

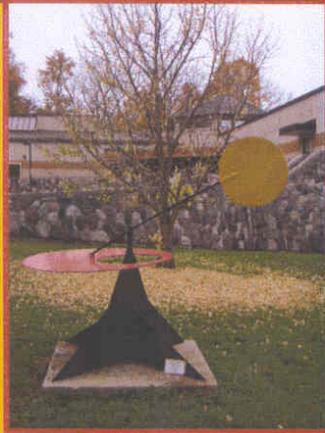
# City of Jackson

Fiscal Year Ended  
June 30, 2009

Comprehensive Annual Financial Report



## Annual Financial Report



# **CITY OF JACKSON, MICHIGAN**

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## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended June 30, 2009**

**Including  
Single Audit Act Compliance**

**Prepared by:**

**Philip J. Hones, Finance Director  
Steven P. Maga, Staff Accountant**

**City of Jackson, Michigan  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2009**

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# **INTRODUCTORY SECTION**



## CITY MANAGER

161 West Michigan Avenue — Jackson, Michigan 49201  
Telephone: (517) 788-4035 — Facsimile: (517) 768-5820

December 8, 2009

**To the Honorable Mayor, Members of the City Council  
and Citizens of the City of Jackson:**

State law requires that all local governments, subject to certain size criteria, publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Jackson for the fiscal year ended June 30, 2009.

This report consists of management's representations concerning the finances of the City of Jackson. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Rehmann Robson, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2009 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended June 30, 2009 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to compliment MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City of Jackson was founded in 1829, incorporated as a city in 1857 and became a Home Rule City in 1914. It is located in south-central Michigan. The City currently has a land area of approximately 11 square miles and a population of 36,218 based on the 2000 census. The City is an industrial and commercial oriented community serving as a principal business, marketing, and cultural center for the surrounding suburban and agricultural territory. The government is empowered to levy a property tax on both real and personal property located within its boundaries.

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

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

The City of Jackson provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; sanitary sewage treatment and disposal; water treatment and distribution; economic development; recreational activities; and cultural events.

## **Factors Affecting Financial Condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Jackson operates.

**Local economy.** The Jackson area currently enjoys a somewhat limited but gradually diversifying economy that has demonstrated growth in the last decade. Because of its central location, Jackson provides access to employment opportunities in Lansing, Battle Creek and Ann Arbor.

The local economy in the City of Jackson continued to have successes throughout 2008 and into 2009 despite the sluggishness of the State's economy. Overall successes show that the area created 20 new jobs, retained 380, and generated \$22.5 million in new investment.

Within the City, EPA brownfield funds continue to be used to assist developers with the purchase and expansion of businesses. In the past year, the City has leveraged \$203,021 in Assessment Grant funding from the US EPA to complete 2 brownfield plans and assess environmental conditions at 15 sites. In addition, \$30,000 in Local Site Remediation Revolving Fund (LSRRF) dollars has been allocated to brownfield projects. The US EPA Assessment Grant and LSRRF dollars continues to support both private sector developers and public sector projects. The City was recently awarded a \$1 million revolving loan fund by the US EPA that will be utilized in the coming months to further assist business in the cost of cleanup activities for environmentally contaminated properties that would otherwise be left undeveloped.

Major industries with headquarters or divisions located within the City include a statewide gas and electric utility, aerospace, automobile and industrial component manufacturers, retail sales and several financial institutions.

**Long-term financial planning.** The City's ad valorem taxable value has grown .26% annually, on average, since fiscal year 2006 to nearly \$753 million. The City has experienced, as have other communities in Michigan as well as across the country, a decline since the previous fiscal year, down from approximately \$768 million. State equalized values (50% of estimated true market values) have also declined – for the second year in a row - to \$864 million. Market values, especially in the residential sector, can be expected to continue to show minimal losses, in the future as the housing markets continue to suffer from the nation-wide mortgage crisis.

There are several important economic development projects that are either under construction or in the final approval stage that will have a major impact on the economy of the community.

The Armory Arts project opened in 2008 with 62 apartments, studio space for artists, display areas and national recognition. The plans for the second phase of the project have been approved and the developer is applying to the State of Michigan for funding assistance to create additional housing and retail space. Recently, the Michigan State Housing and Development Authority allocated \$375,000 in Neighborhood Stabilization Grant Funding to assist with the Demolition of the blighted Acme Building. In addition HUD allocated \$332,500 in Economic Development Initiative funding. The demolition of this structure will provide a safe and open entryway in to the Armory Arts Project. The first phase of the Armory Arts project attracted artists to Jackson from all over the United States.

The Grand River Arts Walk is a non-motorized path that connects downtown with the Armory Arts Village and neighborhoods on the north side of the City. \$605,000 in funding from various state grants and \$27,800 in local funding has been utilized for this project.

Allegiance Health Service opened a new neuromuscular specialty center on its campus. The new building is three stories and about 60,000 square feet in area. The cost of the facility is estimated to be \$20 million. The project is a partnership between Allegiance Health Service and Frauenshuh Healthcare Real Estate Services. The building will house rehabilitation, lab and diagnostic services as well as offices for numerous medical specialists.

Cox Brothers Machining (CBM) moved their operations from Spring Arbor Township to the City to occupy the former EDSCHA building. This project calls for the rehabilitation of a 203,000 square foot industrial building on a 9.3 acre site with an initial cost of \$700,000 with more investment anticipated in 2010. CBM employees are required to be highly skilled and certified in bridge construction techniques in accordance with Department of Transportation standards.

Full Spectrum Solutions continued construction on their new building that will be LEED certified. The County's Economic Development Corporation made a \$200,000 loan to assist the company.

The Pinson Urology and Continence Center moved from Summit Township to a new facility at the former Anesthesia Business Consultants Office Complex at 744 West Michigan Avenue. The renovation of this building is estimated to be \$300,000 initially with further investments anticipated over the next 10 years to completely rehab the complex and provide offices for more doctors.

These favorable trends are counterbalanced, in large measure, however, by other factors. The decrease in the assessed value of taxable property in the City has been further constrained by the Headlee Amendment (which limits the annual increase in the State Equalized Value of real property) and the provisions of Proposal A (which limits increases in taxable property values to 5 percent or the rate of inflation, whichever is less). Taken together, these fiscal factors create a trend toward ever tightening budgets under which the City must operate.

Another continuing financial challenge for the City is the escalating costs of insurance - both for employees/retirees as well as property and liability. Greater revenue growth together with cost containment measures will continue to be necessary to mitigate future stress on City finances. In addition, the State's continued decline - in both real and actual monetary terms - in the distribution of State shared revenues continues to produce a substantial amount of fiscal anxiety. Together, these two issues continue to impose increasing burdens on the City's fiscal structure and therefore affect the long-term stability of City finances.

**Cash management policies and practices.** The City is conservative in its approach to cash management. Generally, cash is deposited upon receipt in interest bearing accounts. Cash from various funds may then be transferred into a governmental pool in accordance with State statutes to maximize investment earnings. Investment income is allocated to the various funds based upon their respective participation. Cash that is temporarily in excess of meeting the daily cash flow demands of the City is invested in certificates of deposit with maturities ranging from 30 to 90 days, unless matched to a specific cash flow requirement, where the maturity may be longer. This is in conformity with the City's investment policy to provide the highest return with the maximum security. The City's permanent fund's cash are generally invested in U.S. government-backed securities while Pension and Other Employee Benefit Trust Fund assets are invested in corporate stocks and bonds, mutual funds, United States government-backed securities, cash and cash equivalents in conformance with state statute. These investments are consistent with the City's policy to minimize credit and market risk while maintaining a competitive yield on its portfolio.

**Risk management** Under a comprehensive plan of risk management, the City maintains property and liability insurance coverage through commercial carriers and the Michigan Municipal League insurance pools. The City currently has a self-insurance program for its workers compensation and also self- insures the deductible portion of certain health insurance providers as well as prescription coverage.

**Pension and other postemployment benefits.** The City administers three defined benefit pension plans - Employees' Retirement System, Policemen's and Firemen's Pension and Policemen's and Firemen's Pension-Act 345 - for its full-time employees. Each year, an independent actuary is engaged by each of the three employee retirement systems and calculates the amount of the annual contribution that the City must make to each pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. As a matter of policy, the City fully funds each year's annual required contribution to each of the pension plans as determined by the actuary. The City had succeeded as of June 30, 2008, the date of the latest actuary reports, in funding 87.1 percent, 54.3 percent and 60.8 percent, respectively, of the present value of the projected benefits earned by employees in each of the plans. The surplus/unfunded amounts are being systematically amortized over varying time periods ranging from 10 to 30 years as part of the annual required contributions calculated for each plan by the actuary.

The City also provides postretirement health care benefits for retirees and their dependents in varying levels based, in most cases, on years of service and date of hire. As of the end of the current fiscal year, there were approximately 117 retired employees who have not reached age 65 receiving these benefits, which are funded as incurred. GAAP does not require governments to report a liability in the financial statements in connection with an employer's obligation to provide these benefits. Additional information on the City's retirement system and postemployment benefits can be found in Note 4-D in the notes to the financial statements.

### **Awards and Acknowledgements**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2008. This was the eighteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the City of Jackson. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit also must be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Jackson's finances.

Respectfully submitted,



Christopher W. Lewis, Acting City Manager



Philip J. Hones, City Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson  
Michigan

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

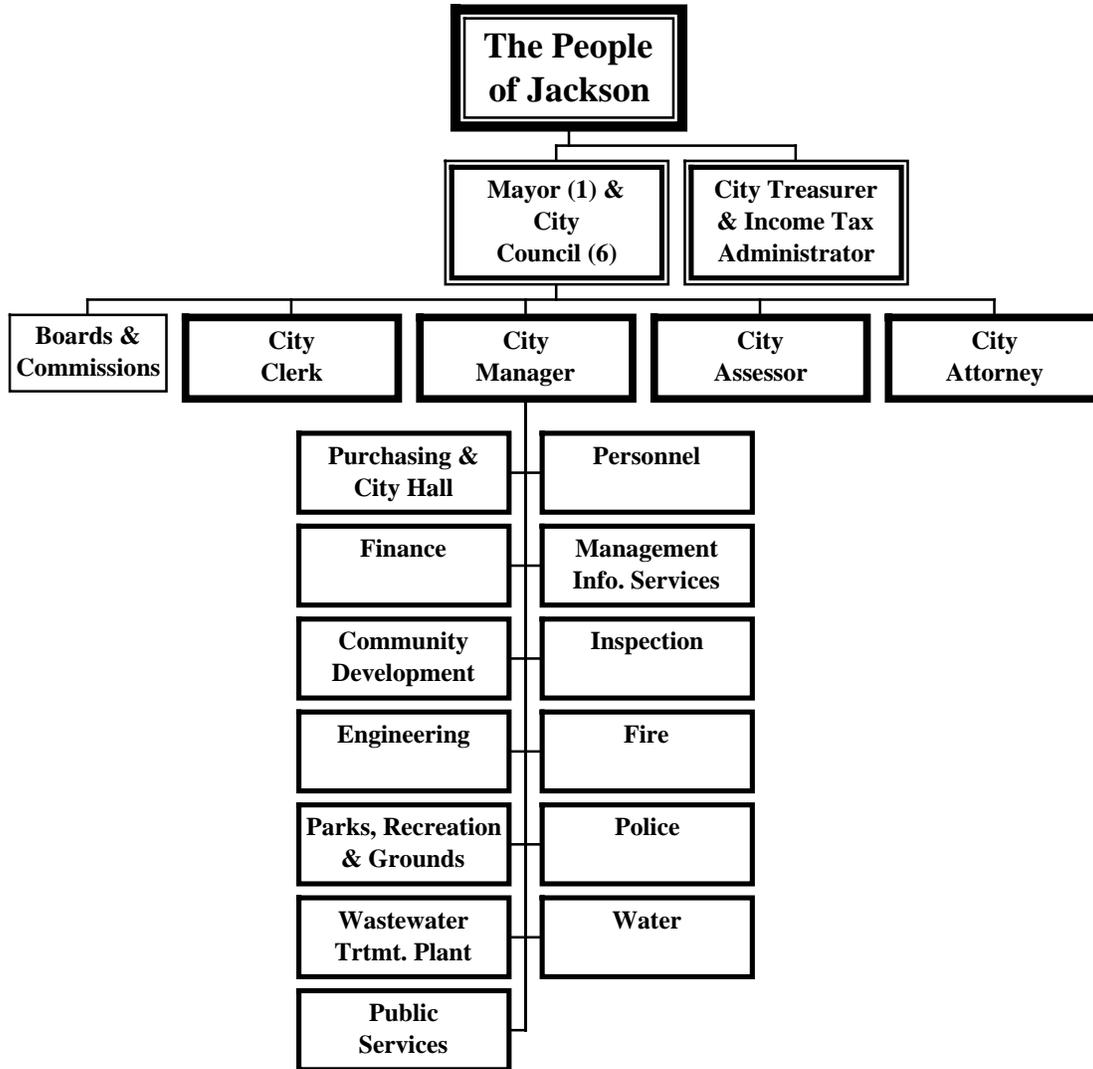


President

Executive Director



# City of Jackson, Michigan Organizational Chart



**City of Jackson, Michigan  
List of Principal Officials**



**CITY COUNCIL**

**Karen F. Dunigan, Mayor**

<b>Carl L. Breeding</b>	<b>1st Ward</b>
<b>Robert B. Howe</b>	<b>2nd Ward</b>
<b>Daniel P. Greer</b>	<b>3rd Ward</b>
<b>Kenneth E. Gaiser</b>	<b>4th Ward</b>
<b>Andrew R. Frounfelker</b>	<b>5th Ward</b>
<b>John R. Polaczyk</b>	<b>6th Ward</b>

**CITY OFFICIALS**

**Christopher W. Lewis, Acting City Manager**

<b>Michael Beyerstedt</b>	<b>Acting Fire Chief</b>
<b>Jon Dowling</b>	<b>City Engineer/Acting Director of Public Services</b>
<b>Lynn Fessel</b>	<b>City Clerk</b>
<b>Julius Giglio</b>	<b>City Attorney</b>
<b>Matthew Heins</b>	<b>Police Chief</b>
<b>Philip J. Hones</b>	<b>Finance Director</b>
<b>Carol Konieczki</b>	<b>Community Development Director</b>
<b>Christopher W. Lewis</b>	<b>Director of Personnel</b>
<b>David Taylor</b>	<b>City Assessor</b>
<b>James Parrott</b>	<b>Director of Parks, Recreation &amp; Grounds</b>
<b>Paul Vermaaten</b>	<b>Dir. of Sewage Trtmt. Serv. &amp; Fac./Acting Water Supt.</b>
<b>Andrew J. Wrozek, Jr.</b>	<b>City Treasurer/Income Tax Administrator</b>

# **FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

December 8, 2009

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the *City of Jackson, Michigan*, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Jackson's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, Michigan, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the general fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis on pages 3-14 and the GASB Statements 25 and 45 supplementary information listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of the City of Jackson. The combining and individual fund financial statements and schedules and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

As discussed in Note 3-I to the financial statements, the beginning net assets of the governmental activities were decreased by \$288,690 to reflect the Employee Health Care Fund being properly classified as an other employee benefit trust fund in the current year, rather than as a special revenue fund as it had been in prior years.

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

## **MANAGEMENT'S DISCUSSION and ANALYSIS**

## Management's Discussion and Analysis

As management of the *City of Jackson, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$104,645,363 (*net assets*). Of this amount, \$15,998,207 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$3,932,598.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,753,187, a decrease of \$1,357,450 in comparison with the prior year. Approximately 48% of this total amount, or \$3,244,667, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$854,812 or 3.5 percent of total general fund expenditures. Related to this, the City's Budget Stabilization (special revenue) Fund, which is intended to support the General Fund, reported unreserved fund balance of \$1,603,500, or 6.6% of total general fund expenditures.
- The City's total bonded debt decreased by \$2,369,000 during the current fiscal year; The City defeased \$1,835,000 in existing Water Supply System Revenue Bonds by issuing \$1,051,000 in new Water Supply System Revenue Refunding Bonds and purchasing securities with \$852,900 in existing Water Fund cash, decreasing the overall bonded debt by \$784,000; existing debt of \$1,585,000 was retired.

### Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include legislative, general government, public safety, public works, culture and recreation and community enrichment and development. The business-type activities of the City include the golf practice center, parking system and water and sewer operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also two legally separate authorities – the Downtown Development Authority and the Brownfield Redevelopment Authority – for which the City is financially accountable. Financial information for these *component units* are reported separately from the financial information presented for the primary government itself. The City of Jackson Building Authority, although also legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 15-17 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Community Development Block Grant and Special Assessment Capital Projects funds, each of which are considered to be major funds. Data from the other thirty-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 18-24 of this report.

**Proprietary funds.** The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses three major enterprise funds to account for its sanitary sewer, water purification and distribution and parking deck operations while the operations of the City's Golf Practice Center and its remaining parking system are considered nonmajor and are combined into a single, aggregated presentation. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its workers compensation and prescription drug and health care deductible self-insurance programs, the motor pool and garage operations, public works and engineering administration and for the Brownfield Redevelopment Authority's Local Site Remediation activities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. All of the City's internal service funds are non-major and individual fund data is provided in the form of *combining statements* elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewage and water operations, both of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 25-28 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29-30 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-60 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This includes a schedule concerning the City's progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 61-64 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 65-112 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets exceeded liabilities by \$104,645,363 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (79 percent) reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City's of Jackson's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$15,126,434	\$15,936,224	\$17,190,303	\$19,252,840	\$ 32,316,737	\$ 35,189,064
Capital assets, net	71,312,131	72,014,919	58,945,206	58,318,398	130,257,337	130,333,317
Total assets	86,438,565	87,951,143	76,135,509	76,571,238	162,574,074	165,522,381
Long-term liabilities outstanding	48,460,090	49,917,087	2,158,163	3,359,421	50,618,253	53,276,508
Other liabilities	6,449,419	2,440,044	861,039	1,227,868	7,310,458	3,667,912
Total liabilities	54,909,509	52,357,131	3,019,202	4,587,289	57,928,711	56,944,420
<b>Net assets:</b>						
Invested in capital assets, net of related debt	25,292,037	22,909,620	57,102,607	55,168,398	82,394,644	78,078,018
Restricted	6,084,912	5,250,943	167,600	1,447,009	6,252,512	6,697,952
Unrestricted	152,107	7,433,449	15,846,100	16,368,542	15,998,207	23,801,991
<b>Total Net Assets</b>	<b>\$31,529,056</b>	<b>\$35,594,012</b>	<b>\$73,116,307</b>	<b>\$72,983,949</b>	<b>\$104,645,363</b>	<b>\$108,577,961</b>

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

The government's net assets decreased by \$3,932,598 during the current fiscal year. Governmental activities decreased \$4,064,956, while business-type activities increased \$132,358. The decrease in the governmental activities is largely attributable to the initial reporting of the net other postemployment benefit obligation for health care which, by itself, contributed \$3,661,826 toward the decrease in net assets. The relatively small increase in net assets in the business-type activities resulted from increases in the Sewage and Water Funds totaling \$348,477 offset by small decreases in the Parking Deck and other nonmajor enterprise funds.

