2022	105,000	10,795	115,795
2023	105,000	6,700	111,700
2024	115,000	2,300	117,300
Total	\$ 615,000	\$ 73,905	\$ 688,905

**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, 2018, the defeased debt outstanding but not shown in these financial statements was \$690,000.

**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.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 8: NET POSITION (CONTINUED)**

- **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 \$12,515,699 of restricted net position, of which \$486,758 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, 2018, 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.
- **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.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

The fund balances for all major and nonmajor governmental funds as of June 30, 2018, were distributed as follows:

	General	HOME Grant	Measure M	Other Governmental Funds	Total
<b>Restricted:</b>					
Measure E	\$ 335,165	\$ -	\$ -	\$ -	\$ 335,165
Argonaut Heights	-	-	-	5,107	5,107
Essential Services	-	-	-	578,425	578,425
Measure M	-	-	486,758	-	486,758
Recycling Promo	-	-	-	10,318	10,318
Gas Tax Streets	-	-	-	62	62
Parkland	-	-	-	787,456	787,456
Streets and Bridges	-	-	-	944,930	944,930
Regional Traffic	-	-	-	142,541	142,541
Argonaut Lane Improvements	-	-	-	36,182	36,182
New York Ranch Rd Forfeiture	-	-	-	2,430	2,430
Community Development	-	1,435	-	384,344	385,779
Capital Projects	-	-	-	1,062	1,062
Subtotal	<u>335,165</u>	<u>1,435</u>	<u>486,758</u>	<u>2,892,857</u>	<u>3,716,215</u>
<b>Committed:</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>					
RMRA - RD Maint	-	-	-	22,385	22,385
HES Signs	-	-	-	12,862	12,862
Street Stripe	-	-	-	36,657	36,657
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,904</u>	<u>71,904</u>
<b>Unassigned</b>	<u>185,201</u>	<u>-</u>	<u>-</u>	<u>(61,028)</u>	<u>124,173</u>
<b>Total</b>	<u>\$ 629,366</u>	<u>\$ 1,435</u>	<u>\$ 486,758</u>	<u>\$ 2,903,733</u>	<u>\$ 4,021,292</u>

**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.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 10: PENSION PLAN**

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

All qualified permanent and probationary employees are eligible to participate in the City’s Safety police, Safety fire, and Miscellaneous (all other) Employee Pension Plan, cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 Rate Tiers 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.

**Summary of Rate Tiers and Eligible Participants**

Open for New Enrollment

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

**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 Rate Tier’s specific provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Benefit Formula	Retirement Age	Monthly Benefits as a % of Eligible Compensation
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%

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

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

**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	10.110%	8.000%	0.000%
Miscellaneous PEPRA	6.533%	6.250%	0.000%
Safety Police	18.615%	6.500%	2.500%
Safety Fire	14.971%	9.000%	0.000%
Safety PEPRA	11.990%	11.500%	0.000%

For the year ended June 30, 2018, the contributions recognized as part of pension expense were as follows:

	<u>Contributions-Employer</u>	<u>Contributions-Employee (Paid by Employer)</u>
Miscellaneous	\$ 314,950	\$ -
Safety	176,010	17,763

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

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	<u>Proportion June 30, 2016</u>	<u>Proportion June 30, 2017</u>	<u>Change - Increase (Decrease)</u>
Miscellaneous	.04515%	.04376%	( .00139%)
Safety	.02017%	.02055%	.00038%

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

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

As of June 30, 2018, the City reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 4,339,347
Safety	<u>2,037,610</u>
Total Net Pension Liability	<u>\$ 6,376,957</u>

For the year ended June 30, 2018, the City recognized pension expense of \$1,139,825. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 542,046	\$ -
Changes of assumptions	647,104	( 69,916)
Difference between expected and actual experience	-	( 43,855)
Differences between projected and actual earnings on pension plan investments	195,878	-
Difference between City contributions and proportionate share of contributions	-	( 9,357)
Adjustment due to differences in proportions	<u>-</u>	<u>( 43,264)</u>
Total	<u>\$ 1,385,028</u>	<u>(\$ 166,392)</u>

\$542,046 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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2018		\$ 90,032
2019		451,727
2020		264,313
2021		( 129,482)
Thereafter		<u>-</u>
Total		<u>\$ 676,590</u>

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**NOTE 10: PENSION PLAN (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, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Projected Salary Increase	Varies by Entry-Age and Service
Mortality	Derived using CalPERS membership data for all funds
Post-Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of a January 2016 actuarial experience study for the period 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

**Change of Assumptions**

In fiscal year 2017-18, the financial reporting discount rate was lowered from 7.65 percent to 7.15 percent.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.15 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent 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.

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.



**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

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

**Discount Rate (Continued)**

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%	4.90%	5.38%
Fixed Income	19.0%	0.80%	2.27%
Inflation Assets	6.0%	0.60%	1.39%
Private Equity	12.0%	6.60%	6.63%
Real Estate	11.0%	2.80%	5.21%
Infrastructure and Forestland	3.0%	3.90%	5.36%
Liquidity	<u>2.0%</u>	-0.40%	-0.90%
Total	<u><u>100.0%</u></u>		

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

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

**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 the Plan as of the measurement date, calculated using the discount rate for the 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:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Miscellaneous	\$ 6,123,359	\$ 4,339,347	\$ 2,861,798
Safety	3,150,903	2,037,610	1,127,553

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

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

**Pension Plan Fiduciary Net Position**

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

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

**A. General Information about the OPEB Plan**

**Plan Description**

The City's defined benefit OPEB plan (the Plan) provides OPEB for all permanent full-time general and public safety employees of the City. The Plan is an agent multiple-employer defined benefit plan administered by the California Public Employees' Retirement System (CalPERS). The City Council reserves the authority to review and amend the funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the City. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

**Benefits Provided**

The City provides the following OPEB: lifetime retiree medical coverage.