## City of Jackson's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
<b>Revenue:</b>						
Program revenues:						
Charges for services	\$ 4,545,223	\$ 4,576,960	\$11,741,153	\$11,987,813	\$16,286,376	\$16,564,773
Operating grants and contributions	5,964,746	5,954,457	-	-	5,964,746	5,954,457
Capital grants and contributions	1,444,563	1,119,751	-	-	1,444,563	1,119,751
General revenues:						
Property taxes	10,488,646	10,710,438	-	-	10,488,646	10,710,438
Income taxes	7,645,706	7,946,837	-	-	7,645,706	7,946,837
Grants and contributions not restricted to specific programs	5,730,532	5,390,450	225,628	527,454	5,956,160	5,917,904
Other	300,223	613,778	357,139	781,190	657,362	1,394,966
<b>Total revenues</b>	<b>36,119,639</b>	<b>36,312,671</b>	<b>12,323,920</b>	<b>13,296,457</b>	<b>48,443,559</b>	<b>49,609,128</b>
<b>Expenses:</b>						
Legislative	84,987	100,856	-	-	84,987	100,856
General government	5,590,322	5,106,778	-	-	5,590,322	5,106,778
Public safety	18,514,730	16,474,297	-	-	18,514,730	16,474,297
Public works	6,982,096	6,363,857	-	-	6,982,096	6,363,857
Culture and recreation	2,823,240	2,484,262	-	-	2,823,240	2,484,262
Community enrichment	4,276,212	3,836,177	-	-	4,276,212	3,836,177
Interest on long-term debt	1,823,284	1,767,307	-	-	1,823,284	1,767,307
Sewer	-	-	5,186,279	5,405,194	5,186,279	5,405,194
Water	-	-	6,315,543	5,896,097	6,315,543	5,896,097
Parking system	-	-	708,936	743,253	708,936	743,253
Golf practice center	-	-	70,528	71,092	70,528	71,092
<b>Total expenses</b>	<b>40,094,871</b>	<b>36,133,534</b>	<b>12,281,286</b>	<b>12,115,636</b>	<b>52,376,157</b>	<b>48,249,170</b>
Change in net assets before transfers	(3,975,232)	179,137	42,634	1,180,821	(3,932,598)	1,359,958
Transfers	(89,724)	(129,336)	89,724	129,336	-	-
<b>Change in net assets</b>	<b>(4,064,956)</b>	<b>49,801</b>	<b>132,358</b>	<b>1,310,157</b>	<b>(3,932,598)</b>	<b>1,359,958</b>
Net assets, beginning of year, as restated	35,594,012	35,544,211	72,983,949	71,673,792	108,577,961	107,218,003
<b>Net assets, end of year</b>	<b>\$31,529,056</b>	<b>\$35,594,012</b>	<b>\$73,116,307</b>	<b>\$72,983,949</b>	<b>\$104,645,363</b>	<b>\$108,577,961</b>

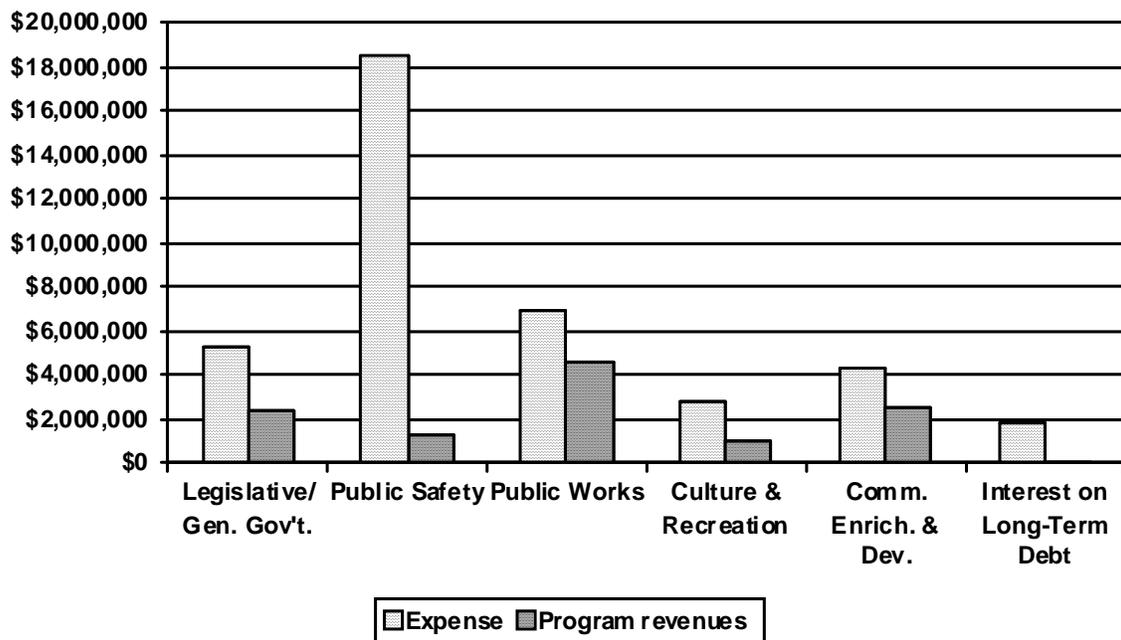
**Governmental activities.** Governmental activities decreased the City's net assets by \$4,064,956 during fiscal year 2009. As indicated earlier, the decrease in the governmental activities is largely attributed to the initial reporting of the postemployment benefit obligation for health care which, by itself, contributed \$ 3,661,826 toward the decrease in net assets.

Other elements of this decrease are as follows:

- Property taxes declined nearly \$222,000 as total taxable value declined for the first time in recent memory.
- Capital grants and contributions increased nearly \$325,000 largely reflective of increases in federal highway grant funds utilized in the Major Street (special revenue) Fund.
- Income taxes declined by \$301,000, or 3.8% following a fiscal year (2008) that saw a 1.6 % increase. This decline is viewed as symbolic of the State's economic trend as a whole; however, the City is optimistic that income tax will again rise at a healthy rate with recent news of jobs growth within the City that should occur during the next few years.
- Other revenue and expenditure categories reflected smaller total changes from the prior fiscal year and were due to a wider variety of factors.

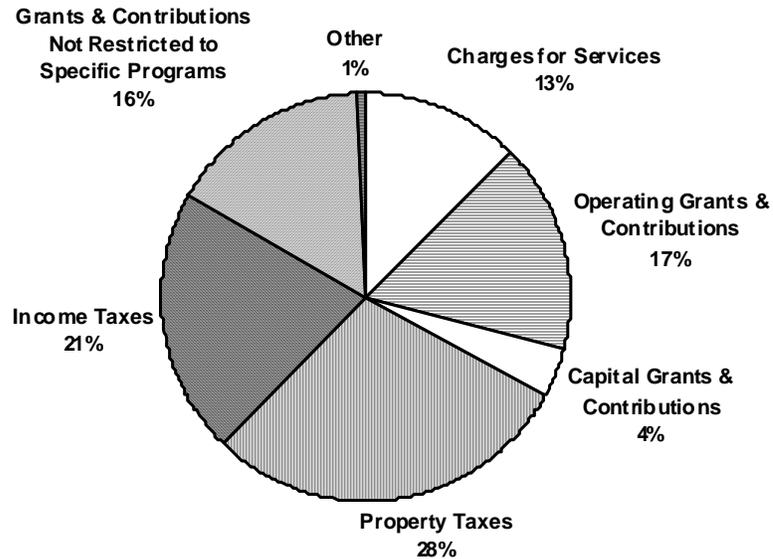
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**Expenses and Program Revenues - Governmental Activities**



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## Revenues by Source - Governmental Activities



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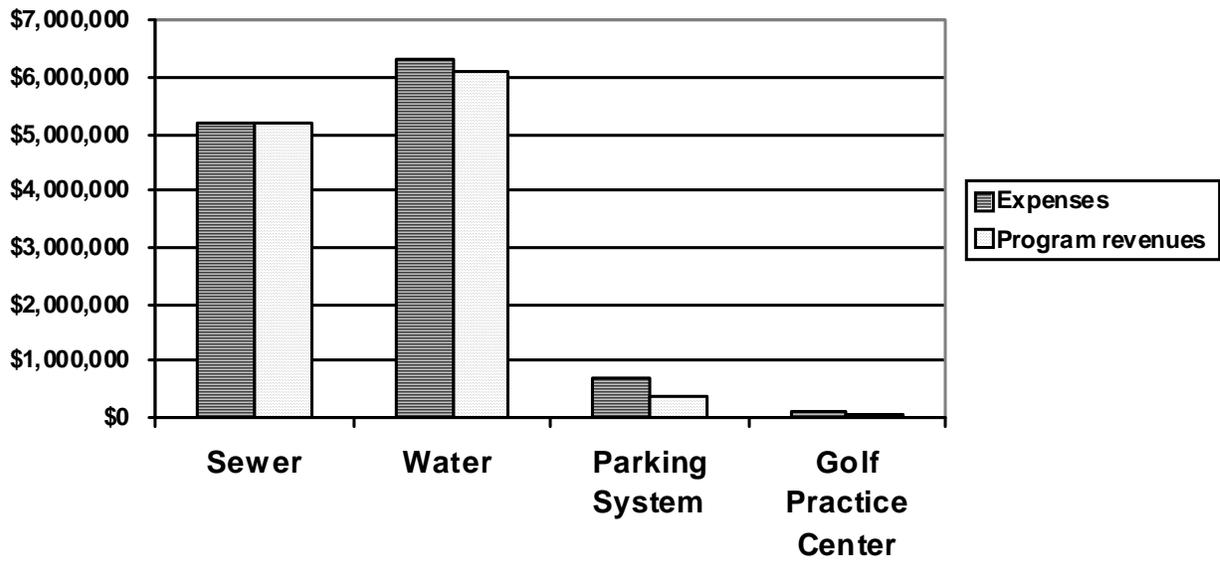
**Business-type activities.** Business-type activities increased the City's net assets by \$132,358. This relatively small increase, as indicated previously, resulted from increases in the Sewage and Water Funds totaling \$348,477 offset by small decreases in the Parking Deck and other nonmajor enterprise funds.

Key elements of this increase are as follows:

- During the fiscal year sewer rates were not increased. The Sewer Fund charges for services decreased \$64,727 (1.2%) from the previous fiscal year due largely to decreases in concentration/strength of the billable flow treated as well as slight variations in the volume.
- Water rates also remained unchanged from the prior fiscal year; however, charges for services decreased \$132,861, or 2.2% largely as a result of decreased water usage associated with the residential and industrial users somewhat offset by increases in the commercial users, more specifically the State Prison.
- Other income, which represents revenues not related to investment income or charges for services, decreased over \$308,000 largely as a result of the decline in the state grant of \$247,262 utilized for the well abandonment project.

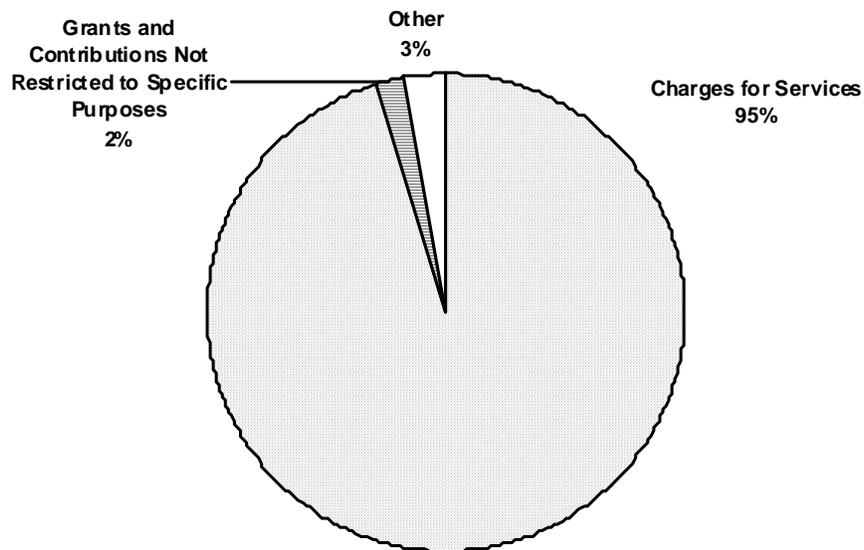
Expenses and Program Revenues - Business-type Activities

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Revenues by Source - Business-type Activities



## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,753,187, a decrease of \$1,357,450 in comparison with the prior year. Approximately 48% of this total amount, or \$3,244,667, is *available for spending* at the government's discretion (*unreserved fund balance*). The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) to generate income for cemetery perpetual care and endowments related to Ella Sharp Park and facilities (\$2,785,522), 2) for residential property rehabilitation programs (\$354,037), 3) for funds advanced on a long term basis (\$210,000), or 4) for inventory and prepaid expenditures (\$122,978 and \$35,983, respectively).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$854,812, while total fund balance was \$1,103,981. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 3.5 percent of total general fund expenditures while total fund balance represents 4.5 percent of total general fund expenditures. In addition, the City maintains a Budget Stabilization (special revenue) Fund which can be used to provide funding to the General Fund under certain circumstances (to avoid a deficit, prevent a reduction in the level of public services, etc.). This fund had unreserved and total fund balance of \$1,603,500 at June 30, 2009 which represents 6.6% of total general fund expenditures.

The fund balance of the City's General Fund decreased by \$1,353,753 during the current fiscal year. Decreases in property and income taxes as well as interest were offset by an increase in intergovernmental revenues. The decline in property and income taxes has been explained in a previous section regarding governmental activities while the decline in interest earnings reflects the reduction in market interest rates which have remained historically low through much of the year.

The Community Development Block Grant Fund had a small increase of \$47,655 in fund balance for the current year resulting in an ending total of \$354,037. This entire ending fund balance is reserved for the City's Residential Property Rehabilitation Programs.

The Special Assessment Capital Projects Fund, which is used to account for special assessments levied to finance public improvements or services deemed to benefit only the properties against which the assessments are levied, decreased the amount of its fund deficit by \$115,520. This fund, which has a deficit by its nature, recorded \$269,082 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$384,602.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government wide financial statements, but in more detail.

Unrestricted net assets of the Sewage Fund and Water Fund at the end of the year amounted to \$8,431,927 and \$6,290,932, respectively. The Sewage Fund had an increase in net assets for the year of \$271,103, whereas the Water Fund had an increase of \$77,344. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

## General Fund Budgetary Highlights

Differences between the original and final amended budgeted revenues were largely attributable the unexpected decrease in income taxes over that projected. Income tax revenues fell short of projections by \$354,294, or 4.4%. Most of this decrease had occurred in the final quarter of the fiscal year and appears to be largely associated with a larger number of tax refunds than anticipated. This unfavorable variance was further increased by the decline in interest revenue which fell short of budget projections by \$95,074 or 48%. As indicated earlier, market interest rates have been held to their lowest points in recent memory.

Expenditures were favorable when compared to budget in total by \$7,154. Those General Fund activity budgets that were exceeded were, in most instances, due to unanticipated year-end expenditures. The actual decrease in fund balance of \$1,353,753 exceeded the anticipated budgeted decrease of \$972,730 by \$381,023, or 1.6% of expenditures.

## 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, 2009, amounted to \$130,257,337 (net of accumulated depreciation). This investment in capital assets includes land, systems, land improvements, infrastructure, buildings and improvements, park and recreation facilities and machinery and equipment. The total net decrease in the City's investment in capital assets for the current fiscal year was \$75,980 or .06 percent (a .99 percent decrease for governmental activities and a 1.07 percent increase for business type activities).

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

- Infrastructure improvements of approximately \$1.9 million comprised largely of street and bridge construction.
- Various water and sewer system improvements totaling approximately \$4.2 million, including construction in progress of \$2.9 million for sewer plant improvements, water distribution mains of \$868,000 and sewer line replacements of approximately \$494,000.

### City of Jackson's Capital Assets (net of depreciation)

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 2,440,383	\$ 2,440,383	\$ 8,956,886	\$ 8,956,886	\$ 11,397,269	\$ 11,397,269
Systems	-	-	35,284,607	32,681,070	35,284,607	32,681,070
Land improvements	14,188,954	14,504,218	1,678,160	1,754,294	15,867,114	16,258,512
Infrastructure	35,630,383	35,998,871	-	-	35,630,383	35,998,871
Buildings and improvements	12,155,136	12,421,006	10,550,613	10,807,037	22,705,749	23,228,043
Park and recreation facilities	4,272,756	3,996,027	-	-	4,272,756	3,996,027
Machinery and equipment	2,624,519	2,654,414	2,474,940	2,686,593	5,099,459	5,341,007
Construction in progress	-	-	-	1,432,518	-	1,432,518
<b>Total</b>	<b>\$71,312,131</b>	<b>\$72,014,919</b>	<b>\$58,945,206</b>	<b>\$58,318,398</b>	<b>\$130,257,337</b>	<b>\$130,333,317</b>

Additional information on the City's capital assets can be found in note 3-C on pages 44-46 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$47,284,577. Of this amount, \$45,608,577 comprises debt backed by the full faith and credit of the government. The remainder of the City’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

**City of Jackson’s Outstanding Debt**  
General Obligation and Revenue Bonds

	Governmental Activities		Business Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 45,608,577	\$ 46,898,577	\$ -	\$ -	\$ 45,608,577	\$ 46,898,577
Revenue bonds	-	-	1,676,000	2,755,000	1,676,000	2,755,000
Total	<u>\$ 45,608,577</u>	<u>\$ 46,898,577</u>	<u>\$ 1,676,000</u>	<u>\$ 2,755,000</u>	<u>\$ 47,284,577</u>	<u>\$ 49,653,577</u>

The City’s total bonded debt decreased by \$2,369,000 (4.8 percent) during the current fiscal year. The City defeased \$1,835,000 in existing Water Supply System Revenue Bonds by issuing \$1,051,000 in new Water Supply System Revenue Refunding Bonds and purchasing securities with \$852,900 in existing Water Fund cash, decreasing the overall bonded debt by \$784,000. This defeasance shortened the remaining maturity by three years – from July 1, 2016 to July 1, 2013 – and resulted in a net present value savings of \$65,667. Existing bonded debt maturities that were retired during the fiscal year totaled \$1,585,000.

The City has an “A-” rating from Standard & Poor’s for general obligation debt. The revenue bonds of the Water Fund have been rated “A2” by Moody’s and “A” by Standard & Poor’s. The Sewer Fund revenue bonds were not rated.

State statutes limit the amount of general obligation debt a governmental entity may issue to ten percent of its total assessed valuation. The current debt limitation for the City is \$86,354,230, which is significantly in excess of the City’s outstanding general obligation debt.

Additional information on the City’s long-term debt can be found in note 3-F on pages 48-51 of this report.

**Economic Factors and Next Year’s Budgets and Rates**

The following factors were considered in preparing the City’s budget for the 2009/10 fiscal year:

- The unemployment rate for the City is currently 20.9 percent (9/09), which is an increase from a rate of 11.6 percent a year ago (9/08). This compares unfavorably to the state’s average unemployment rate of 15.3 percent and the national average rate of 9.8 percent. This decline in the employment levels will continue to have a negative effect on this year’s income tax revenues.
- Property tax revenues have decreased 2.0 percent over the prior fiscal year, which is the result of both the decline in taxable values of both the ad valorem roll as well the industrial facilities tax.
- Inflationary trends in the region compare favorably to national indices.

During the 2009 fiscal year, unreserved fund balance in the General Fund decreased to \$854,812. The City has appropriated \$459,254 of this amount for spending in the 2009/10 fiscal year budget. Such appropriation is intended to offset stagnant growth in state shared revenues while attempting to maintain current staffing levels and service commitments to the public.

### **Requests for Information**

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

# **BASIC FINANCIAL STATEMENTS**

# **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**City of Jackson, Michigan**  
**Statement of Net Assets**  
**June 30, 2009**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Assets</b>					
Pooled cash and investments	\$ 5,252,024	\$ 14,204,138	\$ 19,456,162	\$ 3,018,672	\$ 298,993
Pooled cash and investments - restricted	2,847,728	167,600	3,015,328	-	-
Receivables, net	6,506,604	2,627,173	9,133,777	-	-
Interfund balances	110,000	(110,000)	-	-	-
Prepays and other assets	410,078	301,392	711,470	-	-
Capital assets not being depreciated	2,440,383	8,956,886	11,397,269	-	-
Capital assets being depreciated, net	68,871,748	49,988,320	118,860,068	-	-
<b>Total assets</b>	<b>86,438,565</b>	<b>76,135,509</b>	<b>162,574,074</b>	<b>3,018,672</b>	<b>298,993</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	2,529,864	736,039	3,265,903	1,284	6,127
Accrued interest payable	257,729	-	257,729	-	-
Unearned revenue	-	125,000	125,000	-	-
Long-term debt:					
Due within one year	3,039,000	204,924	3,243,924	-	-
Due in more than one year	45,421,090	1,953,239	47,374,329	-	-
Other noncurrent liability - net other postemployment benefit obligation	3,661,826	-	3,661,826	-	-
<b>Total liabilities</b>	<b>54,909,509</b>	<b>3,019,202</b>	<b>57,928,711</b>	<b>1,284</b>	<b>6,127</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	25,292,037	57,102,607	82,394,644	-	-
Restricted for:					
Debt service	42,961	167,600	210,561	-	-
Capital projects	752,253	-	752,253	-	-
Endowments	2,895,522	-	2,895,522	-	-
Budget stabilization	1,603,500	-	1,603,500	-	-
Public improvement and recreation	436,639	-	436,639	-	-
Rehabilitation programs	354,037	-	354,037	-	-
Unrestricted	152,107	15,846,100	15,998,207	3,017,388	292,866
<b>Total net assets</b>	<b>\$ 31,529,056</b>	<b>\$ 73,116,307</b>	<b>\$ 104,645,363</b>	<b>\$ 3,017,388</b>	<b>\$ 292,866</b>

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

**City of Jackson, Michigan**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2009**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenue</b>			<b>Net Revenue (Expense)</b>
		<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 84,987	\$ -	\$ -	\$ -	\$ (84,987)
General government	5,590,322	2,428,596	10,870	-	(3,150,856)
Public safety	18,514,730	834,882	416,212	-	(17,263,636)
Public works	6,982,096	210,631	2,981,312	1,443,999	(2,346,154)
Culture and recreation	2,823,240	958,743	5,000	-	(1,859,497)
Community enrichment and development	4,276,212	47,371	2,551,352	564	(1,676,925)
Interest on long-term debt	1,823,284	65,000	-	-	(1,758,284)
Total governmental activities	<u>40,094,871</u>	<u>4,545,223</u>	<u>5,964,746</u>	<u>1,444,563</u>	<u>(28,140,339)</u>
Business-type activities:					
Sewer	5,186,279	5,191,275	-	-	4,996
Water	6,315,543	6,107,970	-	-	(207,573)
Parking system	708,936	387,882	-	-	(321,054)
Golf practice center	70,528	54,026	-	-	(16,502)
Total business-type activities	<u>12,281,286</u>	<u>11,741,153</u>	<u>-</u>	<u>-</u>	<u>(540,133)</u>
Total primary government	<u>\$ 52,376,157</u>	<u>\$ 16,286,376</u>	<u>\$ 5,964,746</u>	<u>\$ 1,444,563</u>	<u>\$ (28,680,472)</u>
<b>Component units</b>					
Brownfield redevelopment	\$ 1,271,194	\$ -	\$ -	\$ -	\$ (1,271,194)
Downtown development	118,966	32,027	25,000	-	(61,939)
Total component units	<u>\$ 1,390,160</u>	<u>\$ 32,027</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (1,333,133)</u>

continued....