Medical coverage is currently provided through CalPERS as permitted under the Public Employees' Medical and Hospital Care Act (PEMHCA). This coverage requires the employee to satisfy the requirements for retirement under CalPERS: wither (a) attainment of age 50 (age 52, if a miscellaneous employee new to PERS on or after January 1, 2013) with 5 years of State or public agency service or (b) an approved disability retirement.

The employee must begin his or her retirement (pension benefit) within 120 days of terminating employment with the City to be eligible to continue medical coverage through the agency and be entitled to benefits described below. If an eligible employee is not already enrolled in the medical plan, he or she may enroll within 60 days of retirement, during any future open enrollment period or with a qualifying life event. Once eligible, coverage may be continued at the retiree's option for his or her lifetime. A surviving spouse and other eligible dependents may also continue coverage.

As a PEMHCA employer, the City is obligated to contribute toward the cost of retiree medical coverage for the retiree's lifetime or until coverage is discontinued. The City's current PEMHCA resolutions define the City's contribution toward the medical plan premiums for active employees and retirees to be \$350 per month.

PEMHCA requires that monthly contributions from the City not be less than a required Minimum Employer Contribution (MEC). The MEC is \$133 per month in 2018 and is increased annually to keep pace with the medical Consumer Price Index. If the \$350 per month benefit is not increased, as expected, the MEC will eventually exceed the \$350 benefit.

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**A. General Information about the OPEB Plan (Continued)**

**Benefits Provided (Continued)**

The 2018 CalPERS monthly medical plan rates in the Bay Area rate group are shown in the table below. The CalPERS administration fee is assumed to be expensed each year and has not been projected as an OPEB liability.

<b>Bay Area 2018 Health Plan Rates</b>						
	Actives and Pre-Med Retirees			Medicare Eligible Retirees		
Kaiser HMO	\$ 779.86	\$ 1,559.72	\$ 2,027.64	\$ 316.34	\$ 632.68	\$1,100.60
PERS Choice PPO	800.27	1,600.54	2,080.70	345.97	691.94	1,172.10
PERS Select PPO	717.50	1,435.00	1,865.50	345.97	691.94	1,122.44
PERS Care PPO	882.45	1,764.90	2,294.37	382.30	764.60	1,294.07
PORAC Association Plan	734.00	1,540.00	1,970.00	487.00	970.00	1,400.00

**Employees Covered By Benefit Terms**

At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	17
Active employees	<u>28</u>
	<u>45</u>

**B. Total OPEB Liability**

The City's total OPEB liability of \$2,123,029, was measured as of June 30, 2018, and was determined by the actuarial valuation as of that date.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Funding method	Entry-age Normal Cost, level percent of pay
Inflation	2.75 %
Salary increases	3.25% per year, since benefits do not depend on salary, this is used only to allocate the cost of benefits between service years
Discount rate	3.13% as of June 30, 2017 2.92% as of June 30, 2018
Healthcare cost trend rates	7.5% for 2019, decreasing .5% per year to an ultimate rate of 5.0% for 2024 and later years
City cap increases	3.0 percent per year average for all future years

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**B. Total OPEB Liability (Continued)**

The discount rate was based on the S & P Municipal Bond 20 Year High Grade Index.

Mortality rates were based on the mortality rates published by CalPERS adjusted to back out 20 years of Scale BB to central year 2008 and then projected forward 6 years using MacLeod Watts Scale 2017 to year 2014.

All actuarial assumptions used in the June 30, 2018 valuation were based on the results of the 2014 experience study of the California Public Employees Retirement System using data from 1997 to 2011, except for a different basis used to project future mortality improvements.

**C. Changes in the Total OPEB Liability**

	<u>Total OPEB Liability</u>
Balance at June 30, 2017	\$ <u>1,982,313</u>
Changes for the year:	
Service cost	117,019
Interest	64,101
Changes of assumptions	62,362
Benefit payments	<u>(102,766)</u>
Net changes	<u>140,716</u>
Balance at June 30, 2018	<u>\$ 2,123,029</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.13 percent as of June 30, 2017 to 2.92 percent as of June 30, 2018.

**Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.92 percent) or 1-percentage point higher (3.92 percent) than the current discount rate:

	<u>1% Decrease 1.92%</u>	<u>Current Rate 2.92%</u>	<u>1% Increase 3.92%</u>
Total OPEB Liability	\$ 2,468,769	\$ 2,123,029	\$ 1,851,981

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

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

**C. Changes in the Total OPEB Liability (Continued)**

**Sensitivity of the Total OPEB Liability to Changes in the Healthcare Trend Rates**

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (1.0 percent below current trend) or 1-percentage point higher (1.0 percent above current trend) than the current healthcare cost trend rates:

	Current Trend -1%	Current Trend	Current Trend +1%
Total OPEB Liability	\$ 1,884,702	\$ 2,123,029	\$ 2,583,782

**D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2018, the City recognized OPEB expense of \$189,198. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 54,284	\$ -
Total	\$ 54,284	\$ -