**City of Jackson, Michigan**  
**Statement of Activities (Concluded)**  
**For the Fiscal Year Ended June 30, 2009**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Net revenue (expense)</b>	\$ (28,140,339)	\$ (540,133)	\$ (28,680,472)	\$ (1,271,194)	\$ (61,939)
<b>General revenues</b>					
Property taxes	10,488,646	-	10,488,646	1,436,799	92,692
Income taxes	7,645,706	-	7,645,706	-	-
Grants and contributions not restricted to specific purposes	5,730,532	225,628	5,956,160	-	6,360
Unrestricted interest earnings	300,223	357,139	657,362	61,847	8,246
<b>Transfers - internal activities</b>	(89,724)	89,724	-	-	-
Total general revenues and transfers	24,075,383	672,491	24,747,874	1,498,646	107,298
Change in net assets	(4,064,956)	132,358	(3,932,598)	227,452	45,359
<b>Net assets</b>					
Beginning of year, as restated	35,594,012	72,983,949	108,577,961	2,789,936	247,507
End of year	\$ 31,529,056	\$ 73,116,307	\$ 104,645,363	\$ 3,017,388	\$ 292,866

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

# **FUND FINANCIAL STATEMENTS**

**City of Jackson, Michigan**  
**Governmental Funds Balance Sheet**  
**June 30, 2009**

	<u>General</u>	<u>Community Development Block Grant</u>	<u>Special Assessment Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ -	\$ 320,113	\$ -	\$ 4,274,753	\$ 4,594,866
Accounts receivables, net	151,087	-	-	318,700	469,787
Taxes receivable	2,091,187	-	-	-	2,091,187
Other receivables	-	-	904,067	18,448	922,515
Due from other governments	608,103	308,439	-	718,613	1,635,155
Due from other funds	41,866	622	-	48,080	90,568
Interfund receivable	-	-	-	1,603,500	1,603,500
Inventories	113,186	-	-	9,792	122,978
Prepaid expenditures	35,983	-	-	-	35,983
Restricted assets - cash and cash equivalents	-	188,881	-	-	188,881
Loans receivable	-	1,126,125	-	-	1,126,125
Long-term advances to other funds	100,000	-	-	110,000	210,000
<b>Total assets</b>	<b>\$ 3,141,412</b>	<b>\$ 1,944,180</b>	<b>\$ 904,067</b>	<b>\$ 7,101,886</b>	<b>\$ 13,091,545</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 195,253	\$ 329,132	\$ -	\$ 270,747	\$ 795,132
Accrued payroll	591,927	34,886	-	102,250	729,063
Other liabilities	86,479	-	-	-	86,479
Due to other funds	9,292	-	-	81,276	90,568
Interfund payable	1,154,480	-	-	454,181	1,608,661
Deferred revenue	-	1,126,125	904,067	-	2,030,192
Long-term advances from other funds	-	100,000	898,263	-	998,263
<b>Total liabilities</b>	<b>2,037,431</b>	<b>1,590,143</b>	<b>1,802,330</b>	<b>908,454</b>	<b>6,338,358</b>
<b>Fund balances</b>					
Reserved for:					
Residential property rehabilitation programs	-	354,037	-	-	354,037
Inventories	113,186	-	-	9,792	122,978
Prepaid expenditures	35,983	-	-	-	35,983
Perpetual care and endowment	-	-	-	2,785,522	2,785,522
Advances	100,000	-	-	110,000	210,000
Unreserved:					
Designated:					
For subsequent year's expenditures	459,254	-	-	-	459,254
Reported in nonmajor special revenue funds	-	-	-	356,811	356,811
Undesignated (deficit)	395,558	-	(898,263)	-	(502,705)
Undesignated, reported in nonmajor :					
Special revenue funds	-	-	-	2,136,093	2,136,093
Debt service funds	-	-	-	42,961	42,961
Capital projects funds	-	-	-	752,253	752,253
Total fund balances (deficit)	<u>1,103,981</u>	<u>354,037</u>	<u>(898,263)</u>	<u>6,193,432</u>	<u>6,753,187</u>
<b>Total liabilities and fund balances</b>	<b>\$ 3,141,412</b>	<b>\$ 1,944,180</b>	<b>\$ 904,067</b>	<b>\$ 7,101,886</b>	<b>\$ 13,091,545</b>

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

**City of Jackson, Michigan**  
**Reconciliation of Fund Balances on the Balance Sheet**  
**for Governmental Funds to Net Assets**  
**of Governmental Activities on the Statement of Net Assets**  
**June 30, 2009**

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Fund balances - total governmental funds \$ 6,753,187

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

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

Add - capital assets	169,882,320
Subtract - accumulated depreciation	(100,068,791)

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.

Add - deferred loans receivable	1,126,125
Add - deferred special assessments	904,067

Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.

Add - net assets of governmental activities accounted for in internal service funds	5,106,676
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.

Add - unamortized bond discount	200,436
Add - unamortized bond issuance costs	205,117
Subtract - bonds, contracts and loans payable	(46,220,530)
Subtract - other postemployment benefit obligation	(3,661,826)
Subtract - compensated absences	(2,439,996)
Subtract - accrued interest on long-term liabilities	(257,729)

Net assets of governmental activities	\$ 31,529,056
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The accompanying notes are an integral part of these financial statements.

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	General	Community Development Block Grant	Special Assessment Capital Projects	Nonmajor Funds	Totals
<b>Revenues</b>					
Property taxes	\$ 7,770,119	\$ -	\$ -	\$ 2,834,048	\$ 10,604,167
Income taxes	7,645,706	-	-	-	7,645,706
Licenses and permits	247,399	-	-	-	247,399
Intergovernmental	5,474,154	1,572,891	-	4,838,881	11,885,926
Charges for services	1,299,376	-	-	2,571,501	3,870,877
Fines and forfeits	224,967	-	-	-	224,967
Special assessments	-	-	384,602	-	384,602
Investment income	101,926	3,333	-	301,086	406,345
Miscellaneous	370,730	201,080	-	426,421	998,231
<b>Total revenues</b>	<u>23,134,377</u>	<u>1,777,304</u>	<u>384,602</u>	<u>10,971,937</u>	<u>36,268,220</u>
<b>Expenditures</b>					
Current:					
Legislative	84,987	-	-	-	84,987
General government	4,778,604	-	-	-	4,778,604
Public safety	16,165,588	483,404	-	749,430	17,398,422
Public works	1,513,350	-	-	4,461,472	5,974,822
Culture and recreation	1,549,225	-	-	1,209,652	2,758,877
Community enrichment and development	259,488	1,246,245	-	1,037,949	2,543,682
Capital outlay	-	-	-	625,907	625,907
Debt service:					
Principal retirement	-	-	-	1,604,000	1,604,000
Interest and fiscal charges	-	-	-	1,789,183	1,789,183
<b>Total expenditures</b>	<u>24,351,242</u>	<u>1,729,649</u>	<u>-</u>	<u>11,477,593</u>	<u>37,558,484</u>
Revenues over (under) expenditures	<u>(1,216,865)</u>	<u>47,655</u>	<u>384,602</u>	<u>(505,656)</u>	<u>(1,290,264)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	9,979	-	-	12,559	22,538
Transfers in	152,291	-	-	3,400,021	3,552,312
Transfers out	(299,158)	-	(269,082)	(3,073,796)	(3,642,036)
<b>Total other financing sources (uses)</b>	<u>(136,888)</u>	<u>-</u>	<u>(269,082)</u>	<u>338,784</u>	<u>(67,186)</u>
Net change in fund balances	(1,353,753)	47,655	115,520	(166,872)	(1,357,450)
Fund balances (deficit), beginning of year, as restated	2,457,734	306,382	(1,013,783)	6,360,304	8,110,637
<b>Fund balances (deficit), end of year</b>	<u>\$ 1,103,981</u>	<u>\$ 354,037</u>	<u>\$ (898,263)</u>	<u>\$ 6,193,432</u>	<u>\$ 6,753,187</u>

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

**City of Jackson, Michigan**  
**Reconciliation of the Statement of Revenue, Expenditures**  
**and Changes in Fund Balances**  
**of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2009**

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Net change in fund balances - total governmental funds \$ (1,357,450)

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.

Add - capital outlay	2,453,724
Add - gain on sale of capital assets	467
Subtract - proceeds from sale of capital assets	(22,538)
Subtract - depreciation expense	(3,331,535)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Subtract - current year special assessment revenue received greater than earned	(115,521)
Subtract - current year loan receivable receipts	(165,750)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Add - principal payments on long-term liabilities	1,604,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add - decrease in accrued interest payable on bonds	8,675
Subtract - amortization of bond discount	(11,241)
Subtract - amortization of refunding loss	(20,739)
Subtract - amortization of bond issuance costs	(10,796)
Subtract - increase in net other postemployment benefit obligation	(3,661,826)
Subtract - increase in the accrual of compensated absences	(115,023)

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

Add: interest revenue from governmental internal service funds	132,690
Add: net operating income from governmental activities accounted for in internal service funds	547,907

Change in net assets of governmental activities	\$ (4,064,956)
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The accompanying notes are an integral part of these financial statements.

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			Actual Over (Under) Final Budget	2008 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues</b>					
Property taxes	\$ 7,718,516	\$ 7,707,966	\$ 7,770,119	\$ 62,153	\$ 7,847,791
Income taxes	8,575,000	8,000,000	7,645,706	(354,294)	7,946,837
Licenses and permits	237,850	235,150	247,399	12,249	228,671
Intergovernmental	5,377,212	5,398,205	5,474,154	75,949	5,204,759
Charges for services	1,313,030	1,314,003	1,299,376	(14,627)	1,305,095
Fines and forfeits	274,500	210,343	224,967	14,624	221,869
Investment income	300,000	197,000	101,926	(95,074)	307,193
Miscellaneous	491,720	377,557	370,730	(6,827)	151,284
Total revenues	<u>24,287,828</u>	<u>23,440,224</u>	<u>23,134,377</u>	<u>(305,847)</u>	<u>23,213,499</u>
<b>Expenditures</b>					
Current:					
Legislative - City Council	91,382	85,776	84,987	(789)	100,856
General government:					
City Manager	255,147	253,712	249,447	(4,265)	267,400
City Clerk - Elections	168,852	174,138	161,360	(12,778)	135,321
Finance	426,424	436,162	425,809	(10,353)	405,986
City Assessor	423,335	431,051	430,423	(628)	404,633
City Attorney	539,623	529,223	521,999	(7,224)	503,466
City Clerk	208,224	215,028	223,205	8,177	207,531
Charter Review Committee	15,000	3,150	77	(3,073)	214
Personnel	358,602	399,144	362,292	(36,852)	339,336
Purchasing	169,173	171,877	168,037	(3,840)	160,648
City Treasurer	341,120	324,051	316,152	(7,899)	314,541
City Income Tax Administration	280,016	280,016	246,788	(33,228)	236,949
Management Information Services	344,284	344,263	319,369	(24,894)	335,265
City Hall and Grounds	323,258	329,019	342,229	13,210	346,391
Cemeteries	487,796	490,143	493,676	3,533	456,858
Hearing Bureau	39,819	20,318	22,597	2,279	27,819
Unallocated	497,000	531,242	495,144	(36,098)	545,028
Total general government	<u>4,877,673</u>	<u>4,932,537</u>	<u>4,778,604</u>	<u>(153,933)</u>	<u>4,687,386</u>
Public safety:					
Police:					
General	8,999,923	8,799,923	8,702,526	(97,397)	8,492,888
Youth Services Unit	314,947	314,972	309,925	(5,047)	302,222
STEP Grant	-	20,733	20,733	-	20,733
JCCA Grant	-	18,491	14,346	(4,145)	8,416
MCOLES Training	-	39,805	28,837	(10,968)	34,617
In-Service Training	15,450	17,954	12,816	(5,138)	15,772
Consortium Training	33,754	38,628	18,483	(20,145)	33,333
Fire:					
Administration	289,679	289,538	282,304	(7,234)	273,729
Suppression	5,119,121	4,633,999	5,020,852	386,853	4,928,031
Prevention	84,145	70,673	47,859	(22,814)	10,119
Training	238,985	239,445	236,302	(3,143)	188,369
Police and Fire - Unallocated	1,345,312	1,416,642	1,415,816	(826)	1,378,864
Emergency Measures	64,311	64,870	54,789	(10,081)	58,836
Total public safety	<u>16,505,627</u>	<u>15,965,673</u>	<u>16,165,588</u>	<u>199,915</u>	<u>15,745,929</u>

Continued...

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual (Concluded)**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009				2008 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Expenditures (concluded)</b>					
Current (concluded):					
Public works:					
Tax Property Maintenance	\$ 10,000	\$ 15,000	\$ 7,599	\$ (7,401)	\$ 7,101
Civic Affairs	73,358	58,365	44,551	(13,814)	50,266
Drains at Large	72,053	66,952	59,639	(7,313)	71,536
Storm Drain Construction	98,000	73,305	54,252	(19,053)	89,223
Grounds Maintenance	177,108	168,985	132,838	(36,147)	158,924
Sidewalk Construction	130,000	178,998	157,298	(21,700)	123,252
Street Lighting	407,231	407,182	479,335	72,153	405,782
Forestry	577,031	596,178	586,902	(9,276)	572,998
Weed Control	23,684	29,024	15,916	(13,108)	19,065
Reimbursements	-	(40,000)	(24,980)	15,020	-
Total public works	<u>1,568,465</u>	<u>1,553,989</u>	<u>1,513,350</u>	<u>(40,639)</u>	<u>1,498,147</u>
Culture and recreation:					
Parks and Recreation Administration	761,911	792,214	789,964	(2,250)	734,756
Parks and Facilities Maintenance	515,050	519,593	524,212	4,619	508,385
Lt. Nixon Memorial Pool	165,932	162,832	152,935	(9,897)	139,247
Sharp Park Swimming Pool	132,195	126,686	117,114	(9,572)	109,074
Reimbursements	(35,000)	(35,000)	(35,000)	-	(25,000)
Total culture and recreation	<u>1,540,088</u>	<u>1,566,325</u>	<u>1,549,225</u>	<u>(17,100)</u>	<u>1,466,462</u>
Community enrichment/development:					
Planning	99,768	149,497	154,627	5,130	92,323
DDA and Equity Grants	25,000	25,000	25,000	-	25,000
Historical District	38,100	12,536	11,240	(1,296)	36,909
Human Relations	63,043	67,063	68,621	1,558	44,357
Total community enrichment and development	<u>225,911</u>	<u>254,096</u>	<u>259,488</u>	<u>5,392</u>	<u>198,589</u>
<b>Total expenditures</b>	<u>24,809,146</u>	<u>24,358,396</u>	<u>24,351,242</u>	<u>(7,154)</u>	<u>23,697,369</u>
<b>Revenues (under) expenditures</b>	<u>(521,318)</u>	<u>(918,172)</u>	<u>(1,216,865)</u>	<u>(298,693)</u>	<u>(483,870)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	17,960	16,600	9,979	(6,621)	11,452
Transfers in	247,000	173,120	152,291	(20,829)	319,680
Transfers out	(274,663)	(244,278)	(299,158)	(54,880)	(358,461)
Total other financing (uses)	<u>(9,703)</u>	<u>(54,558)</u>	<u>(136,888)</u>	<u>(82,330)</u>	<u>(27,329)</u>
Net change in fund balances	(531,021)	(972,730)	(1,353,753)	(381,023)	(511,199)
Fund balance, beginning of year	<u>2,457,734</u>	<u>2,457,734</u>	<u>2,457,734</u>	<u>-</u>	<u>2,968,933</u>
<b>Fund balance, end of year</b>	<u>\$ 1,926,713</u>	<u>\$ 1,485,004</u>	<u>\$ 1,103,981</u>	<u>\$ (381,023)</u>	<u>\$ 2,457,734</u>

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

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**Community Development Block Grant Fund**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009			Actual Over (Under) Final Budget	2008 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues</b>					
Intergovernmental	\$ 2,791,937	\$ 2,791,937	\$ 1,572,891	\$ (1,219,046)	\$ 1,533,540
Investment income	1,686	1,686	3,333	1,647	6,960
Miscellaneous	111,550	111,550	201,080	89,530	203,900
Total revenues	<u>2,905,173</u>	<u>2,905,173</u>	<u>1,777,304</u>	<u>(1,127,869)</u>	<u>1,744,400</u>
<b>Expenditures</b>					
Current:					
Public safety:					
Code enforcement	603,212	603,212	483,404	(119,808)	481,354
Community enrichment and development:					
Rehabilitation	537,416	537,416	241,535	(295,881)	382,525
Rehabilitation loans	8,000	8,000	1,522	(6,478)	841
Public services	319,862	319,862	206,689	(113,173)	183,027
Administration	589,100	589,100	289,742	(299,358)	291,769
Economic development	660,035	660,035	217,950	(442,085)	-
Street construction - special assessments	-	-	-	-	343,475
Sidewalks and drives	40,000	40,000	22,570	(17,430)	-
Forestry	25,000	25,000	19,258	(5,742)	-
Recreation	35,000	35,000	35,000	-	-
Public improvement	364,335	364,335	203,179	(161,156)	5,607
Public facility demolition	29,595	29,595	8,800	(20,795)	-
Total expenditures	<u>3,211,555</u>	<u>3,211,555</u>	<u>1,729,649</u>	<u>(1,481,906)</u>	<u>1,688,598</u>
Net change in fund balances	(306,382)	(306,382)	47,655	354,037	55,802
Fund balance, beginning of year	<u>306,382</u>	<u>306,382</u>	<u>306,382</u>	<u>-</u>	<u>250,580</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 354,037</u>	<u>\$ 354,037</u>	<u>\$ 306,382</u>

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

**City of Jackson, Michigan**  
**Statement of Net Assets - Proprietary Funds**  
**June 30, 2009**

	Enterprise Funds - Business-type Activities					Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
<b>Assets</b>						
<b>Current assets</b>						
Pooled cash and investments	\$ 7,601,470	\$ 5,236,724	\$ 996,158	\$ 369,786	\$ 14,204,138	\$ 3,316,005
Accounts receivable, net	1,116,077	1,510,271	-	825	2,627,173	261,835
Interfund receivable	-	-	-	-	-	5,161
Inventories	-	279,673	-	-	279,673	-
Prepaid items	-	-	-	-	-	46,000
Other assets	-	21,719	-	-	21,719	-
Restricted cash and cash equivalents - Bond reserve	62,500	105,100	-	-	167,600	-
<b>Total current assets</b>	<u>8,780,047</u>	<u>7,153,487</u>	<u>996,158</u>	<u>370,611</u>	<u>17,300,303</u>	<u>3,629,001</u>
<b>Noncurrent assets</b>						
Long-term advances	-	-	-	-	-	1,015,357
Capital assets not being depreciated	154,947	58,369	7,060,843	1,682,727	8,956,886	-
Capital assets being depreciated, net	17,627,174	20,514,262	11,569,488	277,396	49,988,320	1,498,602
<b>Total noncurrent assets</b>	<u>17,782,121</u>	<u>20,572,631</u>	<u>18,630,331</u>	<u>1,960,123</u>	<u>58,945,206</u>	<u>2,513,959</u>
<b>Total assets</b>	<u>26,562,168</u>	<u>27,726,118</u>	<u>19,626,489</u>	<u>2,330,734</u>	<u>76,245,509</u>	<u>6,142,960</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	113,626	363,776	1,221	635	479,258	222,822
Accrued payroll	53,664	79,709	688	5,984	140,045	33,050
Accrued compensated absences	6,675	23,249	-	-	29,924	-
Customer deposits	-	116,736	-	-	116,736	-
Unearned revenue	-	-	125,000	-	125,000	-
Current portion of long-term debt	75,000	-	-	100,000	175,000	-
<b>Total current liabilities</b>	<u>248,965</u>	<u>583,470</u>	<u>126,909</u>	<u>106,619</u>	<u>1,065,963</u>	<u>255,872</u>
<b>Noncurrent liabilities</b>						
Long term advance from other funds	-	-	-	110,000	110,000	117,094
Estimated claims payable	-	-	-	-	-	663,318
Revenue bonds payable	550,000	1,017,599	-	-	1,567,599	-
Installment purchase contract payable	-	-	-	100,000	100,000	-
Accrued compensated absences	111,655	173,985	-	-	285,640	-
<b>Total noncurrent liabilities</b>	<u>661,655</u>	<u>1,191,584</u>	<u>-</u>	<u>210,000</u>	<u>2,063,239</u>	<u>780,412</u>
<b>Total liabilities</b>	<u>910,620</u>	<u>1,775,054</u>	<u>126,909</u>	<u>316,619</u>	<u>3,129,202</u>	<u>1,036,284</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	17,157,121	19,555,032	18,630,331	1,760,123	57,102,607	1,498,602
Restricted for bond reserve	62,500	105,100	-	-	167,600	-
Unrestricted	8,431,927	6,290,932	869,249	253,992	15,846,100	3,608,074
<b>Total net assets</b>	<u>\$ 25,651,548</u>	<u>\$ 25,951,064</u>	<u>\$ 19,499,580</u>	<u>\$ 2,014,115</u>	<u>\$ 73,116,307</u>	<u>\$ 5,106,676</u>