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

Year Ended <u>June 30</u>	Recognized Net Deferred Outflows (Inflows) of Resources
2019	\$ 8,078
2020	8,078
2021	8,078
2022	8,078
2023	8,078
Thereafter	13,894

**CITY OF JACKSON**  
**Notes to Basic Financial Statements**  
**For the Year Ended June 30, 2018**

**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, 2018**

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

The participants as of June 30, 2018 were as follows:

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

The City's investment in the NCCSIF of \$172,027 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, 2018 through January 11, 2019, 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 Plan**  
**Schedule of Proportionate Share of the Net Pension Liability**  
**For the Year Ended June 30, 2018**  
**Last 10 Years\***

<b>Measurement Date</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>
<b>Miscellaneous Plan</b>				
Proportion of the net pension liability	0.04429%	0.04840%	0.04520%	0.05015%
Proportionate share of the net pension liability	\$ 2,756,209	\$ 3,324,051	\$ 3,906,887	\$ 4,339,347
Covered employee payroll	784,866	902,696	754,110	788,960
Proportionate share of the net pension liability as a percentage of covered employee payroll	351.17%	368.24%	518.08%	550.01%
Plan fiduciary net position as a percentage of the total pension liability	75.28%	70.84%	67.55%	66.54%
<b>Safety Plan</b>				
Proportion of the net pension liability	0.02115%	0.01950%	0.02020%	0.02355%
Proportionate share of the net pension liability	\$ 1,315,913	\$ 1,337,332	\$ 1,745,019	\$ 2,037,610
Covered employee payroll	479,915	689,008	879,183	792,629
Proportionate share of the net pension liability as a percentage of covered employee payroll	274.20%	194.10%	198.48%	257.07%
Plan fiduciary net position as a percentage of the total pension liability	79.12%	79.19%	74.81%	74.39%

\* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only four years are shown.

**CITY OF JACKSON**  
**Required Supplementary Information**  
**City Pension Plan**  
**Schedule of Contributions**  
**For the Year Ended June 30, 2018**  
**Last 10 Years\***

<b>Fiscal Year</b>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
<b>Miscellaneous Plan</b>				
Contractually required contribution (actuarially determined)	\$ 205,182	\$ 71,607	\$ 69,674	\$ 332,037
Contributions in relation to the actuarially determined contributions	<u>(205,182)</u>	<u>(304,271)</u>	<u>(314,950)</u>	<u>(332,037)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (232,664)</u>	<u>\$ (245,276)</u>	<u>\$ -</u>
Covered employee payroll	\$ 902,696	\$ 754,110	\$ 788,960	\$ 748,079
Contributions as a percentage of covered employee payroll	22.73%	40.35%	39.92%	44.39%
<b>Safety Plan</b>				
Contractually required contribution (actuarially determined)	\$ 243,946	\$ 137,721	\$ 128,370	\$ 210,009
Contributions in relation to the actuarially determined contributions	<u>(243,946)</u>	<u>(194,352)</u>	<u>(193,773)</u>	<u>(210,009)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ (56,631)</u>	<u>\$ (65,403)</u>	<u>\$ -</u>
Covered employee payroll	\$ 689,008	\$ 879,183	\$ 792,629	\$ 808,492
Contributions as a percentage of covered employee payroll	35.41%	22.11%	24.45%	25.98%

\* The City implemented GASB 68 for fiscal year June 30, 2015, therefore only four years are shown.

**CITY OF JACKSON**  
**Required Supplementary Information**  
**City Pension Plan**  
**Notes to City Pension Plan**  
**For the Year Ended June 30, 2018**

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

Change of assumptions: In 2017-18, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

**NOTE 2: SCHEDULE OF CONTRIBUTIONS**

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

Valuation Date	June 30, 2015
Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2015 Funding Valuation Report
Asset valuation method	Market Value
Inflation	2.75% Compounded annually
Salary increases	Varies by entry age and service
Investment rate of return	7.50%, net of pension plan investment and administrative expense, including inflation
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011

**CITY OF JACKSON**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**For the Year Ended June 30, 2018**  
**Last 10 Years\***

	<b>2017/18</b>
<b>Total OPEB Liability</b>	
Service Cost	\$ 117,019
Interest	64,101
Changes of assumptions and other inputs	62,362
Benefit payments	(102,766)
<b>Net Change in Total OPEB Liability</b>	140,716
<b>Total OPEB Liability - Beginning</b>	1,982,313
<b>Total OPEB Liability - Ending (a)</b>	\$ 2,123,029
Covered-employee payroll	\$ 1,743,954
Total OPEB liability as a percentage of covered-employee payroll	121.74%

\* The City implemented GASB 75 for fiscal year June 30, 2018, therefore only one year is shown.

**CITY OF JACKSON**  
**Required Supplementary Information**  
**City OPEB Plan**  
**Note to City OPEB Plan**  
**For the Year Ended June 30, 2018**

**NOTE 1: SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**

Discount Rate:	The Discount rate was changed to 3.13 percent as of June 30, 2017, and to 2.92 percent as of June 30, 2018.
Mortality Improvement:	Mortality rates were updated to the 2008 rates (midpoint year) of CalPERS' 2014 experience study, then projected on a generational basis by MacLeod Watts Scale 2017.
Demographic Assumptions:	Assumed termination, disability and retirement rates were updated from those provided in the 2011 experience study report to those provided in the 2014 experience study report of the City's retirement plans.
Participation Rate:	The percentage of future retirees assumed to elect city healthcare coverage in retirement and the percentage assumed to elect spousal coverage were set based on a review of current plan data.
Age-Related Medical Premiums:	Methodology and related assumptions were revised for developing age-related medical premiums based on recent research and data sponsored by the Society of Actuaries.
Excise Tax Impact:	Reflection of the potential impact of the excise tax attributable to retirees for high cost healthcare plans for retirees, as provided by the Affordable Care Act.