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

**City of Jackson, Michigan**  
**Statement of Revenues, Expenses and**  
**Changes in Net Assets - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Enterprise Funds - Business-type Activities</b>					<b>Governmental</b>
						<b>Activities</b>
	<b>Sewage</b>	<b>Water</b>	<b>Parking Deck</b>	<b>Nonmajor Funds</b>	<b>Totals</b>	<b>Internal Service</b>
<b>Operating revenues</b>						
Charges for sales and services	\$ 5,191,275	\$ 5,921,576	\$ 250,000	\$ 191,908	\$ 11,554,759	\$ 2,983,601
Administrative fees	-	184,459	-	-	184,459	-
Other	86,921	140,642	-	-	227,563	1,220,551
<b>Total operating revenues</b>	<b>5,278,196</b>	<b>6,246,677</b>	<b>250,000</b>	<b>191,908</b>	<b>11,966,781</b>	<b>4,204,152</b>
<b>Operating expenses</b>						
Personal services	1,556,104	2,477,730	33,151	122,180	4,189,165	1,200,488
Administration	-	-	-	-	-	151,916
Materials and supplies	378,649	624,432	-	4,993	1,008,074	372,821
Contractual and other services	1,933,447	2,361,666	146,597	132,202	4,573,912	1,403,828
Benefit payments	-	-	-	-	-	160,591
Depreciation	1,283,654	744,105	262,943	63,256	2,353,958	366,601
<b>Total operating expenses</b>	<b>5,151,854</b>	<b>6,207,933</b>	<b>442,691</b>	<b>322,631</b>	<b>12,125,109</b>	<b>3,656,245</b>
Operating income (loss)	126,342	38,744	(192,691)	(130,723)	(158,328)	547,907
<b>Nonoperating revenues (expenses)</b>						
Investment income	179,186	146,210	22,864	8,879	357,139	132,690
Interest and fiscal charges	(34,425)	(107,610)	-	(14,142)	(156,177)	-
Total nonoperating revenues (expenses)	144,761	38,600	22,864	(5,263)	200,962	132,690
Income (loss) before transfers	271,103	77,344	(169,827)	(135,986)	42,634	680,597
<b>Transfers in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>89,724</b>	<b>89,724</b>	<b>-</b>
Change in net assets	271,103	77,344	(169,827)	(46,262)	132,358	680,597
Net assets, beginning of year	25,380,445	25,873,720	19,669,407	2,060,377	72,983,949	4,426,079
<b>Net assets, end of year</b>	<b>\$ 25,651,548</b>	<b>\$ 25,951,064</b>	<b>\$ 19,499,580</b>	<b>\$ 2,014,115</b>	<b>\$ 73,116,307</b>	<b>\$ 5,106,676</b>

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

**City of Jackson, Michigan**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Enterprise Funds - Business-type Activities				Governmental Activities	
	Sewage	Water	Parking	Nonmajor	Totals	Internal
			Deck	Funds		Service
<b>Cash flows from operating activities</b>						
Payments to employees	\$ (1,566,133)	\$ (2,488,944)	\$ (33,451)	\$ (122,180)	\$ (4,210,708)	\$ (1,199,547)
Payments to vendors and claimants	(2,779,504)	(2,938,751)	(146,003)	(147,815)	(6,012,073)	(1,982,822)
Receipts from customers and users	5,245,645	6,348,987	250,000	191,908	12,036,540	-
Receipts for interfund services provided	-	-	-	-	-	4,152,442
Net cash provided by (used in) operating activities	900,008	921,292	70,546	(78,087)	1,813,759	970,073
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(1,934,020)	(1,046,746)	-	-	(2,980,766)	(563,695)
Principal and interest received on interfund advances	-	-	-	-	-	103,536
Issuance of long-term debt	-	1,051,000	-	-	1,051,000	-
Amount paid to escrow agent	-	(1,876,751)	-	-	(1,876,751)	-
Principal and interest paid on long-term debt	(109,425)	(319,260)	-	(89,142)	(517,827)	-
Interfund advances received	-	-	-	-	-	11,984
Net cash used in capital and related financing activities	(2,043,445)	(2,191,757)	-	(89,142)	(4,324,344)	(448,175)
<b>Cash flows from non-capital financing activities</b>						
Transfers in	-	-	-	89,724	89,724	-
<b>Cash flows from investing activities</b>						
Interest received on investments	179,186	146,210	22,864	8,879	357,139	132,690
Net increase (decrease) in cash and cash equivalents	(964,251)	(1,124,255)	93,410	(68,626)	(2,063,722)	654,588
Cash and cash equivalents, beginning of year	8,628,221	6,466,079	902,748	438,412	16,435,460	2,661,417
<b>Cash and cash equivalents, end of year</b>	<u>\$ 7,663,970</u>	<u>\$ 5,341,824</u>	<u>996,158</u>	<u>\$ 369,786</u>	<u>\$ 14,371,738</u>	<u>\$ 3,316,005</u>
<b>Statement of net assets classification of cash</b>						
Cash and cash equivalents	\$ 7,601,470	\$ 5,236,724	996,158	\$ 369,786	\$ 14,204,138	\$ 3,316,005
Restricted cash and cash equivalents	62,500	105,100	-	-	167,600	-
	<u>\$ 7,663,970</u>	<u>\$ 5,341,824</u>	<u>996,158</u>	<u>\$ 369,786</u>	<u>\$ 14,371,738</u>	<u>\$ 3,316,005</u>

Continued...

**City of Jackson, Michigan**  
**Statement of Cash Flows - Proprietary Funds (Concluded)**  
**For the Fiscal Year Ended June 30, 2009**

	Enterprise Funds - Business-type Activities					Governmental Activities
<b>Reconciliation of operating income to net cash provided by operating activities</b>						
Operating income (loss)	\$ 126,342	\$ 38,744	(192,691)	\$ (130,723)	\$ (158,328)	\$ 547,907
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,283,654	744,105	262,943	63,256	2,353,958	366,601
(Increase) decrease in:						
Accounts receivable	(32,551)	100,613	-	-	68,062	(46,549)
Interfund receivable	-	-	-	-	-	(5,161)
Inventories	-	(37,528)	-	-	(37,528)	-
Other assets	-	(21,719)	-	-	(21,719)	-
Increase (decrease) in:						
Accounts payable	(467,408)	106,594	594	41	(360,179)	106,334
Accrued payroll	(9,769)	2,383	(300)	(661)	(8,347)	941
Accrued compensated absences	(260)	(13,597)	-	-	(13,857)	-
Advance from other funds	-	-	-	(10,000)	(10,000)	-
Customer deposits	-	1,697	-	-	1,697	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 900,008</b>	<b>\$ 921,292</b>	<b>70,546</b>	<b>\$ (78,087)</b>	<b>\$ 1,813,759</b>	<b>\$ 970,073</b>

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

**City of Jackson, Michigan**  
**Statement of Fiduciary Net Assets - Fiduciary Funds**  
**June 30, 2009**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Pooled cash and investments	\$ -	\$ 94,787
Investments, at fair value:		
U.S. treasuries	1,494,668	-
U.S. agencies	828,226	-
Mortgage backed securities	522,159	
Corporate bonds:		
Domestic	6,775,403	-
Domestic mutual funds	9,911,456	-
International	492,576	-
Equities:		
Domestic stocks	18,824,245	-
Domestic mutual funds	8,437,801	-
International stocks	4,708,538	-
International mutual funds	3,766,806	-
Money market accounts	2,496,536	-
Receivables:		
Interest and dividends	89,401	-
Other	587	-
	<u>58,348,402</u>	<u>\$ 94,787</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 35,135
Due to other governments	-	16,310
Refunds payable and other liabilities	507,769	43,342
	<u>507,769</u>	<u>\$ 94,787</u>
<b>Net assets</b>		
Held in trust for pension and other employee benefits	<u>\$ 57,840,633</u>	

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

**City of Jackson, Michigan**  
**Statement of Changes in Fiduciary Net Assets**  
**Pension and Other Employee Benefit Trust Funds**  
**For the Fiscal Year Ended June 30, 2009**

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**Additions**

Contributions:	
Employer	\$ 4,675,335
Plan members	<u>1,434,588</u>
Total contributions	<u>6,109,923</u>
Investment income (loss):	
Net depreciation in fair value of investments	(14,492,719)
Interest	423,440
Dividends	<u>499,666</u>
Total investment loss	(13,569,613)
Less investment expense	<u>334,865</u>
Net investment loss	<u>(13,904,478)</u>
Net investment loss in excess of contributions	<u>(7,794,555)</u>

**Deductions**

Benefits	7,173,621
Refunds of contributions	57,019
Administrative expense	<u>137,432</u>
Total deductions	<u>7,368,072</u>
Net decrease in net assets	(15,162,627)

**Net assets held in trust for pension and other employee benefits**

Beginning of year	<u>73,003,260</u>
<b>End of year</b>	<u><u>\$ 57,840,633</u></u>

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

## **NOTES to the FINANCIAL STATEMENTS**

# City of Jackson, Michigan

## Notes to Financial Statements

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# City of Jackson, Michigan

## Notes To Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Jackson, Michigan have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

#### **1-A. Reporting Entity**

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

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationship with the City. Each blended or discretely presented component unit has a June 30 year end.

Blended component units, although legally separate entities, are essentially part of the government's operations and so data from these units are combined with data of the primary government. Each discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

**Blended Component Unit** - All Board Members of the City of Jackson Building Authority are selected by the City Council and the annual budget is approved by the City Commission. Proceeds from a limited-tax full faith and credit general obligation bond issue are used to finance certain improvements and renovations in City Hall. The Authority's activity is presented in the capital projects and debt service funds.

#### **Discretely Presented Component Units:**

**City of Jackson Brownfield Redevelopment Authority** – The Brownfield Redevelopment Authority was established by the City to facilitate the revitalization of environmentally distressed areas utilizing tax increment financing. The majority of Board members are appointed by the Mayor and subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. Separate financial statements are not prepared. The Authority uses governmental fund type accounting and is reported in a separate column. The Brownfield Redevelopment Authority is accounted for in a capital projects fund.

**City of Jackson Downtown Development Authority** - The Downtown Development Authority is responsible for directing improvements in a taxing district within the City. The Mayor appoints the members of the Authority's governing board, subject to City Council approval. The City has the ability to significantly influence operations and has accountability for financial matters. The Authority uses governmental fund type accounting and is reported in a separate column.

Complete financial statements of the Downtown Development Authority may be obtained from the City of Jackson Downtown Development Authority, 212 W. Michigan Avenue, Jackson, Michigan 49201.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 1-B. Basis of Presentation

*Government-wide Financial Statements.* The statements of net assets and activities display information about the primary government and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the City's *governmental* and *business-type activities*. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees, fines and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

*Fund Financial Statements.* The fund financial statements provide information about the City's funds, including its fiduciary funds and blended component unit. Separate statements for each fund category – *governmental, proprietary* and *fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following major governmental funds:

*General fund.* This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The City reports the following major enterprise funds:

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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Additionally, the City reports the following fund types:

*Special revenue funds.* These funds account for revenue sources that are legally restricted to expenditures for specific purposes not including trust or major capital projects.

*Debt service funds.* These funds account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

*Capital projects funds.* These funds account for the acquisition of capital assets or construction of major capital projects not being financed by proprietary funds.

*Permanent funds.* These funds account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the government's programs.

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

*Internal service funds.* These funds account for operations that provide services to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. This includes workers' compensation self-insurance; motor pool and garage; prescription drugs; public works administration and engineering, and data processing equipment.

*Pension and other employee benefit trust funds.* These funds account for the activities of the City's three retirement funds and the employee health care fund, which accumulate resources for retirement benefit payments and future retiree health care costs to qualified employees.

*Agency funds.* These funds account for assets held for other governments in an agency capacity, including undistributed tax collections, certain employee payroll withholdings and escrow accounts.

### **1-C. Measurement Focus / Basis of Accounting**

*Government-wide, Proprietary and Fiduciary Fund Financial Statements.* The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

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

# City of Jackson, Michigan

## Notes To Financial Statements

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Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

*Governmental Fund Financial Statements.* 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. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end, except for reimbursement-driven grants which use one year. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases, if any, are reported as other financing sources.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

All governmental and business-type activities and proprietary funds of the City follow private-sector standards of accounting and financial reporting issued prior to December 1, 1989, unless those standards conflict with guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

### **1-D. Assets, Liabilities and Equity**

#### **Deposits and Investments**

The City Treasurer maintains a cash management pool that is used by all funds and component units of the government, except for the pension and downtown development authority. In addition to their participation in the cash management pool, certain funds and component units also have separate checking accounts. The cash management pool has the general characteristics of a demand deposit account in that deposits and withdrawals may be made at any time without prior notice or penalty. Accordingly, each fund's portion of this pool, along with any amounts in separate demand deposit accounts, is reported as "pooled cash and investments."

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

# City of Jackson, Michigan

## Notes To Financial Statements

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State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments. The State's Pension Investment Act, as amended, authorizes the pension trust fund to invest in common stocks, real estate, and various other investment instruments, subject to certain limitations.

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

Unrealized appreciation or depreciation on pension trust and permanent fund investments due to changes in fair value are recognized each year.

### **Receivables and Payables**

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

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

### **Inventories, Prepaid Items and Other Assets**

All inventories are valued at cost using the first-in/first-out method. Inventories of governmental funds are recorded as expenditures when purchased.

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

### **Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

<u>Assets</u>	<u>Years</u>
Public domain infrastructure	16-50
Land improvements	50
Buildings and improvements	50
Park and recreation facilities	50
Machinery and equipment	5-15
Water and wastewater systems	10-50

### Compensated Absences

It is the government's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits, subject to certain limitations. Certain bargaining unit employees are also permitted to accumulate earned but unused sick leave. All vacation and compensatory time pay and 50 percent of sick leave are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

### Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

### Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Fund balance designations represent tentative management plans that are subject to change.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 1-E. Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2009, the most recent statement of net assets presented herein, through the auditors' report date, the date these financial statements were available to be issued. No significant such events or transactions were identified.

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

### 2-A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the general and special revenue funds. All annual appropriations lapse at year end, except for those approved by the City Council for carry forward.

The City Council requires the City Manager to submit an estimate of revenues and anticipated expenditures for the succeeding fiscal year in June. The City Manager is then authorized to assign and transfer budget amounts within each fund to the extent that the net total fund appropriation (which the City defines as gross authorized expenditures less related revenues that are specifically designated to fund those activities) is not exceeded.

An operating budget is adopted each fiscal year for the general and special revenue funds on a basis consistent with generally accepted accounting principles (GAAP). Budgets are legally required for the general and special revenue funds. Budgetary control is exercised at the activity level within the general fund and the community development block grant special revenue fund and on the fund level for all other funds. Accordingly, financial statement presentation is made on this basis. City Commission resolution is required to increase activity budget amounts within the general fund and the community development block grant special revenue fund and any supplemental appropriations that increase the total expenditures of any other fund. Management can make budget transfers between line items within an activity for the general fund and the community development block grant special revenue fund and between line items for the fund as a whole for other funds.

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

### *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts and other firm commitments are used for the expenditure of monies is utilized as an extension of formal budgetary control in the governmental funds. Encumbered amounts lapse at year-end, however, material encumbrances generally are reappropriated as part of the following year's budget. These material encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures nor liabilities. No such commitments existed at June 30, 2009.

# City of Jackson, Michigan

## Notes To Financial Statements

### 2-B. Excess of Expenditures Over Appropriations

Excess of expenditures over appropriations in individual funds are as follows:

<u>Fund/Activity</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
<b>General fund</b>			
General government:			
City Clerk	\$ 215,028	\$ 223,205	\$ 8,177
City Hall and Grounds	329,019	342,229	13,210
Cemeteries	490,143	493,676	3,533
Hearing Bureau	20,318	22,597	2,279
Public safety -			
Fire Suppression	4,633,999	5,020,852	386,853
Public Works:			
Street Lighting	407,182	479,335	72,153
Reimbursements	(40,000)	(24,980)	15,020
Culture and recreation -			
Parks and Facilities Maintenance	519,593	524,212	4,619
Community Enrichment:			
Planning	149,497	154,627	5,130
Human Relations	67,063	68,621	1,558
<b>Nonmajor special revenue funds</b>			
Ella W. Sharp Park Operating fund	724,721	740,990	16,269
Land Acquisition fund	50,000	54,493	4,493
Lead Hazard Control fund	406,818	570,466	163,648
Waterfront Redevelopment fund	-	2,000	2,000

### 2-C. Fund Deficit

At June 30, 2009, the special assessment capital projects fund had a fund deficit of \$898,263. This deficit will be eliminated as deferred special assessments become due. Also, the Sharp Park golf practice center enterprise fund had a deficit of \$106,939 in unrestricted net assets at year end.

# City of Jackson, Michigan

## Notes To Financial Statements

### NOTE 3 – DETAILED NOTES ON ALL FUNDS

#### 3-A. Deposits and Investments

*Summary of Deposit and Investment Balances.* Following is a reconciliation of deposit and investment balances as of June 30, 2009:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
<b>Statement of net assets:</b>			
Pooled cash and investments	\$ 19,456,162	\$ 3,317,665	\$ 22,773,827
Pooled cash and investments - restricted	3,015,328	-	3,015,328
<b>Statement of fiduciary net assets:</b>			
Pooled cash and investments	94,787	-	94,787
Investments – pension	<u>58,258,414</u>	<u>-</u>	<u>58,258,414</u>
<b>Total</b>	<b><u>\$ 80,824,691</u></b>	<b><u>\$ 3,317,665</u></b>	<b><u>\$ 84,142,356</u></b>

#### Deposits and Investments:

Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 15,668,015
Investments in securities and mutual funds:	
Cash and investment pool	10,199,052
Pension trust funds	58,258,414
Cash on hand	<u>16,875</u>

**Total** **\$ 84,142,356**

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

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk, that in the event of a bank failure, the City’s deposits may not be returned to the government. As of June 30, 2009, \$14,205,045 of the City’s total bank balance of \$16,390,934 (total book balance was \$15,668,015) was exposed to custodial credit risk as it was uninsured and uncollateralized.

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

# City of Jackson, Michigan

## Notes To Financial Statements

*Custodial Credit Risk - Investments.* Following is a summary of the City's investments as of June 30, 2009:

U.S. treasuries	\$ 918,409
U.S. agencies	788,887
Domestic equities	110,086
Money markets	8,381,670
<b>Total</b>	<b>\$ 10,199,052</b>

For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the System will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that investment securities be held in third-party safekeeping by a designated institution and that the safekeeping agent follow the procedure of delivery vs. payment. As of June 30, 2009, none of the City's investments, excluding the money market accounts which are not subject to custodial credit risk, were exposed to risk since the securities are held in the City's name by the counterparty.

*Credit Risk* As of June 30, 2009, all of the City's investments in securities of U.S. agencies were rated AAA by Standard & Poor's. The City also held investments in U.S. treasuries and money market funds, which are not rated. The City's investment policy does not have specific limits in excess of state law on investment credit risk.

*Concentration of Credit Risk.* The City's investment policy does not address this risk. At June 30, 2009, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

*Interest Rate Risk.* As of June 30, 2009, maturities of the City's debt securities were as follows:

	<b>Fair Value</b>	<b>Less Than 1</b>	<b>1-5</b>	<b>6-10</b>	<b>More Than 10</b>
U.S. treasuries	\$ 918,409	\$ -	\$ 360,629	\$ 557,780	\$ -
U.S. agencies	788,887	-	580,954	207,933	-
	<b>\$ 1,707,296</b>	<b>\$ -</b>	<b>\$ 941,583</b>	<b>\$ 765,713</b>	<b>\$ -</b>

The City assumes that its callable investments will not be called.

The City's investment policy does not address interest rate risk. The City's investments in U.S. agencies are non-callable.

# City of Jackson, Michigan

## Notes To Financial Statements

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### Deposits and Investments – Pension and Other Employee Benefit Trust Funds

The City maintains three pension trust funds (*see Note 4-E*) and one other employee benefits trust fund (*see Note 4-D*) where deposits and investments are maintained separately from the City's pooled cash and investments, and are subject to separate investment policies and state statutes. Accordingly, the required disclosures for the pension and other employee benefit trust funds' deposits and investments are presented separately.

**Deposits** - The pension and other employee benefit trust funds do not maintain any checking or other demand/time deposit accounts.

**Investments** - The Michigan Public Employees Retirement Systems' Investment Act, Public Act 314 of 1965, as amended, authorizes the pension and other employee benefit trusts to invest in stocks, government and corporate securities, mortgages, real estate, and various other investment instruments, subject to certain limitations. The Retirement Boards have the responsibility and authority to oversee the respective investment portfolios. Various professional investment managers are contracted to assist in managing the pension trust funds' assets. All investment decisions are subject to Michigan law and the investment policy established by each respective Retirement Board.

The pension and other employee benefit trust funds' investments are held in various financial institution or bank-administered trusts. Following is a summary of the funds' investments as of June 30, 2009:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 1,494,668
U.S. agencies	828,226
Mortgage backed securities	522,159
Corporate bonds:	
Domestic	6,775,403
Domestic mutual funds	9,911,456
International	492,576
Equities:	
Domestic stocks	18,824,245
Domestic mutual funds	8,437,801
International stocks	4,708,538
International mutual funds	3,766,806
Money market accounts	<u>2,496,536</u>
<b>Total investments</b>	<b><u>\$ 58,258,414</u></b>

*Credit Risk.* The pension and other employee benefit trust funds' investment policy provides that its investments in fixed income securities should have an investment grade rating by two nationally recognized statistical rating organizations. As of June 30, 2009, the pension and other employee benefit trust funds' investments in securities of U.S. agencies were all rated AAA by Standard & Poor's.

# City of Jackson, Michigan

## Notes To Financial Statements

The pension and other employee benefit trust funds' investments in corporate bonds (domestic and international) and mortgage backed securities were rated by Standard & Poor's as follows:

AAA	\$ 130,400
AA	454,062
A	2,700,634
BBB	2,207,788
BB	233,741
Not rated	<u>2,063,513</u>
	<u><b>\$ 7,790,138</b></u>

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension and other employee benefit trust funds will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The pension and other employee benefit trust funds' investment policy requires that investment securities be held in trust by a third-party institution in each fund's name. As such, although uninsured and unregistered, the pension and other employee benefit trust funds' investments are not exposed to custodial credit risk since the securities are held by the counterparty's trust department in each funds' name.

Short-term investments in money market funds are not subject to custodial credit risk.

*Concentration of Credit Risk.* The pension and other employee benefit trust funds' investment policies require that the securities of any one company or government agency should not exceed 5% of the total investment market value of each individual pension and other employee benefit trust fund. At June 30, 2009, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

*Interest Rate Risk.* As of June 30, 2009, maturities of debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 1,494,668	\$ -	\$ 727,792	\$ 514,290	\$ 252,586
U.S. agencies	828,226	-	322,398	402,914	102,914
Mortgage backed securities	522,159	-	33,114	72,453	416,592
Domestic corporate bonds:					
Callable	1,865,943	-	-	-	1,865,943
Non-callable	4,909,460	-	2,141,151	1,599,446	1,168,863
International debt securities	492,576	-	-	25,489	467,087
	<u><b>\$ 10,113,032</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 3,224,455</b></u>	<u><b>\$ 2,614,592</b></u>	<u><b>\$ 4,273,985</b></u>

The City assumes that its callable bonds totaling \$1,865,943 will not be called. The pension and other employee benefit trust funds' investment policies do not address interest rate risk.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 3-B. Receivables

Receivables in the governmental activities are 26 percent due from other governments, 8 percent accounts receivable, 33 percent income taxes, 15 percent special assessments, and 18 percent loans receivable; 80 percent of the special assessment receivables are not expected to be collected within one year. Loans receivable consists of \$1,126,125 in long-term loans due from local businesses related to economic development projects, of which it is not expected to be collected within one year. Business-type activities receivables are 100 percent due from customers.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds may also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Special assessments not yet due (capital projects funds)	\$ 904,067
Long-term loan receivable	<u>1,126,125</u>
	<u>\$ 2,030,192</u>

# City of Jackson, Michigan

## Notes To Financial Statements

### 3-C. Capital Assets

Capital assets activity of the primary government for the year ended June 30, 2009, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 2,440,383	\$ -	\$ -	\$ 2,440,383
<b>Capital assets being depreciated</b>				
Infrastructure	116,826,496	1,913,261	-	118,739,757
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,659,418	-	-	16,659,418
Park and recreation facilities	8,509,215	397,542	-	8,906,757
Machinery and equipment	12,069,843	706,616	338,948	12,437,511
Total capital assets being depreciated	<u>169,828,153</u>	<u>3,017,419</u>	<u>338,948</u>	<u>172,506,624</u>
<b>Accumulated depreciation</b>				
Infrastructure	80,827,625	2,281,749	-	83,109,374
Land improvements	1,258,963	315,264	-	1,574,227
Buildings and improvements	4,238,412	265,870	-	4,504,282
Park and recreation facilities	4,513,188	120,813	-	4,634,001
Machinery and equipment	9,415,429	714,440	316,877	9,812,992
Total accumulated depreciation	<u>100,253,617</u>	<u>3,698,136</u>	<u>316,877</u>	<u>103,634,876</u>
Total capital assets being depreciated, net	<u>69,574,536</u>	<u>(680,717)</u>	<u>22,071</u>	<u>68,871,748</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 72,014,919</u>	<u>\$ (680,717)</u>	<u>\$ 22,071</u>	<u>\$ 71,312,131</u>

# City of Jackson, Michigan

## Notes To Financial Statements

<u>Business-type Activities</u>	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 8,956,886	\$ -	\$ -	\$ 8,956,886
Construction in progress	1,432,518	1,440,068	2,872,586	-
Total capital assets not being depreciated	<u>10,389,404</u>	<u>1,440,068</u>	<u>2,872,586</u>	<u>8,956,886</u>
<b>Capital assets being depreciated</b>				
Systems	66,572,474	4,234,771	-	70,807,245
Land improvements	2,503,669	8,850	-	2,512,519
Buildings and improvements	12,855,854	16,396	-	12,872,250
Machinery and equipment	10,544,646	153,266	88,965	10,608,947
Total capital assets being depreciated	<u>92,476,643</u>	<u>4,413,283</u>	<u>88,965</u>	<u>96,800,961</u>
<b>Accumulated depreciation</b>				
Systems	33,891,404	1,631,234	-	35,522,638
Land improvements	749,375	84,984	-	834,359
Buildings and improvements	2,048,817	272,820	-	2,321,637
Machinery and equipment	7,858,053	364,919	88,965	8,134,007
Total accumulated depreciation	<u>44,547,649</u>	<u>2,353,957</u>	<u>88,965</u>	<u>46,812,641</u>
Total capital assets being depreciated, net	<u>47,928,994</u>	<u>2,059,326</u>	<u>-</u>	<u>49,988,320</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 58,318,398</u>	<u>\$ 3,499,394</u>	<u>\$ 2,872,586</u>	<u>\$ 58,945,206</u>

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

**Governmental activities:**

General government	\$ 251,463
Public safety	201,523
Public works, including depreciation of general infrastructure assets	2,366,802
Culture and recreation	223,688
Community enrichment and development	288,059
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>366,601</u>

**Total depreciation expense - governmental activities** **\$ 3,698,136**

# City of Jackson, Michigan

## Notes To Financial Statements

**Business-type activities:**

Sewage	\$ 1,283,653
Water	744,105
Parking system	308,363
Golf practice center	<u>17,836</u>

**Total depreciation expense - business-type activities** \$ 2,353,957

**3-D. Payables**

Payables in the governmental activities are 40 percent vendors, 26 percent claims, 30 percent accrued payroll, and 4 percent other. Business-type activities payables are 65 percent vendors, 16 percent deposits and 19 percent accrued payroll.

**3-E. Interfund Receivables, Payables and Transfers**

At June 30, 2009, amounts due from and due to other funds were as follows:

Receivable Fund(s)	Payable Fund(s)		Total
	General Fund	Nonmajor Governmental Funds	
General fund	\$ -	\$ 41,866	\$ 41,866
CDBG special revenue	-	622	622
Nonmajor governmental funds	<u>9,292</u>	<u>38,788</u>	<u>48,080</u>
	<u><u>\$ 9,292</u></u>	<u><u>\$ 81,276</u></u>	<u><u>\$ 90,568</u></u>

At June 30, 2009, the following interfund receivables/payable were reported for funds with negative equity in pooled cash and investments:

Receivable Fund(s)	Payable Fund(s)		Total
	General Fund	Nonmajor Governmental Funds	
Nonmajor governmental funds	\$ 1,154,480	\$ 449,020	\$ 1,603,500
Internal service funds	-	5,161	5,161
	<u><u>\$ 1,154,480</u></u>	<u><u>\$ 454,181</u></u>	<u><u>\$ 1,608,661</u></u>

# City of Jackson, Michigan

## Notes To Financial Statements

At June 30, 2009, interfund advances were as follows:

<u>Receivable Fund(s)</u>	<u>Payable Fund(s)</u>				<u>Total</u>
	<u>Community Development Block Grant</u>	<u>Special Assessment Capital Projects</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>	
General fund	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Nonmajor governmental funds	-	-	110,000	-	110,000
Internal service funds	-	898,263	-	117,094	1,015,357
	<u>\$ 100,000</u>	<u>\$ 898,263</u>	<u>\$ 110,000</u>	<u>\$ 117,094</u>	<u>\$ 1,225,357</u>

The City has interfund balances between many of its funds. The sum of all balances presented in the tables above agrees with the sum of interfund balances presented in the statements of net assets/balance sheet for governmental funds and proprietary funds. These interfund balances resulted primarily from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. The advance from the nonmajor governmental funds was executed in order to assist the cash position (cash flow) of the golf practice center enterprise activity. Also, an advance from the internal service funds was used to provide cash for special assessment capital projects fund.

For the year ended June 30, 2009, interfund transfers consisted of the following:

<u>Transfer Out</u>	<u>Transfer In</u>			<u>Total</u>
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	
General fund	\$ -	\$ 289,760	\$ 9,398	\$ 299,158
Special assessment capital projects fund	-	232,358	36,724	269,082
Nonmajor governmental funds	152,291	2,877,903	43,602	3,073,796
	<u>\$ 152,291</u>	<u>\$ 3,400,021</u>	<u>\$ 89,724</u>	<u>\$ 3,642,036</u>

Transfers are used to: (1) move revenues from the fund that is required to collect them to the fund that is required or allowed to expend them; (2) move receipts restricted to or allowed for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due; and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

# City of Jackson, Michigan

## Notes To Financial Statements

### 3-F. Long-term Debt

*General obligation bonds.* The government issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for governmental activities. The original amount of general obligation bonds issued in prior years for the items listed below was \$59,433,577. No general obligation bonds were issued during the current year.

General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds are issued as 10 to 20-year serial bonds with varying amounts of principal maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Fiscal Year Matures</u>	<u>Interest Rates</u>	<u>Amount</u>
<b>Governmental activities</b>			
1998 building authority limited tax	2013	4.50%	\$ 290,000
1999 building authority limited tax	2019	5.25%	395,000
2001 downtown development	2026	3.70%-5.75%	15,543,577
2002 brownfield redevelopment	2030	4.00%-5.38%	9,130,000
2003 general obligation unlimited tax	2027	2.00%-5.25%	7,765,000
2003 general obligation unlimited tax (B)	2027	3.00%-4.70%	1,640,000
2003 transportation fund	2013	2.00%-3.20%	1,060,000
2007 brownfield refunding	2030	4.00%-4.375%	9,785,000
			<b><u>\$ 45,608,577</u></b>

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

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,470,000	\$ 1,729,624
2011	1,690,000	1,664,651
2012	1,890,000	1,587,773
2013	2,150,000	1,494,972
2014	2,025,000	1,396,657
2015-2019	10,581,265	10,483,002
2020-2024	13,000,944	12,848,759
2025-2029	12,306,368	6,137,988
2030	495,000	21,656
	<b><u>\$ 45,608,577</u></b>	<b><u>\$ 37,365,082</u></b>

# City of Jackson, Michigan

## Notes To Financial Statements

*Revenue bonds.* The City also issues bonds where the income derived from the acquired or constructed assets is pledged to pay debt service. The original amount of revenue bonds issued in prior years for the items listed below was \$995,000. During the year, \$1,051,000 of revenue refunding bonds were issued. Revenue bonds outstanding at year-end are as follows:

<b>Purpose</b>	<b>Fiscal Year Matures</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>Business-type activities</b>			
2000 sewer system	2016	4.75%-5.35%	\$ 625,000
2008 water refunding	2014	2.75%-3.40%	1,051,000
			<b>\$ 1,676,000</b>

Revenue bond debt service requirements to maturity are as follows:

<b>Year</b>	<b>Business-type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2010	\$ 75,000	\$ 52,666
2011	328,000	55,456
2012	334,000	44,481
2013	366,000	31,980
2014	373,000	17,841
2015-2016	200,000	10,650
	<b>\$ 1,676,000</b>	<b>\$ 213,074</b>

*Installment Obligations.* The government has entered into various long-term loan and installment payment agreements. Such obligations outstanding at year-end are as follows:

<b>Purpose</b>	<b>Fiscal Year Matures</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>Governmental activities</b>			
Michigan Urbanland Assembly Loan – economic development	2011	0.00%	\$ 196,000
Section 108 loan – economic development	2021	3.66% - 6.62%	765,000
Municipal service contract – Nixon Park recreational improvements	2011	5.25%	45,000
			<b>\$ 1,006,000</b>
<b>Business activities</b>			
1997 installment purchase contract – purchase of parking lots	2011	4.69%	<b>\$ 200,000</b>

# City of Jackson, Michigan

## Notes To Financial Statements

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

Year	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2010	\$ 229,000	\$ 2,363	\$ 100,000	\$ 7,035
2011	142,000	1,313	100,000	2,345
2012	65,000	-	-	-
2013	65,000	-	-	-
2014	65,000	-	-	-
2015-2019	325,000	-	-	-
2020-2021	115,000	-	-	-
	<b>\$ 1,006,000</b>	<b>\$ 3,676</b>	<b>\$ 200,000</b>	<b>\$ 9,380</b>

*Advance Refunding.* During the year, the City issued \$1,051,000 of water supply system revenue refunding bonds to provide resources to purchase U. S. Government securities that were placed in an irrevocable trust along with \$852,900 of water fund cash for the purpose of generating resources for all future debt service payments of \$1,835,000 in bonds. As a result, the \$1,835,000 bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$41,751. This amount is being netted against the new debt and amortized over the refunded debt's life. The advance refunding resulted in an economic gain of \$65,667 and a reduction of \$238,041 in future debt service payments.

# City of Jackson, Michigan

## Notes To Financial Statements

*Changes in Long-Term Debt.* Long-term liability activity for the year ended June 30, 2009, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b><u>Primary Government</u></b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 46,898,577	\$ -	\$ 1,290,000	\$ 45,608,577	\$ 1,470,000
Installment obligations	1,320,000	-	314,000	1,006,000	229,000
Compensated absences	2,324,973	1,463,507	1,348,484	2,439,996	1,340,000
Less deferred amounts for:					
Issuance discounts	(211,677)	-	(11,241)	(200,436)	-
Refunding loss	(414,786)	-	(20,739)	(394,047)	-
	<u>\$ 49,917,087</u>	<u>\$ 1,463,507</u>	<u>\$ 2,920,504</u>	<u>\$ 48,460,090</u>	<u>\$ 3,039,000</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 2,755,000	\$ 1,051,000	\$ 2,130,000	\$ 1,676,000	\$ 75,000
Installment obligations	275,000	-	75,000	200,000	100,000
Compensated absences	329,421	131,089	144,946	315,564	29,924
Less deferred amounts for -					
Refunding loss	-	(41,751)	(8,350)	(33,401)	-
	<u>\$ 3,359,421</u>	<u>\$ 1,140,338</u>	<u>\$ 2,341,596</u>	<u>\$ 2,158,163</u>	<u>\$ 204,924</u>

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

### 3-G. Segment Information – Enterprise Funds

The government issued revenue bonds to finance certain improvements to its water and sewage systems. Because the water and sewage funds, which are individual enterprise funds that account entirely for the government's water and sewer activities, are reported as major funds in the fund financial statements, segment disclosures herein are not required.

### 3-H. Endowments

***Ella W. Sharp Park Endowment Permanent Trust Fund.*** For the year ended June 30, 2009, the net appreciation on investments of donor-restricted endowments was \$42,569. Under the terms of the endowment, and consistent with State statutes, the City is authorized based on a total-return policy to spend the net appreciation for the benefit of the Ella Sharp Park. At year-end, there was no accumulated available net appreciation; the nonexpendable endowment balance is \$1,129,379.

***Cemetery Perpetual Maintenance Permanent Trust Fund.*** For the year ended June 30, 2009, the net appreciation on investments of donor-restricted endowments was \$57,545. Under the terms of the endowment, and consistent with State statutes, the City is authorized based on a total-return policy to spend the net appreciation for the benefit of the cemetery system. At year-end, there was no accumulated available net appreciation; the nonexpendable endowment balance is \$1,766,143.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 3-I. Restatement

Beginning net assets of governmental activities were decreased by \$288,690 to reflect the Employee Health Care Fund being properly classified as an other employee benefit trust fund in the current year, rather than as a special revenue fund as it had been in prior years.

### NOTE 4 – OTHER INFORMATION

#### 4-A. Risk Management

During the normal course of its operations, the City is exposed to various risks of loss related to liability, employee injury and other circumstances. In all instances other than workers' compensation, the City has retained coverages through commercial insurance carriers. For workers' compensation, the City has opted to protect itself from risks through means other than the purchase of traditional insurance coverage.

In 1979, the City established a self-insurance program for workers' compensation, which is accounted for in the workers' compensation internal service fund. This program is administered by a service agency, which furnishes safety inspection, claims review, and claims processing. A specific excess workers' compensation reinsurance policy indemnifies the City on a statutory basis in excess of the first \$1,000,000 per occurrence. All applicable funds are charged premiums based on payroll and workers' compensation classification. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The claims liability of \$663,318 reported in the workers' compensation internal service fund at June 30, 2009 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, as amended, which requires that a liability for claims be reported if it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability is estimated by management based upon historical experience. No annuity contracts have been purchased for claims liabilities.

The change in the workers' compensation internal service fund liability amount for the years ended June 30 is as follows:

	<u>2009</u>	<u>2008</u>
Claims liability at beginning of fiscal year	\$ 663,318	\$ 763,535
Claims and changes in estimates	115,456	270,041
Claims payments	<u>(115,456)</u>	<u>(370,258)</u>
<b>Claims liability at June 30</b>	<b><u>\$ 663,318</u></b>	<b><u>\$ 663,318</u></b>

There were no significant reductions in insurance coverage from the prior year, and no insurance settlements have exceeded coverage for each of the past three fiscal years.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 4-B. Property Taxes

Property taxes attach as an enforceable lien on property as of December 31 each year. The City property tax is levied July 1 based on the taxable value of the property as of the preceding December 31. Real and personal property in the City for the July 1, 2008 levy was assessed and valued at approximately \$786 million, representing approximately 50% of estimated current market value.

The City's operating tax rate is 6.72 mills (cannot exceed 7.00 mills) with an additional 1.92 (cannot exceed 2.00 mills) for public improvement, 5.20 for Act 345 Pension, 0.75 for City Hall bond, and 2.00 for the Downtown Development Authority, a component unit of the City.

Taxes are payable to the City in five equal installments on the twentieth of the month commencing in July and ending in November. They are deemed delinquent immediately after the due date.

### 4-C. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.

The government is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the government's counsel that resolution of these matters will not have a material adverse effect on the financial condition of the government.