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**For the Year Ended June 30, 2018**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Taxes and assessments	\$ 2,501,313	\$ 2,501,313	\$ 2,466,505	\$ (34,808)
Licenses and permits	213,300	213,300	246,530	33,230
Fines and forfeitures	8,700	8,700	8,257	(443)
Use of money and property	20,000	20,000	14,317	(5,683)
Intergovernmental	389,878	389,878	1,191,974	802,096
Charges for services	462,060	462,060	461,769	(291)
Other revenues	3,775	3,775	3,924	149
<b>Total Revenues</b>	<b>3,599,026</b>	<b>3,599,026</b>	<b>4,393,276</b>	<b>794,250</b>
<b>EXPENDITURES</b>				
Current:				
General government	939,511	939,511	1,059,042	(119,531)
Public protection	2,035,243	2,035,243	1,904,844	130,399
Public ways and facilities	557,048	557,048	752,883	(195,835)
Culture and recreation	214,111	214,111	237,009	(22,898)
Capital outlay	-	-	1,065,415	(1,065,415)
<b>Total Expenditures</b>	<b>3,745,913</b>	<b>3,745,913</b>	<b>5,019,193</b>	<b>(1,273,280)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(146,887)</b>	<b>(146,887)</b>	<b>(625,917)</b>	<b>(479,030)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	269,888	269,888	326,875	56,987
Transfers out	(123,760)	(123,760)	(110,639)	13,121
<b>Total Other Financing Sources (Uses)</b>	<b>146,128</b>	<b>146,128</b>	<b>216,236</b>	<b>70,108</b>
<b>Net Change in Fund Balances</b>	<b>(759)</b>	<b>(759)</b>	<b>(409,681)</b>	<b>(408,922)</b>
<b>Fund Balances - Beginning</b>	<b>1,039,047</b>	<b>1,039,047</b>	<b>1,039,047</b>	<b>-</b>
<b>Fund Balances - Ending</b>	<b>\$ 1,038,288</b>	<b>\$ 1,038,288</b>	<b>\$ 629,366</b>	<b>\$ (408,922)</b>

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

**Net Change in Fund Balance - Budgetary Basis** \$ (409,681)

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	(383,543)
General government	383,543

**Net Change in Fund Balance - Statement of Revenues, Expenditures and Changes in Fund Balances** **\$ (409,681)**



**CITY OF JACKSON**  
**Required Supplementary Information**  
**Budgetary Comparison Schedule**  
**Measure M - Major Special Revenue Fund**  
**For the Year Ended June 30, 2018**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>				
Taxes and assessments	\$ 575,000	\$ 575,000	\$ 562,082	\$ (12,918)
Use of money and property	1,200	1,200	351	(849)
<b>Total Revenues</b>	<u>576,200</u>	<u>576,200</u>	<u>562,433</u>	<u>(13,767)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>875,352</u>	<u>875,352</u>	<u>701,602</u>	<u>173,750</u>
<b>Total Expenditures</b>	<u>875,352</u>	<u>875,352</u>	<u>701,602</u>	<u>173,750</u>
<b>Net Change in Fund Balances</b>	(299,152)	(299,152)	(139,169)	159,983
<b>Fund Balances - Beginning</b>	<u>625,927</u>	<u>625,927</u>	<u>625,927</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 326,775</u>	<u>\$ 326,775</u>	<u>\$ 486,758</u>	<u>\$ 159,983</u>

**CITY OF JACKSON**  
**Required Supplementary Information**  
**Notes to Budgetary Comparison Schedules**  
**For the Year Ended June 30, 2018**

**NOTE 1: 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.

**NOTE 2: EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the fiscal year ended June 30, 2018, 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	\$ 3,745,913	\$ 4,635,650	\$ 889,737

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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, 2018**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 2,854,340	\$ 37,719	\$ 2,892,059
Receivables:			
Intergovernmental	-	74,645	74,645
Due from other funds	74,392	-	74,392
Loans receivable	2,629,698	-	2,629,698
<b>Total Assets</b>	<b>\$ 5,558,430</b>	<b>\$ 112,364</b>	<b>\$ 5,670,794</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 1,690	\$ 5,966	\$ 7,656
Due to other funds	1,404	72,988	74,392
<b>Total Liabilities</b>	<b>3,094</b>	<b>78,954</b>	<b>82,048</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues	-	55,315	55,315
Deferred housing loan payments	2,629,698	-	2,629,698
<b>Total Deferred Inflows of Resources</b>	<b>2,629,698</b>	<b>55,315</b>	<b>2,685,013</b>
<b>FUND BALANCES</b>			
Restricted	2,891,795	1,062	2,892,857
Assigned	35,247	36,657	71,904
Unassigned	(1,404)	(59,624)	(61,028)
<b>Total Fund Balances</b>	<b>2,925,638</b>	<b>(21,905)</b>	<b>2,903,733</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 5,558,430</b>	<b>\$ 112,364</b>	<b>\$ 5,670,794</b>