On July 1, 1974 the City sold the Reynolds Municipal Airport to the County of Jackson. The terms of the transfer document indicated the property was being sold "as is". There was also language in the transfer documents providing for indemnification from the County to the City. The County is undertaking an expansion of the airport runways. During the preliminary stages of the expansion, it was discovered the City had operated a landfill on the property during the City's ownership. The landfill was licensed by the Michigan Department of Natural Resources during the City's operation. Even though the City complied with all laws in existence at the time, the City remains liable for any contamination resulting from the ownership/operation of the landfill. As part of the Airport expansion process, the County gave notice to the Michigan Department of Environmental Quality (MDEQ) that an old landfill was on the site. As a result of the County's action, the City received a Notice of Violation in 2005 from the MDEQ. In August 2007, the City released its right to the Reverter clause contained in the 1974 transfer deed to the County. In return, the City received additional indemnification from the County. It is not known at present if the MDEQ will have specific requirements during runway construction. The matter is not covered by insurance and the potential costs could be significant. No provision for the loss has been made in the accompanying financial statements.

The City will likely have to demolish the Hayes Hotel as well as the old Consumers Power Building. These demolitions are not required to be performed within any timeframe, but it had been estimated that the Consumers Power Building could cost the City somewhere in the range of \$2 to \$3 million due to asbestos in the structure.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 4-D. Postemployment Benefits

*Plan Description.* The City provides postemployment healthcare benefits to substantially all full-time employees who retire from the City under one of its three pension plans (*see Note 4-E*). The extent of the cost of those benefits paid by the City are dependent upon a variety of factors including hire date, retirement date, years of service and bargaining unit. The plan is treated as a single-employer defined benefit healthcare plan administered by the City; the plan utilizes a retirement health funding vehicle trust established with the Municipal Employees Retirement System of Michigan to invest plan assets. The plan was adopted and established by action of the City Council. The plan is reported as an other employee benefit trust fund in the accompanying financial statements. The plan does not issue a separate or stand-alone report.

*Basis of Accounting.* The plan's financial statements are prepared using the accrual basis of accounting. Plan contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

*Plan Membership.* Plan membership consisted of the following at June 30, 2007 (the date of the latest actuarial valuation):

Retirees currently receiving benefits	147
Active members	<u>313</u>
Total	<u>460</u>

*Funding Policy.* The City has no obligation to make contributions in advance of when the insurance premiums of benefits are due for payment; in other words, the plan may be financed on a *pay-as-you-go* basis. Administrative costs of the plan are paid for by the City's general fund. Plan participants are not required to contribute to the plan. For the year ended June 30, 2009, the City contributed \$100,000 towards the advance funding of the plan.

*Funding Progress.* For the year ended June 30, 2009, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2007. Such valuation computes the *annual required contribution (ARC)* that represents a level of funding, that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The current combined ARC is 23.9% of annual covered payroll.

*Annual OPEB Cost and Net OPEB Obligation.* For fiscal year 2009, the components of the City's annual OPEB (other postemployment benefit) cost for the year, the amount actually contributed to the plan (including *pay-as-you-go* amounts), and changes in the City's net OPEB obligation to the plan are as follows:

Annual required contribution	\$ 4,157,775
Payments of current costs	<u>(495,949)</u>
Increase in net OPEB obligation	3,661,826
Net OPEB obligation, beginning of year	<u>-</u>
Net OPEB obligation, end of year	<u>\$ 3,661,826</u>

# City of Jackson, Michigan

## Notes To Financial Statements

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation of the current year (the first year of implementation) were as follows:

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 4,157,775	\$ 495,949	11.9%	\$ 3,661,826

*Funded Status.* The funded status of the plan as of June 30, 2007, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liabilities (AAL)	\$56,062,594
Actuarial value of plan assets	<u>                  -</u>
<b>Unfunded actuarial accrued liability (UAAL)</b>	<b><u>\$56,062,594</u></b>
Funded ratio	0.0%
Covered payroll (active plan members)	\$17,393,970
UAAL as a percentage of covered payroll	322%

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

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

Actuarial valuation date	6/30/07
Actuarial cost method	Individual entry age
Amortization method	
contributions	Level percent; open for public safety
Remaining amortization period	30 years; open basis
Asset valuation method	Market value
Actuarial assumptions:	

# City of Jackson, Michigan

## Notes To Financial Statements

Investment rate of return	4.0%
Projected salary increases	4.25% - 8.25% for the General group
	4.25% - 10.25% for the Police/Fire group
Healthcare inflation rate	11% in 2008, grading to 4.25% in 2017

### 4-E. Defined Benefit Pension Plans

The City administers three single-employer defined benefit pension plans which provide retirement, death, and disability benefits covering substantially all City employees, subject to certain eligibility requirements. The obligation to contribute to these three plans and benefit provisions are authorized and amended by City ordinance. The plans do not issue a separate or stand-alone reports.

The financial statements of the plans are prepared using the accrual basis of accounting. Plan contributions are recognized in the period in which the contributions are due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Membership of each plan consisted of the following at June 30, 2008, the date of the latest actuarial valuation:

	<b>Employees' Retirement System</b>	<b>Policemen's and Firemen's Pension Fund</b>	<b>Policemen's and Firemen's Pension - Act 345 Fund</b>
Retirees and beneficiaries receiving benefits	148	42	141
Terminated plan members entitled to, but not yet receiving benefits	14	-	3
Active plan members	212	-	105
<b>TOTAL</b>	<b>374</b>	<b>42</b>	<b>249</b>

### Employees' Retirement System

The Employees' Retirement System Pension Plan is a contributory defined benefit plan that covers substantially all City employees not covered under one of the City's Policemen's and Firemen's Pension Plans and provides for retirement, death, and disability benefits. Members contribute 2.5% of annual compensation or one-half of the actuarially computed contribution if it is greater than 5.0%. The City contributes 2.5% of total compensation as a minimum, plus additional amounts as are necessary to provide assets sufficient for the Early Retirement Window Period. Pursuant to Ordinance Amendments, members contribute 5.50%, with the City contributing the 6.93%. Accumulated member contributions are annually credited with interest at 4.5%. Administrative costs of the Plan are financed through investment earnings.

# City of Jackson, Michigan

## Notes To Financial Statements

The annual required contribution for the current year was determined as part of the June 30, 2008 actuarial valuation using the entry age method. The actuarial assumptions included an 8% rate of return on investments, projected salary increases of 4.25% to 8.25% including inflation at 4.25%, and no cost of living adjustments.

### Policemen's and Firemen's Pension

The Policemen's and Firemen's Pension Plan is a contributory defined benefit plan that covers certain uniformed policemen and firemen hired prior to July 1, 1974, and provides for retirement, death, and disability benefits. There are no remaining active plan members. The City contributes such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Administrative costs of the Plan are financed through investment earnings.

The annual required contribution for the current year was determined as part of a June 30, 2008 actuarial valuation using the attained age method. The actuarial assumptions included a 7.5% rate of return on investments and a 3.0% cost of living adjustment.

### Policemen's and Firemen's Pension - Act 345

The Policemen's and Firemen's Pension Plan - Act 345 is a contributory defined benefit plan that covers uniformed policemen and firemen hired subsequent to July 1, 1974, and certain policemen and firemen hired prior to that date who have elected, under the provisions of the plan, to transfer from the City's Policemen's and Firemen's Pension Plan, and provides for retirement, death, and disability benefits. Members contribute 10.95-12.05% of annual compensation with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Accumulated member contributions are annually credited with interest at 4.5%. Administrative costs of the Plan are financed through investment earnings.

The annual required contribution for the year was determined as part of a June 30, 2008 actuarial valuation using the entry age method. The actuarial assumptions included a 7.75% rate of return on investments, projected salary increases of 4.5% to 10.25%, including inflation at 4.25%, and no cost of living adjustments.

Other information for these plans is as follows:

	<u>Employees' Retirement System</u>	<u>Policemen's And Firemen's Pension</u>	<u>Policemen's and Firemen's Pension - Act 345</u>
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Amortization method	Level percent	Level percent	Level percent
Remaining amortization period	30 years	10 years	10 years
Open or closed amortization approach	Open	Closed	Closed

# City of Jackson, Michigan

## Notes To Financial Statements

### THREE-YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Annual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<b><u>Employees' Retirement System</u></b>				
6/30/07	\$ 722,422	\$ 722,422	100%	\$ -0-
6/30/08	832,376	832,376	100%	-0-
6/30/09	742,407	742,407	100%	-0-
<b><u>Policemen's and Firemen's Pension</u></b>				
6/30/07	934,667	934,677	100%	-0-
6/30/08	612,545	612,545	100%	-0-
6/30/09	641,212	641,212	100%	-0-
<b><u>Policemen's and Firemen's Pension – Act 345</u></b>				
6/30/07	3,098,776	3,098,776	100%	-0-
6/30/08	3,289,972	3,289,972	100%	-0-
6/30/09	3,191,716	3,191,716	100%	-0-

The funded status of each plan as of June 30, 2008, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
ERS	\$ 35,618	\$ 40,907	\$ 5,289	87.1%	\$ 10,295	51.4%
PFP	5,533	10,180	4,647	54.3%	n/a	n/a
Act 345	36,003	59,228	23,225	60.8%	6,655	349.0%

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

# City of Jackson, Michigan

## Notes To Financial Statements

Stand alone financial reports have not been issued for the plans. GASB Statement 25 required supplementary information is presented after the footnotes section. Financial statements for the individual pension and employee benefit plans are as follows:

### Statement of Plan Net Assets – June 30, 2009

	<b>Employees' Retirement System</b>	<b>Policemen's and Firemen's Pension</b>	<b>Policemen's and Firemen's Pension - Act 345</b>	<b>Other Postemployment Benefits</b>	<b>Total</b>
<b>Assets</b>					
Investments, at fair value:					
U.S. treasuries	\$ -	\$ 76,566	\$ 1,418,102	\$ -	\$ 1,494,668
U.S. agencies	-	88,161	740,065	-	828,226
Mortgage backed securities	-	-	522,159	-	522,159
Corporate bonds:					
Domestic	-	810,820	5,964,583	-	6,775,403
Domestic mutual funds	9,534,552	-	-	376,904	9,911,456
International	-	82,612	409,964	-	492,576
Equities:					
Domestic stocks	4,600,111	1,806,430	12,417,704	-	18,824,245
Domestic mutual funds	8,437,801	-	-	-	8,437,801
International stocks	-	556,915	4,151,623	-	4,708,538
International mutual funds	3,766,806	-	-	-	3,766,806
Money market accounts	837,977	147,751	1,510,808	-	2,496,536
Total investments	27,177,247	3,569,255	27,135,008	376,904	58,258,414
Receivables:					
Interest and dividends	849	8,849	79,703	-	89,401
Other	-	587	-	-	587
Total assets	27,178,096	3,578,691	27,214,711	376,904	58,348,402
<b>Liabilities</b>					
Refunds payable and other	12,021	-	495,748	-	507,769
<b>Net assets held in trust for pension and other employee benefits</b>	<b>\$ 27,166,075</b>	<b>\$ 3,578,691</b>	<b>\$ 26,718,963</b>	<b>\$ 376,904</b>	<b>\$ 57,840,633</b>

# City of Jackson, Michigan

## Notes To Financial Statements

### Statement of Changes in Plan Net Assets - Year Ended June 30, 2009

	<u>Employees' Retirement System</u>	<u>Policemen's and Firemen's Pension</u>	<u>Policemen's and Firemen's Pension - Act 345</u>	<u>Other Postemployment Benefits</u>	<u>Totals</u>
<b>Additions</b>					
Contributions:					
Employer	\$ 742,407	\$ 641,212	\$ 3,191,716	\$ 100,000	\$ 4,675,335
Plan members	614,922	-	819,666	-	1,434,588
Total contributions	<u>1,357,329</u>	<u>641,212</u>	<u>4,011,382</u>	<u>100,000</u>	<u>6,109,923</u>
Investment income (loss):					
Net depreciation in fair value of investments	(5,419,826)	(1,238,993)	(7,833,900)	-	(14,492,719)
Interest	2,814	48,828	363,666	8,132	423,440
Dividends	113,619	49,286	336,761	-	499,666
Total investment income (loss)	<u>(5,303,393)</u>	<u>(1,140,879)</u>	<u>(7,133,473)</u>	<u>8,132</u>	<u>(13,569,613)</u>
Less investment expense	<u>77,587</u>	<u>32,133</u>	<u>225,145</u>	<u>-</u>	<u>334,865</u>
Net investment income (loss)	<u>(5,380,980)</u>	<u>(1,173,012)</u>	<u>(7,358,618)</u>	<u>8,132</u>	<u>(13,904,478)</u>
Total additions (Net investment income (loss) in excess of contributions)	<u>(4,023,651)</u>	<u>(531,800)</u>	<u>(3,347,236)</u>	<u>108,132</u>	<u>(7,794,555)</u>
<b>Deductions</b>					
Benefits	2,120,481	1,127,007	3,926,133	-	7,173,621
Refunds of contributions	28,935	-	28,084	-	57,019
Administrative expense	80,459	8,712	28,343	19,918	137,432
Total deductions	<u>2,229,875</u>	<u>1,135,719</u>	<u>3,982,560</u>	<u>19,918</u>	<u>7,368,072</u>
Net increase (decrease)	(6,253,526)	(1,667,519)	(7,329,796)	88,214	(15,162,627)
<b>Net assets held in trust for pension and other employee benefits</b>					
Beginning of year	<u>33,419,601</u>	<u>5,246,210</u>	<u>34,048,759</u>	<u>288,690</u>	<u>73,003,260</u>
End of year	<u>\$ 27,166,075</u>	<u>\$ 3,578,691</u>	<u>\$ 26,718,963</u>	<u>\$ 376,904</u>	<u>\$ 57,840,633</u>

\* \* \* \* \*

**GASB REQUIRED  
SUPPLEMENTARY INFORMATION**

**City of Jackson, Michigan**  
**Pension Trust Funds**  
**GASB Statement 25 Required Supplementary Information**

**Schedule of Funding Progress**

Actuarial Valuation Date June 30	(In Thousands)			Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)			
<b><u>Employees' Retirement System (entry age valuation method)</u></b>						
1998	\$ 27,965	\$ 22,927	\$ (5,038)	122.0%	\$ 7,339,189	(68.6%)
1999	31,654	24,367	(7,287)	129.9%	7,784,073	(93.6%)
2000	34,960	25,787	(9,173)	135.6%	8,338,326	(110.0%)
2001	36,120	27,705	(8,415)	130.4%	8,532,237	(98.6%)
2002	35,151	29,372	(5,779)	119.7%	9,256,930	(62.4%)
2003	33,229	29,902	(3,327)	111.1%	9,691,157	(34.3%)
2004	32,919	31,417	(1,502)	104.8%	9,599,830	(15.6%)
2005	32,395	33,016	621	98.1%	9,599,573	6.5%
2006	31,867	35,019	3,152	91.0%	10,090,797	31.2%
2007	34,236	38,091	3,855	89.9%	10,119,228	38.1%
2008	35,618	40,907	5,289	87.1%	10,295,133	51.4%
<b><u>Policemen's and Firemen's Pension (attained age valuation method)</u></b>						
1998	\$ 8,997	\$ 13,879	\$ 4,882	64.8%	\$ 49,813	9799.6%
1999	9,845	13,537	3,692	72.7%	51,016	7237.6%
2000	11,518	11,747	229	98.1%	n/a	n/a
2001	10,845	11,428	583	94.9%	n/a	n/a
2002	9,354	11,267	1,913	83.0%	n/a	n/a
2003	7,745	10,901	3,156	71.1%	n/a	n/a
2004	6,418	10,753	4,335	59.7%	n/a	n/a
2005	5,622	10,172	4,550	55.3%	n/a	n/a
2006	5,560	10,931	5,371	50.9%	n/a	n/a
2007	5,848	10,682	4,834	54.8%	n/a	n/a
2008	5,533	10,180	4,647	54.3%	n/a	n/a
<b><u>Policemen's and Firemen's Pension - Act 345 (entry age valuation method)</u></b>						
1998	\$ 21,277	\$ 39,553	\$ 18,276	53.8%	\$ 5,697,163	320.8%
1999	24,372	40,911	16,539	59.6%	5,597,521	295.5%
2000	27,748	42,660	14,912	65.0%	5,772,726	258.3%
2001	29,555	44,126	14,571	67.0%	5,942,253	245.2%
2002	28,906	45,681	16,775	63.3%	6,071,301	276.3%
2003	27,837	47,131	19,294	59.1%	6,213,210	310.5%
2004	27,219	49,060	21,841	55.5%	6,138,055	355.8%
2005	27,761	51,434	23,673	54.0%	6,321,086	374.5%
2006	29,893	53,569	23,676	55.8%	6,598,038	358.8%
2007	33,250	56,554	23,304	58.8%	6,420,709	363.0%
2008	36,003	59,228	23,225	60.8%	6,655,270	349.0%

**City of Jackson, Michigan**  
**Pension Trust Funds**  
**GASB Statement 25 Required Supplementary Information**

**Schedule of Employer Contributions**

<u>Fiscal Year Ended June 30</u>	<u>Contribution Rates as Percents of Valuation Payroll</u>	<u>Annual Required Computed Dollar Contribution Projected Payroll</u>	<u>Actual Annual Contributions</u>	<u>Percent Contribution</u>
<b><u>Employees' Retirement System</u></b>				
1999	4.6%	\$ 363,951	\$ 363,951	100%
2000	3.9%	320,315	320,315	100%
2001	3.9%	335,840	335,840	100%
2002	3.9%	354,918	354,918	100%
2003	3.9%	378,931	378,931	100%
2004	3.9%	383,883	383,883	100%
2005	3.9%	388,706	388,706	100%
2006	5.6%	572,520	572,520	100%
2007	6.9%	722,422	722,422	100%
2008	7.6%	832,376	832,376	100%
2009	7.7%	742,407	742,407	100%
<b><u>Policemen's and Firemen's Pension</u></b>				
1999	n/a	\$ 542,989	\$ 542,989	100%
2000	n/a	372,183	372,183	100%
2001	n/a	293,241	293,241	100%
2002	n/a	-	-	n/a
2003	n/a	86,992	86,992	100%
2004	n/a	301,041	301,041	100%
2005	n/a	528,199	528,199	100%
2006	n/a	806,276	806,276	100%
2007	n/a	934,667	934,667	100%
2008	n/a	612,545	612,545	100%
2009	n/a	641,212	641,212	100%
<b><u>Policemen's and Firemen's Pension - Act 345</u></b>				
1999	38.4%	\$ 2,270,386	\$ 2,270,386	100%
2000	33.6%	2,051,490	2,051,490	100%
2001	32.7%	1,970,575	1,970,575	100%
2002	30.9%	1,882,139	1,882,139	100%
2003	29.9%	1,895,548	1,895,548	100%
2004	33.8%	2,192,507	2,192,507	100%
2005	37.2%	2,466,634	2,466,634	100%
2006	41.9%	2,327,991	2,327,991	100%
2007	44.9%	3,098,776	3,098,776	100%
2008	45.7%	3,289,972	3,289,972	100%
2009	45.7%	3,191,716	3,191,716	100%

# City of Jackson, Michigan

## GASB Statement 25 Required Supplementary Information

### Additional Information

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

	<u>Employees' Retirement System</u>	<u>Policemen's and Firemen's Pension</u>	<u>Policemen's and Firemen's Pension Act 345</u>
Valuation date	June 30, 2008	June 30, 2008	June 30, 2008
Actuarial Cost Method	Entry Age	Attained Age	Entry Age
Amortization Method	Level percent	Level percent	Level percent
Remaining amortization period (All closed periods)	10 years full funding credit 30 years open 3 years early retirement window	10 years	10 years
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market
Actuarial assumption:			
Investment rate of return	8.00%	7.50%	7.75%
Projected salary increases	4.25% - 8.25%	N/A	4.25% -10.25%
Includes inflation at	4.25%	N/A	4.25%
Cost-of-living adjustments	None	3.00%	None

**City of Jackson, Michigan**  
**Other Employee Benefit Trust Fund**  
**GASB Statement 45 Required Supplementary Information**

**Schedule of Funding Progress**

<b>Actuarial Valuation Date June 30</b>	<b>(In Thousands)</b>						<b>UAAL as a % of Covered Payroll</b>
	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>		
2007	\$ -	\$ 56,062,594	\$ 56,062,594	0%	\$ 17,393,970	322%	

<b>Fiscal Year Ended June 30</b>	<b>Contribution Rates as Percents of Valuation Payroll</b>	<b>Annual Required Computed Dollar Contribution Projected Payroll</b>	<b>Actual Annual Contributions</b>	<b>Percent Contribution</b>
2009	23.9%	\$ 4,157,775	\$ 495,949	11.9%