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2018**

	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Total</b>
<b>REVENUES</b>			
Licenses and permits	\$ 403,106	\$ -	\$ 403,106
Use of money and property	2,205	32	2,237
Intergovernmental	276,129	187,455	463,584
Charges for services	214,271	-	214,271
	<b>895,711</b>	<b>187,487</b>	<b>1,083,198</b>
<b>EXPENDITURES</b>			
Current:			
General government	7,775	-	7,775
Public ways and facilities	11	263	274
Community development	4,410	-	4,410
Capital outlay	-	122,367	122,367
	<b>12,196</b>	<b>122,630</b>	<b>134,826</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>883,515</b>	<b>64,857</b>	<b>948,372</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	151,615	-	151,615
Transfers out	(400,412)	-	(400,412)
	<b>(248,797)</b>	<b>-</b>	<b>(248,797)</b>
<b>Net Change in Fund Balances</b>	<b>634,718</b>	<b>64,857</b>	<b>699,575</b>
<b>Fund Balances - Beginning</b>	<b>5,070,485</b>	<b>(86,762)</b>	<b>4,983,723</b>
Prior period adjustment	(2,779,565)	-	(2,779,565)
<b>Fund Balances - Beginning, Restated</b>	<b>2,290,920</b>	<b>(86,762)</b>	<b>2,204,158</b>
<b>Fund Balances - Ending</b>	<b>\$ 2,925,638</b>	<b>\$ (21,905)</b>	<b>\$ 2,903,733</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, 2018**

	<b>Argonaut Heights</b>	<b>CDBG Revolving</b>	<b>CDBG Discretionary</b>	<b>1995 CDBG Grant</b>
<b>ASSETS</b>				
Cash and investments	\$ 5,107	\$ 260,838	\$ 58,244	\$ 9
Due from other funds	-	-	-	-
Loans receivable	-	103,373	-	-
<b>Total Assets</b>	<b>\$ 5,107</b>	<b>\$ 364,211</b>	<b>\$ 58,244</b>	<b>\$ 9</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,690	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,690</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred housing loan payments	-	103,373	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>103,373</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	5,107	259,148	58,244	9
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>5,107</b>	<b>259,148</b>	<b>58,244</b>	<b>9</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 5,107</b>	<b>\$ 364,211</b>	<b>\$ 58,244</b>	<b>\$ 9</b>

<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	\$ -	\$ -	\$ -	\$ 66,935	\$ 504,033	\$ 10,318	\$ 62
-	-	-	-	-	74,392	-	-
-	567,654	666,926	382,928	602,744	-	-	-
<u>\$ 8</u>	<u>\$ 567,654</u>	<u>\$ 666,926</u>	<u>\$ 382,928</u>	<u>\$ 669,679</u>	<u>\$ 578,425</u>	<u>\$ 10,318</u>	<u>\$ 62</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	567,654	666,926	382,928	602,744	-	-	-
-	567,654	666,926	382,928	602,744	-	-	-
8	-	-	-	66,935	578,425	10,318	62
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
8	-	-	-	66,935	578,425	10,318	62
<u>\$ 8</u>	<u>\$ 567,654</u>	<u>\$ 666,926</u>	<u>\$ 382,928</u>	<u>\$ 669,679</u>	<u>\$ 578,425</u>	<u>\$ 10,318</u>	<u>\$ 62</u>

**CITY OF JACKSON**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2018**

	<b>RMRA RD-Maint</b>	<b>HES Signs</b>	<b>Parkland In Lieu</b>	<b>SLESF</b>
<b>ASSETS</b>				
Cash and investments	\$ 22,385	\$ 12,862	\$ 787,456	\$ -
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ 22,385</b>	<b>\$ 12,862</b>	<b>\$ 787,456</b>	<b>\$ -</b>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred housing loan payments	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Restricted	-	-	787,456	-
Assigned	22,385	12,862	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>22,385</b>	<b>12,862</b>	<b>787,456</b>	<b>-</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 22,385</b>	<b>\$ 12,862</b>	<b>\$ 787,456</b>	<b>\$ -</b>

<b>Streets and Bridges</b>	<b>Regional Traffic</b>	<b>FTHB 2011</b>	<b>Argonaut Lane Improvement</b>	<b>New York Ranch Road Forfeiture</b>	<b>Total</b>
\$ 944,930	\$ 142,541	\$ -	\$ 36,182	\$ 2,430	\$ 2,854,340
-	-	-	-	-	74,392
-	-	306,073	-	-	2,629,698
<u>\$ 944,930</u>	<u>\$ 142,541</u>	<u>\$ 306,073</u>	<u>\$ 36,182</u>	<u>\$ 2,430</u>	<u>\$ 5,558,430</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,690
-	-	1,404	-	-	1,404
-	-	1,404	-	-	3,094
-	-	306,073	-	-	2,629,698
-	-	306,073	-	-	2,629,698
944,930	142,541	-	36,182	2,430	2,891,795
-	-	-	-	-	35,247
-	-	(1,404)	-	-	(1,404)
<u>944,930</u>	<u>142,541</u>	<u>(1,404)</u>	<u>36,182</u>	<u>2,430</u>	<u>2,925,638</u>
<u>\$ 944,930</u>	<u>\$ 142,541</u>	<u>\$ 306,073</u>	<u>\$ 36,182</u>	<u>\$ 2,430</u>	<u>\$ 5,558,430</u>

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2018**

	<b>Argonaut Heights</b>	<b>CDBG Revolving</b>	<b>CDBG Discretionary</b>	<b>1995 CDBG Grant</b>
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ -	\$ -
Use of money and property	36	1	29	145
Intergovernmental	-	-	-	-
Charges for services	-	14,604	1,042	68,845
<b>Total Revenues</b>	<u>36</u>	<u>14,605</u>	<u>1,071</u>	<u>68,990</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public ways and facilities	-	-	-	-
Community development	-	4,410	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>4,410</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>36</u>	<u>10,195</u>	<u>1,071</u>	<u>68,990</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	126,384	25,231	-
Transfers out	-	(25,231)	-	(68,981)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>101,153</u>	<u>25,231</u>	<u>(68,981)</u>
<b>Net Change in Fund Balances</b>	<u>36</u>	<u>111,348</u>	<u>26,302</u>	<u>9</u>
<b>Fund Balances - Beginning</b>	5,071	332,916	31,942	68,845
Prior period adjustment	-	(185,116)	-	(68,845)
<b>Fund Balances - Beginning, Restated</b>	<u>5,071</u>	<u>147,800</u>	<u>31,942</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 5,107</u>	<u>\$ 259,148</u>	<u>\$ 58,244</u>	<u>\$ 9</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>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	-	1	-	124	470	12	-
-	-	-	-	-	-	5,000	109,412
57,744	-	-	-	-	72,036	-	-
57,751	-	1	-	124	72,506	5,012	109,412
340	-	-	-	-	-	7,435	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
340	-	-	-	-	-	7,435	-
57,411	-	1	-	124	72,506	(2,423)	109,412
-	-	-	-	-	-	-	-
(57,403)	-	-	-	-	-	-	(109,381)
(57,403)	-	-	-	-	-	-	(109,381)
8	-	1	-	124	72,506	(2,423)	31
57,744	555,214	652,137	374,198	655,200	505,919	12,741	31
(57,744)	(555,214)	(652,138)	(374,198)	(588,389)	-	-	-
-	-	(1)	-	66,811	505,919	12,741	31
\$ 8	\$ -	\$ -	\$ -	\$ 66,935	\$ 578,425	\$ 10,318	\$ 62

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2018**

	<b>RMRA RD-Maint</b>	<b>HES Signs</b>	<b>Parkland In Lieu</b>	<b>SLESF</b>
<b>REVENUES</b>				
Licenses and permits	\$ -	\$ -	\$ 204,412	\$ -
Use of money and property	95	97	502	-
Intergovernmental	22,301	-	-	139,416
Charges for services	-	-	-	-
<b>Total Revenues</b>	<u>22,396</u>	<u>97</u>	<u>204,914</u>	<u>139,416</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	-	-
Public ways and facilities	11	-	-	-
Community development	-	-	-	-
<b>Total Expenditures</b>	<u>11</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>22,385</u>	<u>97</u>	<u>204,914</u>	<u>139,416</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	(139,416)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(139,416)</u>
<b>Net Change in Fund Balances</b>	<u>22,385</u>	<u>97</u>	<u>204,914</u>	<u>-</u>
<b>Fund Balances - Beginning</b>	-	12,765	582,542	-
Prior period adjustment	-	-	-	-
<b>Fund Balances - Beginning, Restated</b>	<u>-</u>	<u>12,765</u>	<u>582,542</u>	<u>-</u>
<b>Fund Balances - Ending</b>	<u>\$ 22,385</u>	<u>\$ 12,862</u>	<u>\$ 787,456</u>	<u>\$ -</u>

<b>Streets and Bridges</b>	<b>Regional Traffic</b>	<b>FTHB 2011</b>	<b>Argonaut Lane Improvement</b>	<b>New York Ranch Road Forfeiture</b>	<b>Total</b>
\$ 71,694	\$ 127,000	\$ -	\$ -	\$ -	\$ 403,106
660	-	(1)	25	2	2,205
-	-	-	-	-	276,129
-	-	-	-	-	214,271
<u>72,354</u>	<u>127,000</u>	<u>(1)</u>	<u>25</u>	<u>2</u>	<u>895,711</u>
-	-	-	-	-	7,775
-	-	-	-	-	11
-	-	-	-	-	4,410
-	-	-	-	-	12,196
<u>72,354</u>	<u>127,000</u>	<u>(1)</u>	<u>25</u>	<u>2</u>	<u>883,515</u>
-	-	-	-	-	151,615
-	-	-	-	-	(400,412)
-	-	-	-	-	(248,797)
<u>72,354</u>	<u>127,000</u>	<u>(1)</u>	<u>25</u>	<u>2</u>	<u>634,718</u>
872,576	15,541	296,518	36,157	2,428	5,070,485
-	-	(297,921)	-	-	(2,779,565)
<u>872,576</u>	<u>15,541</u>	<u>(1,403)</u>	<u>36,157</u>	<u>2,428</u>	<u>2,290,920</u>
<u>\$ 944,930</u>	<u>\$ 142,541</u>	<u>\$ (1,404)</u>	<u>\$ 36,182</u>	<u>\$ 2,430</u>	<u>\$ 2,925,638</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, 2018**