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

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Totals</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ 615,773	\$ 40,428	\$ 770,824	2,847,728	\$ 4,274,753
Receivables:					
Accounts, net	283,700	-	35,000	-	318,700
Interest	-	-	-	18,448	18,448
Due from other governments	718,613	-	-	-	718,613
Due from other funds	45,547	2,533	-	-	48,080
Interfund receivables	1,603,500	-	-	-	1,603,500
Inventories	9,792	-	-	-	9,792
Long-term advance to other funds	-	-	-	110,000	110,000
<b>Total assets</b>	<b><u>\$ 3,276,925</u></b>	<b><u>\$ 42,961</u></b>	<b><u>\$ 805,824</u></b>	<b><u>\$ 2,976,176</u></b>	<b><u>\$ 7,101,886</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 217,176	\$ -	\$ 53,571	\$ -	\$ 270,747
Accrued payroll	102,250	-	-	-	102,250
Due to other funds	622	-	-	80,654	81,276
Interfund payables	454,181	-	-	-	454,181
<b>Total liabilities</b>	<b><u>774,229</u></b>	<b><u>-</u></b>	<b><u>53,571</u></b>	<b><u>80,654</u></b>	<b><u>908,454</u></b>
<b>Fund balances</b>					
Reserved for:					
Inventories	9,792	-	-	-	9,792
Perpetual care	-	-	-	1,766,143	1,766,143
Endowment	-	-	-	1,019,379	1,019,379
Advances	-	-	-	110,000	110,000
Unreserved :					
Designated for subsequent years expenditures	356,811	-	-	-	356,811
Undesignated	2,136,093	42,961	752,253	-	2,931,307
<b>Total fund balances</b>	<b><u>2,502,696</u></b>	<b><u>42,961</u></b>	<b><u>752,253</u></b>	<b><u>2,895,522</u></b>	<b><u>6,193,432</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,276,925</u></b>	<b><u>\$ 42,961</u></b>	<b><u>\$ 805,824</u></b>	<b><u>\$ 2,976,176</u></b>	<b><u>\$ 7,101,886</u></b>

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Totals</u>
<b>Revenues</b>					
Property taxes	\$ 1,192,407	\$ 584,651	\$ 1,056,990	\$ -	\$ 2,834,048
Intergovernmental	4,838,881	-	-	-	4,838,881
Charges for services	1,341,273	1,208,627	-	21,601	2,571,501
Investment income	70,385	4,989	27,105	198,607	301,086
Miscellaneous	425,857	-	564	-	426,421
Total revenues	<u>7,868,803</u>	<u>1,798,267</u>	<u>1,084,659</u>	<u>220,208</u>	<u>10,971,937</u>
<b>Expenditures</b>					
Current:					
Public safety	749,430	-	-	-	749,430
Public works	4,461,472	-	-	-	4,461,472
Culture and recreation	1,209,652	-	-	-	1,209,652
Community enrichment and development	1,029,161	-	-	8,788	1,037,949
Capital outlay	54,493	-	571,414	-	625,907
Debt service:					
Principal retirement	105,000	1,499,000	-	-	1,604,000
Interest and fiscal charges	3,676	1,785,507	-	-	1,789,183
Total expenditures	<u>7,612,884</u>	<u>3,284,507</u>	<u>571,414</u>	<u>8,788</u>	<u>11,477,593</u>
Revenues over (under) expenditures	<u>255,919</u>	<u>(1,486,240)</u>	<u>513,245</u>	<u>211,420</u>	<u>(505,656)</u>
<b>Other financing sources (uses)</b>					
Payment to escrow agent	12,559	-	-	-	12,559
Transfers in	1,455,792	1,474,300	469,929	-	3,400,021
Transfers out	(1,734,968)	(7)	(1,227,515)	(111,306)	(3,073,796)
Total other financing sources (uses)	<u>(266,617)</u>	<u>1,474,293</u>	<u>(757,586)</u>	<u>(111,306)</u>	<u>338,784</u>
Net change in fund balances	(10,698)	(11,947)	(244,341)	100,114	(166,872)
Fund balances, beginning of year, as restated	<u>2,513,394</u>	<u>54,908</u>	<u>996,594</u>	<u>2,795,408</u>	<u>6,360,304</u>
<b>Fund balances, end of year</b>	<u><u>\$ 2,502,696</u></u>	<u><u>\$ 42,961</u></u>	<u><u>\$ 752,253</u></u>	<u><u>\$ 2,895,522</u></u>	<u><u>\$ 6,193,432</u></u>

## Nonmajor Special Revenue Funds

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

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

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

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

**Land Acquisition Fund** - This fund is used to account for acquisitions of property within the City.

**Housing Initiative Fund** - This fund is used to record the acquisition of tax reverted properties and other land within the City

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

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

**Budget Stabilization Fund** - As provided for in Act 30 of the Public Acts of 1978, monies in this fund can generally be used for General Fund deficit reduction, to prevent a reduction in the level of public services or to cover expenses relating to a natural disaster.

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

**Project Safe Neighborhood** - This fund is used to account for grant monies which are earmarked for projects to reduce crime and improve public safety.

**LAWNET Grant Fund** - This fund is used to account for activity relating to LAWNET Project Grants entered into with the City of Ypsilanti through the Office of Criminal Justice for the purpose of expanding the drug effort and impacting drug trafficking in the Jackson-Washtenaw-Livingston County Region.

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

## Nonmajor Special Revenue Funds (Cont.)

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

**Lead Hazard Control Fund** - This fund is used to account for the Federal Grants provided for lead paint testing.

**Brownfield Assessment Grant Funds** – These funds are used to account for the activity of an EPA Grant relating to Brownfield sites.

**Byrne/JAG Program Grants Fund** - This fund is used to account for the activity of a federal grant relating to drug enforcement.

**Waterfront Development Fund** - This fund is used to account for the activity of a federal grant relating to development along portions of the Grand River.

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

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2009**

	<u>Major Street</u>	<u>Local Street</u>	<u>Ella W. Sharp Park Operating</u>	<u>Land Acquisition</u>	<u>Housing Initiative</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 2,572	\$ 3,647
Accounts receivables, net	259,235	-	-	-	-
Due from other governments	298,148	90,943	-	-	-
Due from other funds	-	-	38,788	-	-
Interfund receivables	-	-	-	-	-
Inventories	-	-	9,792	-	-
<b>Total assets</b>	<b><u><u>\$ 557,383</u></u></b>	<b><u><u>\$ 90,943</u></u></b>	<b><u><u>\$ 48,580</u></u></b>	<b><u><u>\$ 2,572</u></u></b>	<b><u><u>\$ 3,647</u></u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 67,940	\$ 4,060	\$ 7,667	\$ 2,526	\$ 273
Accrued payroll	27,771	5,386	24,724	-	-
Due to other funds	-	-	-	-	-
Interfund payables	160,621	75,310	6,863	-	-
<b>Total liabilities</b>	<b><u><u>256,332</u></u></b>	<b><u><u>84,756</u></u></b>	<b><u><u>39,254</u></u></b>	<b><u><u>2,526</u></u></b>	<b><u><u>273</u></u></b>
<b>Fund balances</b>					
Reserved for inventories	-	-	9,792	-	-
Unreserved:					
Designated for subsequent year's expenditures	264,757	6,187	-	-	-
Undesignated	36,294	-	(466)	46	3,374
<b>Total fund balances</b>	<b><u><u>301,051</u></u></b>	<b><u><u>6,187</u></u></b>	<b><u><u>9,326</u></u></b>	<b><u><u>46</u></u></b>	<b><u><u>3,374</u></u></b>
<b>Total liabilities and fund balances</b>	<b><u><u>\$ 557,383</u></u></b>	<b><u><u>\$ 90,943</u></u></b>	<b><u><u>\$ 48,580</u></u></b>	<b><u><u>\$ 2,572</u></u></b>	<b><u><u>\$ 3,647</u></u></b>

<u>Public Improvement</u>	<u>Building Department</u>	<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Project Safe Neighborhood</u>	<u>LAWNET Grant</u>	<u>Recreation Activity</u>
\$ 436,939	\$ -	\$ -	\$ 100,186	\$ -	\$ 1,145	\$ 52,259
-	24,010	-	-	-	-	155
-	-	-	-	8,124	-	-
-	-	-	-	-	-	-
-	-	1,603,500	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 436,939</u>	<u>\$ 24,010</u>	<u>\$ 1,603,500</u>	<u>\$ 100,186</u>	<u>\$ 8,124</u>	<u>\$ 1,145</u>	<u>\$ 52,414</u>
\$ 300	\$ 5,828	\$ -	\$ 568	\$ -	\$ -	\$ 879
-	12,876	-	-	-	-	11,749
-	-	-	-	-	-	-
-	4,252	-	-	8,124	-	-
<u>300</u>	<u>22,956</u>	<u>-</u>	<u>568</u>	<u>8,124</u>	<u>-</u>	<u>12,628</u>
-	-	-	-	-	-	-
75,637	-	-	5,931	-	-	4,299
361,002	1,054	1,603,500	93,687	-	1,145	35,487
<u>436,639</u>	<u>1,054</u>	<u>1,603,500</u>	<u>99,618</u>	<u>-</u>	<u>1,145</u>	<u>39,786</u>
<u>\$ 436,939</u>	<u>\$ 24,010</u>	<u>\$ 1,603,500</u>	<u>\$ 100,186</u>	<u>\$ 8,124</u>	<u>\$ 1,145</u>	<u>\$ 52,414</u>

Continued...

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2009**

	<u>Community Development Home Grant</u>	<u>Lead Hazard Control</u>	<u>Brownfield Assessment Grant - 2008</u>	<u>Byrne / JAG Program Grants</u>	<u>Waterfront Redevelopment</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ 19,025	\$ -	\$ -	\$ -	\$ -
Accounts receivables, net	300	-	-	-	-
Due from other governments	20,856	150,694	20,115	-	2,000
Due from other funds	6,759	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventories, at cost	-	-	-	-	-
<b>Total assets</b>	<u>\$ 46,940</u>	<u>\$ 150,694</u>	<u>\$ 20,115</u>	<u>\$ -</u>	<u>\$ 2,000</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 46,331	\$ 79,344	\$ -	\$ -	\$ -
Accrued payroll	-	2,526	-	-	-
Due to other funds	609	13	-	-	-
Interfund payables	-	68,811	20,115	-	1,979
<b>Total liabilities</b>	<u>46,940</u>	<u>150,694</u>	<u>20,115</u>	<u>-</u>	<u>1,979</u>
<b>Fund balances</b>					
Reserved for inventories	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	-	-	-	-
Undesignated	-	-	-	-	21
<b>Total fund balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21</u>
<b>Total liabilities and fund balances</b>	<u>\$ 46,940</u>	<u>\$ 150,694</u>	<u>\$ 20,115</u>	<u>\$ -</u>	<u>\$ 2,000</u>

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<b>Recreation Millage</b>	<b>Totals</b>
\$ -	\$ 615,773
-	283,700
127,733	718,613
-	45,547
-	1,603,500
-	9,792
<u>\$ 127,733</u>	<u>\$ 3,276,925</u>

\$ 1,460	\$ 217,176
17,218	102,250
-	622
108,106	454,181

<u>126,784</u>	<u>774,229</u>
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-	9,792
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-	356,811
949	2,136,093

<u>949</u>	<u>2,502,696</u>
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<u>\$ 127,733</u>	<u>\$ 3,276,925</u>
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**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Major Street</u>	<u>Local Street</u>	<u>Ella W. Sharp Park Operating</u>	<u>Land Acquisition</u>	<u>Housing Initiative</u>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	3,143,461	563,165	-	-	-
Charges for services	-	-	546,702	-	-
Investment income	-	-	-	95	16
Miscellaneous	159,532	-	-	-	-
Total revenues	<u>3,302,993</u>	<u>563,165</u>	<u>546,702</u>	<u>95</u>	<u>16</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	-	-
Public works	3,215,962	1,114,708	-	-	-
Culture and recreation	-	-	740,990	-	-
Community enrichment and development	-	-	-	-	9,438
Capital outlay	-	-	-	54,493	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
Total expenditures	<u>3,215,962</u>	<u>1,114,708</u>	<u>740,990</u>	<u>54,493</u>	<u>9,438</u>
Revenues over (under) expenditures	<u>87,031</u>	<u>(551,543)</u>	<u>(194,288)</u>	<u>(54,398)</u>	<u>(9,422)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	-	-	-	-	12,559
Transfers in	589,869	521,233	188,440	36,250	-
Transfers out	<u>(695,403)</u>	<u>(22,302)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(105,534)</u>	<u>498,931</u>	<u>188,440</u>	<u>36,250</u>	<u>12,559</u>
Net change in fund balances	(18,503)	(52,612)	(5,848)	(18,148)	3,137
Fund balances, beginning of year, as restated	<u>319,554</u>	<u>58,799</u>	<u>15,174</u>	<u>18,194</u>	<u>237</u>
<b>Fund balances, end of year</b>	<u>\$ 301,051</u>	<u>\$ 6,187</u>	<u>\$ 9,326</u>	<u>\$ 46</u>	<u>\$ 3,374</u>

<u>Public Improvement</u>	<u>Building Department</u>	<u>Budget Stabilization</u>	<u>Drug Law Enforcement</u>	<u>Project Safe Neighborhood</u>	<u>LAWNET Grant</u>	<u>Recreation Activity</u>
\$ 1,192,407	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	46,251	34,447	-
-	320,751	-	-	-	-	221,085
29,261	-	38,343	1,862	-	-	807
-	-	-	167,647	-	86,637	-
<u>1,221,668</u>	<u>320,751</u>	<u>38,343</u>	<u>169,509</u>	<u>46,251</u>	<u>121,084</u>	<u>221,892</u>
-	440,312	-	97,361	46,251	121,083	-
-	-	-	-	-	-	-
-	-	-	-	-	-	215,279
131,350	-	-	-	-	-	-
-	-	-	-	-	-	-
105,000	-	-	-	-	-	-
3,676	-	-	-	-	-	-
<u>240,026</u>	<u>440,312</u>	<u>-</u>	<u>97,361</u>	<u>46,251</u>	<u>121,083</u>	<u>215,279</u>
<u>981,642</u>	<u>(119,561)</u>	<u>38,343</u>	<u>72,148</u>	<u>-</u>	<u>1</u>	<u>6,613</u>
-	-	-	-	-	-	-
-	120,000	-	-	-	-	-
<u>(978,920)</u>	<u>-</u>	<u>(38,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(978,920)</u>	<u>120,000</u>	<u>(38,343)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2,722	439	-	72,148	-	1	6,613
<u>433,917</u>	<u>615</u>	<u>1,603,500</u>	<u>27,470</u>	<u>-</u>	<u>1,144</u>	<u>33,173</u>
<u>\$ 436,639</u>	<u>\$ 1,054</u>	<u>\$ 1,603,500</u>	<u>\$ 99,618</u>	<u>\$ -</u>	<u>\$ 1,145</u>	<u>\$ 39,786</u>

Continued...

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances (Concluded)**  
**Nonmajor Special Revenue Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Community Development Home Grant</u>	<u>Lead Hazard Control</u>	<u>Brownfield Assessment Grant - 2008</u>	<u>Byrne / JAG Program Grant</u>	<u>Waterfront Redevelopment</u>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	305,866	570,466	128,802	44,423	2,000
Charges for services	-	-	-	-	-
Investment income	-	-	-	-	1
Miscellaneous	12,041	-	-	-	-
	<u>317,907</u>	<u>570,466</u>	<u>128,802</u>	<u>44,423</u>	<u>2,001</u>
Total revenues	<u>317,907</u>	<u>570,466</u>	<u>128,802</u>	<u>44,423</u>	<u>2,001</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	44,423	-
Public works	-	-	128,802	-	2,000
Culture and recreation	-	-	-	-	-
Community enrichment and development	317,907	570,466	-	-	-
Capital outlay	-	-	-	-	-
Debt service:					
Principal retirement	-	-	-	-	-
Interest expense	-	-	-	-	-
	<u>317,907</u>	<u>570,466</u>	<u>128,802</u>	<u>44,423</u>	<u>2,000</u>
Total expenditures	<u>317,907</u>	<u>570,466</u>	<u>128,802</u>	<u>44,423</u>	<u>2,000</u>
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	-	-	-	-	-
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-	1
Fund balances, beginning of year, as restated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20</u>
<b>Fund balances, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 21</u></u>

<u>Recreation Millage</u>	<u>Totals</u>
\$ -	\$ 1,192,407
-	4,838,881
252,735	1,341,273
-	70,385
-	425,857
252,735	7,868,803
-	749,430
-	4,461,472
253,383	1,209,652
-	1,029,161
-	54,493
-	105,000
-	3,676
253,383	7,612,884
(648)	255,919
-	12,559
-	1,455,792
-	(1,734,968)
-	(266,617)
(648)	(10,698)
1,597	2,513,394
\$ 949	\$ 2,502,696

**City of Jackson, Michigan**  
**Major Street Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 4,872,283	\$ 3,143,461	\$ (1,728,822)	\$ 2,717,397
Miscellaneous	135,325	159,532	24,207	201,015
Total revenues	<u>5,007,608</u>	<u>3,302,993</u>	<u>(1,704,615)</u>	<u>2,918,412</u>
<b>Expenditures</b>				
Current - public works:				
Street construction	696,351	580,613	(115,738)	493,445
Street maintenance	681,894	598,274	(83,620)	635,780
Traffic services	561,895	512,771	(49,124)	581,377
Winter maintenance	332,181	311,302	(20,879)	393,754
Trunkline maintenance	215,816	234,375	18,559	143,946
State highway construction	2,612,291	1,187,323	(1,424,968)	873,842
Reimbursements	(22,809)	(208,696)	(185,887)	-
Total expenditures	<u>5,077,619</u>	<u>3,215,962</u>	<u>(1,861,657)</u>	<u>3,122,144</u>
Revenues over (under) expenditures	<u>(70,011)</u>	<u>87,031</u>	<u>157,042</u>	<u>(203,732)</u>
<b>Other financing sources (uses)</b>				
Transfers in	895,262	589,869	(305,393)	772,733
Transfers out	(831,685)	(695,403)	136,282	(444,304)
Total other financing sources (uses)	<u>63,577</u>	<u>(105,534)</u>	<u>(169,111)</u>	<u>328,429</u>
Net change in fund balance	(6,434)	(18,503)	(12,069)	124,697
Fund balance, beginning of year	<u>319,554</u>	<u>319,554</u>	<u>-</u>	<u>194,857</u>
<b>Fund balance, end of year</b>	<u><u>\$ 313,120</u></u>	<u><u>\$ 301,051</u></u>	<u><u>\$ (12,069)</u></u>	<u><u>\$ 319,554</u></u>

**City of Jackson, Michigan**  
**Local Street Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	2009		Actual Over (Under) Final Budget	2008 Actual
	Amended Budget	Actual		
<b>Revenues</b>				
Intergovernmental	\$ 561,105	\$ 563,165	\$ 2,060	\$ 584,605
Miscellaneous	800	-	(800)	56,810
Total revenues	<u>561,905</u>	<u>563,165</u>	<u>1,260</u>	<u>641,415</u>
<b>Expenditures</b>				
Current - public works:				
Street construction	133,427	82,310	(51,117)	581,742
Street maintenance	864,965	844,594	(20,371)	702,191
Traffic services	19,531	18,858	(673)	22,402
Winter maintenance	171,753	168,946	(2,807)	213,763
Reimbursements	-	-	-	(334,152)
Total expenditures	<u>1,189,676</u>	<u>1,114,708</u>	<u>(74,968)</u>	<u>1,185,946</u>
Revenues under expenditures	<u>(627,771)</u>	<u>(551,543)</u>	<u>76,228</u>	<u>(544,531)</u>
<b>Other financing sources (uses)</b>				
Transfers in	604,737	521,233	(83,504)	410,865
Transfers out	<u>(22,320)</u>	<u>(22,302)</u>	18	<u>(12,275)</u>
Total other financing sources (uses)	<u>582,417</u>	<u>498,931</u>	<u>(83,486)</u>	<u>398,590</u>
Net change in fund balance	(45,354)	(52,612)	(7,258)	(145,941)
Fund balance, beginning of year	<u>58,799</u>	<u>58,799</u>	-	<u>204,740</u>
<b>Fund balance, end of year</b>	<u>\$ 13,445</u>	<u>\$ 6,187</u>	<u>\$ (7,258)</u>	<u>\$ 58,799</u>