	<u>South Ave Bridge</u>	<u>Pitt Street Bridge</u>	<u>French Bar Bridge</u>	<u>Sidewalk Improvement</u>
<b>ASSETS</b>				
Cash and investments	\$ -	\$ -	\$ -	\$ -
Receivables:				
Intergovernmental	6,139	43,274	25,232	-
<b>Total Assets</b>	<u>\$ 6,139</u>	<u>\$ 43,274</u>	<u>\$ 25,232</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,311	\$ 883	\$ 2,772	\$ -
Due to other funds	4,433	43,214	21,970	263
<b>Total Liabilities</b>	<u>6,744</u>	<u>44,097</u>	<u>24,742</u>	<u>263</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenues	6,139	43,274	5,902	-
<b>Total Deferred Inflows of Resources</b>	<u>6,139</u>	<u>43,274</u>	<u>5,902</u>	<u>-</u>
<b>FUND BALANCES (DEFICITS)</b>				
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	(6,744)	(44,097)	(5,412)	(263)
<b>Total Fund Balances (Deficits)</b>	<u>(6,744)</u>	<u>(44,097)</u>	<u>(5,412)</u>	<u>(263)</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 6,139</u>	<u>\$ 43,274</u>	<u>\$ 25,232</u>	<u>\$ -</u>



<u>Sutter Street</u>	<u>Street Stripe</u>	<u>Oro de Amador</u>	<u>Total</u>
\$ 1,062	\$ 36,657	\$ -	\$ 37,719
-	-	-	74,645
<u>\$ 1,062</u>	<u>\$ 36,657</u>	<u>\$ -</u>	<u>\$ 112,364</u>
\$ -	\$ -	\$ -	\$ 5,966
-	-	3,108	72,988
-	-	3,108	78,954
-	-	-	55,315
-	-	-	55,315
1,062	-	-	1,062
-	36,657	-	36,657
-	-	(3,108)	(59,624)
<u>1,062</u>	<u>36,657</u>	<u>(3,108)</u>	<u>(21,905)</u>
<u>\$ 1,062</u>	<u>\$ 36,657</u>	<u>\$ -</u>	<u>\$ 112,364</u>

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenditures**  
**And Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2018**

	<u>South Ave Bridge</u>	<u>Pitt Street Bridge</u>	<u>French Bar Bridge</u>	<u>Sidewalk Improvement</u>
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 1	\$ -
Intergovernmental	64,655	18,902	80,917	22,981
<b>Total Revenues</b>	<u>64,655</u>	<u>18,902</u>	<u>80,918</u>	<u>22,981</u>
<b>EXPENDITURES</b>				
Current:				
Public ways and facilities	-	-	-	263
Capital outlay	57,107	40,028	25,232	-
<b>Total Expenditures</b>	<u>57,107</u>	<u>40,028</u>	<u>25,232</u>	<u>263</u>
<b>Net Change in Fund Balances</b>	7,548	(21,126)	55,686	22,718
<b>Fund Balances (Deficits) - Beginning</b>	<u>(14,292)</u>	<u>(22,971)</u>	<u>(61,098)</u>	<u>(22,981)</u>
<b>Fund Balances (Deficits) - Ending</b>	<u>\$ (6,744)</u>	<u>\$ (44,097)</u>	<u>\$ (5,412)</u>	<u>\$ (263)</u>

<b>Sutter Street</b>	<b>Street Stripe</b>	<b>Oro de Amador</b>	<b>Total</b>
\$ -	\$ 31	\$ -	\$ 32
-	-	-	187,455
-	31	-	187,487
-	-	-	263
-	-	-	122,367
-	-	-	122,630
-	31	-	64,857
1,062	36,626	(3,108)	(86,762)
<u>\$ 1,062</u>	<u>\$ 36,657</u>	<u>\$ (3,108)</u>	<u>\$ (21,905)</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, 2018**

	<b>Parking</b>	<b>Utility Deposits</b>	<b>Total</b>
<b>ASSETS</b>			
Current Assets:			
Cash and investments	\$ 109	\$ 19,716	\$ 19,825
Receivables:			
Accounts	-	-	-
<b>Total Current Assets</b>	<b>109</b>	<b>19,716</b>	<b>19,825</b>
Noncurrent Assets:			
Capital assets:			
Non-depreciable	155,586	-	155,586
Depreciable, net	319,234	-	319,234
<b>Total Noncurrent Assets</b>	<b>474,820</b>	<b>-</b>	<b>474,820</b>
<b>Total Assets</b>	<b>474,929</b>	<b>19,716</b>	<b>494,645</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred pension adjustments	(185)	-	(185)
<b>Total Deferred Outflows of Resources</b>	<b>(185)</b>	<b>-</b>	<b>(185)</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	137	-	137
Deposits payable	-	29,552	29,552
Compensated absences payable	-	2	2
<b>Total Current Liabilities</b>	<b>137</b>	<b>29,554</b>	<b>29,691</b>
Noncurrent Liabilities:			
Net pension liability	1,132	-	1,132
<b>Total Noncurrent Liabilities</b>	<b>1,132</b>	<b>-</b>	<b>1,132</b>
<b>Total Liabilities</b>	<b>1,269</b>	<b>29,554</b>	<b>30,823</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred pension adjustments	(1)	-	(1)
<b>Total Deferred Inflows of Resources</b>	<b>(1)</b>	<b>-</b>	<b>(1)</b>
<b>NET POSITION</b>			
Investment in capital assets	474,820	-	474,820
Unrestricted	(1,344)	(9,838)	(11,182)
<b>Total Net Position</b>	<b>\$ 473,476</b>	<b>\$ (9,838)</b>	<b>\$ 463,638</b>

**CITY OF JACKSON**  
**Combining Statement of Revenues, Expenses**  
**And Changes in Net Position**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

	<u>Parking</u>	<u>Utility Deposits</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Licenses and permits	\$ 80	\$ -	\$ 80
Fines and forfeitures	1,327	-	1,327
Other revenues	500	-	500
<b>Total Operating Revenues</b>	<u>1,907</u>	<u>-</u>	<u>1,907</u>
<b>OPERATING EXPENSES</b>			
Salaries and benefits	2,390	-	2,390
Utilities	3,160	-	3,160
Insurance	1,847	-	1,847
Maintenance	-	57	57
Other	27,056	-	27,056
Depreciation	10,881	-	10,881
<b>Total Operating Expenses</b>	<u>45,334</u>	<u>57</u>	<u>45,391</u>
<b>Operating Income (Loss)</b>	<u>(43,427)</u>	<u>(57)</u>	<u>(43,484)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest revenue	-	18	18
<b>Total Non-Operating Revenues (Expenses)</b>	<u>-</u>	<u>18</u>	<u>18</u>
<b>Income (Loss) Before Transfers</b>	(43,427)	(39)	(43,466)
Transfers in	32,561	-	32,561
<b>Change in Net Position</b>	(10,866)	(39)	(10,905)
<b>Total Net Position - Beginning</b>	<u>484,342</u>	<u>(9,799)</u>	<u>474,543</u>
<b>Total Net Position - Ending</b>	<u>\$ 473,476</u>	<u>\$ (9,838)</u>	<u>\$ 463,638</u>



**CITY OF JACKSON**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Year Ended June 30, 2018**

	<u>Parking</u>	<u>Utility Deposits</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	\$ 1,905	\$ 4,520	\$ 6,425
Payments to suppliers	(32,003)	(110)	(32,113)
Payments to employees	(2,354)	-	(2,354)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>(32,452)</u>	<u>4,410</u>	<u>(28,042)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Transfers from other funds	<u>32,561</u>	<u>-</u>	<u>32,561</u>
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<u>32,561</u>	<u>-</u>	<u>32,561</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	<u>-</u>	<u>18</u>	<u>18</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>-</u>	<u>18</u>	<u>18</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	109	4,428	4,537
<b>Balances - Beginning</b>	<u>-</u>	<u>15,288</u>	<u>15,288</u>
<b>Balances - Ending</b>	<u>\$ 109</u>	<u>\$ 19,716</u>	<u>\$ 19,825</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>			
Operating income (loss)	\$ (43,427)	\$ (57)	\$ (43,484)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	10,881	-	10,881
(Increase) decrease in:			
Accounts receivable	-	41	41
Pension adjustments - deferred outflows	(35)	-	(35)
Increase (decrease) in:			
Accounts payable	60	(53)	7
Deposits payable	-	4,479	4,479
Net pension liability	64	-	64
Pension adjustments - deferred inflows	5	-	5
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (32,452)</u>	<u>\$ 4,410</u>	<u>\$ (28,042)</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, 2018**

	<u>Kennedy Wheels</u>	<u>Amador County Fees</u>	<u>Friends of the Cemetery</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,265	\$ 35,110	\$ 190	\$ 36,565
<b>Total Assets</b>	<u>\$ 1,265</u>	<u>\$ 35,110</u>	<u>\$ 190</u>	<u>\$ 36,565</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 1,265	\$ 35,110	\$ 190	36,565
<b>Total Liabilities</b>	<u>\$ 1,265</u>	<u>\$ 35,110</u>	<u>\$ 190</u>	<u>\$ 36,565</u>

**CITY OF JACKSON**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2018</u>
<b>KENNEDY WHEELS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 747	\$ 518	\$ -	\$ 1,265
<b>Total Assets</b>	<u>\$ 747</u>	<u>\$ 518</u>	<u>\$ -</u>	<u>\$ 1,265</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 747	\$ 518	\$ -	\$ 1,265
<b>Total Liabilities</b>	<u>\$ 747</u>	<u>\$ 518</u>	<u>\$ -</u>	<u>\$ 1,265</u>
<b>AMADOR COUNTY FEES</b>				
<b>ASSETS</b>				
Cash and investments	\$ 15,310	\$ 19,800	\$ -	\$ 35,110
<b>Total Assets</b>	<u>\$ 15,310</u>	<u>\$ 19,800</u>	<u>\$ -</u>	<u>\$ 35,110</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 15,310	\$ 19,800	\$ -	\$ 35,110
<b>Total Liabilities</b>	<u>\$ 15,310</u>	<u>\$ 19,800</u>	<u>\$ -</u>	<u>\$ 35,110</u>
<b>FRIENDS OF THE CEMETERY</b>				
<b>ASSETS</b>				
Cash and investments	\$ 190	\$ -	\$ -	\$ 190
<b>Total Assets</b>	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 190	\$ -	\$ -	\$ 190
<b>Total Liabilities</b>	<u>\$ 190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190</u>
<b>TOTAL AGENCY FUNDS</b>				
<b>ASSETS</b>				
Cash and investments	\$ 16,247	\$ 20,318	\$ -	\$ 36,565
<b>Total Assets</b>	<u>\$ 16,247</u>	<u>\$ 20,318</u>	<u>\$ -</u>	<u>\$ 36,565</u>
<b>LIABILITIES</b>				
Agency obligations	\$ 16,247	\$ 20,318	\$ -	\$ 36,565
<b>Total Liabilities</b>	<u>\$ 16,247</u>	<u>\$ 20,318</u>	<u>\$ -</u>	<u>\$ 36,565</u>