**City of Jackson, Michigan**  
**Ella W. Sharp Park Operating Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 606,000	\$ 546,702	\$ (59,298)	\$ 566,595
Investment income	1,000	-	(1,000)	302
Total revenues	<u>607,000</u>	<u>546,702</u>	<u>(60,298)</u>	<u>566,897</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	431,800	439,268	7,468	414,260
Materials and supplies	188,700	208,132	19,432	204,687
Contractual and other services	96,921	86,380	(10,541)	86,764
Capital outlay	<u>7,300</u>	<u>7,210</u>	<u>(90)</u>	<u>7,210</u>
Total expenditures	<u>724,721</u>	<u>740,990</u>	<u>16,269</u>	<u>712,921</u>
Revenues under expenditures	<u>(117,721)</u>	<u>(194,288)</u>	<u>(76,567)</u>	<u>(146,024)</u>
<b>Other financing sources</b>				
Transfers in	<u>117,489</u>	<u>188,440</u>	<u>70,951</u>	<u>146,482</u>
Net change in fund balance	(232)	(5,848)	(5,616)	458
Fund balance, beginning of year	<u>15,174</u>	<u>15,174</u>	<u>-</u>	<u>14,716</u>
<b>Fund balance, end of year</b>	<u><u>\$ 14,942</u></u>	<u><u>\$ 9,326</u></u>	<u><u>\$ (5,616)</u></u>	<u><u>\$ 15,174</u></u>

**City of Jackson, Michigan**  
**Land Acquisition Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Investment income	\$ 200	\$ 95	(105)	1,892
Miscellaneous	-	-	-	70,884
<b>Total revenues</b>	<u>200</u>	<u>95</u>	<u>(105)</u>	<u>72,776</u>
<b>Expenditures</b>				
Capital outlay	<u>50,000</u>	<u>54,493</u>	<u>4,493</u>	<u>54,592</u>
<b>Revenues over (under) expenditures</b>	(49,800)	(54,398)	(4,598)	18,184
<b>Other financing sources</b>				
Transfers in	<u>32,000</u>	<u>36,250</u>	<u>4,250</u>	<u>-</u>
<b>Net change in fund balance</b>	(17,800)	(18,148)	(348)	18,184
Fund balance, beginning of year	<u>18,194</u>	<u>18,194</u>	<u>-</u>	<u>10</u>
<b>Fund balance, end of year</b>	<u><u>\$ 394</u></u>	<u><u>\$ 46</u></u>	<u><u>\$ (348)</u></u>	<u><u>\$ 18,194</u></u>

**City of Jackson, Michigan**  
**Housing Initiative Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Investment income	\$ -	\$ 16	\$ 16	\$ -
<b>Expenditures</b>				
Current - community enrichment and development	10,000	9,438	(562)	24,799
Revenues over (under) expenditures	(10,000)	(9,422)	578	(24,799)
<b>Other financing sources</b>				
Transfers in	-	-	-	21,000
Net change in fund balance	-	3,137	3,137	(3,799)
Fund balance, beginning of year	237	237	-	4,036
<b>Fund balance, end of year</b>	<b>\$ 237</b>	<b>\$ 3,374</b>	<b>\$ 3,137</b>	<b>\$ 237</b>

**City of Jackson, Michigan**  
**Public Improvement Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Property taxes	\$ 1,187,500	\$ 1,192,407	\$ 4,907	\$ 1,196,668
Investment income	27,000	29,261	2,261	58,381
Total revenues	<u>1,214,500</u>	<u>1,221,668</u>	<u>7,168</u>	<u>1,255,049</u>
<b>Expenditures</b>				
Current - community enrichment and development	134,500	131,350	(3,150)	137,830
Debt service:				
Principal retirement	105,000	105,000	-	100,000
Interest	3,675	3,676	1	4,724
Total expenditures	<u>243,175</u>	<u>240,026</u>	<u>(3,149)</u>	<u>242,554</u>
Revenues over (under) expenditures	971,325	981,642	10,317	1,012,495
<b>Other financing uses</b>				
Transfers out	<u>(1,325,030)</u>	<u>(978,920)</u>	<u>346,110</u>	<u>(1,043,354)</u>
Net change in fund balance	(353,705)	2,722	356,427	(30,859)
Fund balance, beginning of year	<u>433,917</u>	<u>433,917</u>	<u>-</u>	<u>464,776</u>
<b>Fund balance, end of year</b>	<u><u>\$ 80,212</u></u>	<u><u>\$ 436,639</u></u>	<u><u>\$ 356,427</u></u>	<u><u>\$ 433,917</u></u>

**City of Jackson, Michigan**  
**Building Department Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 348,500	\$ 320,751	\$ (27,749)	\$ 282,854
<b>Expenditures</b>				
Current - public safety:				
Personal services	340,978	330,339	(10,639)	405,305
Materials and supplies	9,200	10,462	1,262	9,113
Inspection services	55,000	43,720	(11,280)	6,488
Contractual and other services	82,742	55,791	(26,951)	62,180
Total expenditures	<u>487,920</u>	<u>440,312</u>	<u>(47,608)</u>	<u>483,086</u>
Revenues over (under) expenditures	(139,420)	(119,561)	19,859	(200,232)
<b>Other financing sources</b>				
Transfers in	<u>138,805</u>	<u>120,000</u>	<u>(18,805)</u>	<u>200,000</u>
Net change in fund balance	(615)	439	1,054	(232)
Fund balance, beginning of year	<u>615</u>	<u>615</u>	<u>-</u>	<u>847</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ 1,054</u>	<u>\$ 1,054</u>	<u>\$ 615</u>

**City of Jackson, Michigan**  
**Budget Stabilization Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008</b> <b>Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Investment income	\$ 37,000	\$ 38,343	\$ 1,343	\$ 75,629
<b>Other financing uses</b>				
Transfers out	(40,000)	(38,343)	1,657	(75,629)
Net change in fund balance	(3,000)	-	3,000	-
Fund balance, beginning of year	1,603,500	1,603,500	-	1,603,500
<b>Fund balance, end of year</b>	<b>\$ 1,600,500</b>	<b>\$ 1,603,500</b>	<b>\$ 3,000</b>	<b>\$ 1,603,500</b>

**City of Jackson, Michigan**  
**Drug Law Enforcement Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Investment income	\$ 1,768	\$ 1,862	\$ 94	\$ 501
Miscellaneous:				
Sale of property	8,700	15,693	6,993	10,472
Other	162,920	151,954	(10,966)	65,361
Total revenues	<u>173,388</u>	<u>169,509</u>	<u>(3,879)</u>	<u>76,334</u>
<b>Expenditures</b>				
Current - public safety:				
Materials and supplies	5,203	5,203	-	177
Contractual and other services	99,377	92,158	(7,219)	76,752
Total expenditures	<u>104,580</u>	<u>97,361</u>	<u>(7,219)</u>	<u>76,929</u>
Net change in fund balance	68,808	72,148	3,340	(595)
Fund balance, beginning of year	<u>27,470</u>	<u>27,470</u>	<u>-</u>	<u>28,065</u>
<b>Fund balance, end of year</b>	<u><u>\$ 96,278</u></u>	<u><u>\$ 99,618</u></u>	<u><u>\$ 3,340</u></u>	<u><u>\$ 27,470</u></u>

**City of Jackson, Michigan**  
**Project Safe Neighborhood**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008</b> <b>Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 66,940	\$ 46,251	\$ (20,689)	\$ 28,590
<b>Expenditures</b>				
Current - public safety:				
Personal services	66,940	45,664	(21,276)	26,142
Contractual and other services	-	587	587	2,448
Total expenditures	<u>66,940</u>	<u>46,251</u>	<u>(20,689)</u>	<u>28,590</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**City of Jackson, Michigan**  
**LAWNET Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 34,447	\$ 34,447	\$ -	\$ 57,929
Miscellaneous	88,055	86,637	(1,418)	71,215
Total revenues	<u>122,502</u>	<u>121,084</u>	<u>(1,418)</u>	<u>129,144</u>
<b>Expenditures :</b>				
Current - public safety:				
Personal services	120,799	120,596	(203)	127,928
Contractual and other services	1,704	487	(1,217)	1,216
Total expenditures	<u>122,503</u>	<u>121,083</u>	<u>(1,420)</u>	<u>129,144</u>
Net change in fund balance	(1)	1	2	-
Fund balance, beginning of year	<u>1,144</u>	<u>1,144</u>	<u>-</u>	<u>1,144</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,143</u></u>	<u><u>\$ 1,145</u></u>	<u><u>\$ 2</u></u>	<u><u>\$ 1,144</u></u>

**City of Jackson, Michigan**  
**Recreation Activity Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Charges for services	\$ 279,000	\$ 221,085	\$ (57,915)	\$ 242,316
Investment income	1,800	807	(993)	1,616
Total revenues	<u>280,800</u>	<u>221,892</u>	<u>(58,908)</u>	<u>243,932</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	125,196	110,094	(15,102)	97,830
Materials and supplies	35,000	33,329	(1,671)	46,174
Contractual and other services	<u>119,900</u>	<u>71,856</u>	<u>(48,044)</u>	<u>98,526</u>
Total expenditures	<u>280,096</u>	<u>215,279</u>	<u>(64,817)</u>	<u>242,530</u>
Net change in fund balances	704	6,613	5,909	1,402
Fund balance, beginning of year	<u>33,173</u>	<u>33,173</u>	<u>-</u>	<u>31,771</u>
<b>Fund balance, end of year</b>	<u><u>\$ 33,877</u></u>	<u><u>\$ 39,786</u></u>	<u><u>\$ 5,909</u></u>	<u><u>\$ 33,173</u></u>

**City of Jackson, Michigan**  
**Community Development Home Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 1,034,856	\$ 305,866	\$ (728,990)	\$ 400,573
Miscellaneous	-	12,041	12,041	11,070
<b>Total revenues</b>	<u>1,034,856</u>	<u>317,907</u>	<u>(716,949)</u>	<u>411,643</u>
<b>Expenditures</b>				
Current - community enrichment and development:				
Rehabilitation assistance	847,900	175,264	(672,636)	257,009
Rental rehabilitation	-	-	-	(3,315)
Community housing development organizations	303,741	84,168	(219,573)	123,611
Administration and other	65,800	58,475	(7,325)	34,338
<b>Total expenditures</b>	<u>1,217,441</u>	<u>317,907</u>	<u>(899,534)</u>	<u>411,643</u>
Net change in fund balance	(182,585)	-	182,585	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<u>\$ (182,585)</u>	<u>\$ -</u>	<u>\$ 182,585</u>	<u>\$ -</u>

**City of Jackson, Michigan**  
**Lead Hazard Control Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008</b> <b>Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 516,582	\$ 570,466	\$ 53,884	\$ 599,102
Investment income	-	-	-	554
Miscellaneous	-	-	-	1,876
Total revenues	<u>516,582</u>	<u>570,466</u>	<u>53,884</u>	<u>601,532</u>
<b>Expenditures</b>				
Current - community enrichment and development - Community housing development organizations	<u>406,818</u>	<u>570,466</u>	<u>163,648</u>	<u>601,532</u>
Net change in fund balance	109,764	-	(109,764)	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 109,764</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (109,764)</u></u>	<u><u>\$ -</u></u>

**City of Jackson, Michigan**  
**Brownfield Assessment Grant - 2004 Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ 145,641
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,641</u>
<b>Expenditures</b>				
Current - public works:				
Materials and supplies	-	-	-	639
Contractual and other services	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,003</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>145,642</u>
Net change in fund balance	-	-	-	(1)
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>1</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Jackson, Michigan**  
**Brownfield Assessment Grant - 2008 Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 300,000	\$ 128,802	\$ (171,198)	\$ 2,534
<b>Expenditures</b>				
Current - public works:				
Personal services	2,250	117	(2,133)	361
Materials and supplies	147,000	121,508	(25,492)	361
Contractual and other services	150,750	7,177	(143,573)	1,812
Total expenditures	<u>300,000</u>	<u>128,802</u>	<u>(171,198)</u>	<u>2,534</u>
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**City of Jackson, Michigan**  
**Byrne / JAG Programs Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>		<b>Actual Over (Under) Final Budget</b>	<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 44,423	\$ 44,423	\$ -	\$ -
<b>Expenditures :</b>				
Current - public safety:				
Contractual and other services	44,423	44,423	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**City of Jackson, Michigan**  
**Waterfront Redevelopment Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ -	\$ 2,000	\$ 2,000	\$ -
Investment income	-	1	1	5
Total revenues	<u>-</u>	<u>2,001</u>	<u>2,001</u>	<u>5</u>
<b>Expenditures</b>				
Current - public works:				
Contractual and other services	<u>-</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Net change in fund balance	-	1	1	5
Fund balance, beginning of year	<u>20</u>	<u>20</u>	<u>-</u>	<u>15</u>
<b>Fund balance, end of year</b>	<u><u>\$ 20</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 1</u></u>	<u><u>\$ 20</u></u>

**City of Jackson, Michigan**  
**Recreation Millage Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2009**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2008

	<b>2009</b>			<b>2008 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Charges for services	\$ 258,000	\$ 252,735	\$ (5,265)	\$ 248,420
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	168,980	161,474	(7,506)	159,814
Materials and supplies	65,020	79,606	14,586	70,785
Contractual and other services	24,000	12,303	(11,697)	16,436
Total expenditures	<u>258,000</u>	<u>253,383</u>	<u>(4,617)</u>	<u>247,035</u>
Net change in fund balance	-	(648)	(648)	1,385
Fund balance, beginning of year	<u>1,597</u>	<u>1,597</u>	<u>-</u>	<u>212</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,597</u></u>	<u><u>\$ 949</u></u>	<u><u>\$ (648)</u></u>	<u><u>\$ 1,597</u></u>

## Nonmajor Debt Service Funds

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

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**2003 City Hall Construction Debt Service Fund** - This fund is used to record the payment of interest and principal on the bonds issued for City Hall building improvements.

**Michigan Urban Land Assembly Loan Debt Service** - This fund is used to record the payment of interest and principal on the \$1,000,000 Urban Land Assembly Loan.

**1998 Michigan Transportation Debt Service Fund** - This fund is used to record the payment of interest and principal on the \$995,000 1998 Michigan Transportation Fund Bonds, which were used to fund a portion of the cost of constructing City street improvements.

**2003 Michigan Transportation Debt Service Fund** - This fund is used to record the payment of interest and principal on the \$1,750,000 2003 Series Michigan Transportation Fund Bonds, which were used to fund a portion of the cost of constructing City street improvements and a salt storage facility.

**2007 Brownfield Refunding Debt Service Fund**- This fund is used to record principal and interest payments on the \$9,905,000 Refunding Bonds dated December 1, 2007

**Building Authority Debt Service Fund** - This fund is used to record principal and interest payments on the \$800,000 Building Authority Bonds dated June 1, 1992.

**2001 DDA TIF Debt Service Fund** - This fund is used to record principal and interest payments on the \$17,998,577 Downtown Development Authority bonds, used to finance the City's share of land acquisition and infrastructure improvements associated with the construction of the new Consumers Energy headquarters.

**2002 BRA TIF Debt Service Fund** - This fund is used to record principal and interest payments on the \$18.5 million Brownfield Redevelopment Authority Tax Increment used to finance the City's share of parking facilities and infrastructure improvements associated with the construction of the new Consumers Energy headquarters.

**Section 108 Loan Debt Service** - This fund is used to record principal and interest payments on the \$1,285,000 Section 108 Loan.

**City of Jackson, Michigan  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
June 30, 2009**

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	2003 City Hall Construction	Michigan Urban Land Assembly Loan	1998 Michigan Transportation Fund	2003 MTF Bond	2007 Brownfield Refunding
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ 34,060	\$ -	\$ -	\$ 7	\$ 100
Due from other funds	2,533	-	-	-	-
<b>Total assets</b>	<b>\$ 36,593</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 100</b>
 <b><u>FUND BALANCES</u></b>					
<b>Unreserved, undesignated</b>	<b>\$ 36,593</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 100</b>

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<u>Building Authority</u>	<u>2001 DDA TIF</u>	<u>2002 BRA TIF</u>	<u>Section 108 Loan</u>	<u>Totals</u>
\$ 3,351	\$ 637	\$ 2,273	\$ -	\$ 40,428
-	-	-	-	2,533
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 42,961</u>
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 42,961</u>

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Fiscal Year Ended June 30, 2009**

	2003 City Hall Construction	Michigan Urban Land Assembly Loan	1998 Michigan Transportation Fund	2003 MTF Bond	2007 Brownfield Refunding
<b>Revenues</b>					
Property taxes	\$ 584,651	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-	450,129
Investment income	4,989	-	-	-	-
Total revenues	<u>589,640</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,129</u>
<b>Expenditures</b>					
Debt service:					
Principal retirement	180,000	144,000	-	245,000	30,000
Interest and fiscal charges	421,587	-	-	33,780	420,129
Total expenditures	<u>601,587</u>	<u>144,000</u>	<u>-</u>	<u>278,780</u>	<u>450,129</u>
Revenues over (under) expenditures	<u>(11,947)</u>	<u>(144,000)</u>	<u>-</u>	<u>(278,780)</u>	<u>-</u>
<b>Other financing sources</b>					
Transfers in	-	144,000	-	278,787	-
Transfers out	-	-	(7)	-	-
Total other financing sources (uses)	<u>-</u>	<u>144,000</u>	<u>(7)</u>	<u>278,787</u>	<u>-</u>
Net change in fund balances	(11,947)	-	(7)	7	-
Fund balances, beginning of year	48,540	-	7	-	100
<b>Fund balances, end of year</b>	<u>\$ 36,593</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 100</u>

<u>Building Authority</u>	<u>2001 DDA TIF</u>	<u>2002 BRA TIF</u>	<u>Section 108 Loan</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ 584,651
128,350	-	565,148	65,000	1,208,627
-	-	-	-	4,989
<u>128,350</u>	<u>-</u>	<u>565,148</u>	<u>65,000</u>	<u>1,798,267</u>
90,000	645,000	100,000	65,000	1,499,000
<u>38,350</u>	<u>406,513</u>	<u>465,148</u>	<u>-</u>	<u>1,785,507</u>
<u>128,350</u>	<u>1,051,513</u>	<u>565,148</u>	<u>65,000</u>	<u>3,284,507</u>
<u>-</u>	<u>(1,051,513)</u>	<u>-</u>	<u>-</u>	<u>(1,486,240)</u>
-	1,051,513	-	-	1,474,300
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7)</u>
<u>-</u>	<u>1,051,513</u>	<u>-</u>	<u>-</u>	<u>1,474,293</u>
-	-	-	-	(11,947)
<u>3,351</u>	<u>637</u>	<u>2,273</u>	<u>-</u>	<u>54,908</u>
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 42,961</u>

## **Nonmajor Capital Projects Funds**

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

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

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

**City of Jackson, Michigan  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
June 30, 2009**

	<u>Capital Projects</u>	<u>Downtown Development Authority Project</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Pooled cash and investments	\$ 78,846	\$ 691,978	\$ 770,824
Accounts receivable	35,000	-	35,000
<b>Total assets</b>	<u>113,846</u>	<u>691,978</u>	<u>805,824</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 51,801	\$ 1,770	\$ 53,571
<b>Fund balances</b>			
Unreserved, undesignated	62,045	690,208	752,253
<b>Total liabilities and fund balances</b>	<u>\$ 113,846</u>	<u>\$ 691,978</u>	<u>\$ 805,824</u>

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Capital Projects</u>	<u>Downtown Development Authority Project</u>	<u>Totals</u>
<b>Revenues</b>			
Property taxes	\$ -	\$ 1,056,990	\$ 1,056,990
Investment income	81	27,024	27,105
Donations	564	-	564
	<u>645</u>	<u>1,084,014</u>	<u>1,084,659</u>
<b>Expenditures</b>			
Capital outlay:			
Community enrichment & development	465,357	106,057	571,414
	<u>(464,712)</u>	<u>977,957</u>	<u>513,245</u>
Revenues over (under) expenditures			
	<u>(464,712)</u>	<u>977,957</u>	<u>513,245</u>
<b>Other financing sources (uses)</b>			
Transfers in	469,929	-	469,929
Transfers out	-	(1,227,515)	(1,227,515)
	<u>469,929</u>	<u>(1,227,515)</u>	<u>(757,586)</u>
Net change in fund balances	5,217	(249,558)	(244,341)
Fund balances, beginning of year	56,828	939,766	996,594
<b>Fund balances, end of year</b>	<u>\$ 62,045</u>	<u>\$ 690,208</u>	<u>\$ 752,253</u>

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## **Nonmajor Permanent Funds**

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

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

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2009**

	<u>Ella W. Sharp Park Endowment</u>	<u>Cemetery Perpetual Maintenance</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Pooled cash and investments - restricted	\$ 1,058,167	\$ 1,789,561	\$ 2,847,728
Interest receivable	-	18,448	18,448
Long-term advance to other funds	110,000	-	110,000
	<u>110,000</u>	<u>-</u>	<u>110,000</u>
<b>Total assets</b>	<u>\$ 1,168,167</u>	<u>\$ 1,808,009</u>	<u>\$ 2,976,176</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Due to other funds	\$ 38,788	\$ 41,866	\$ 80,654
	<u>38,788</u>	<u>41,866</u>	<u>80,654</u>
<b>Fund balances</b>			
Reserved for :			
Perpetual care	-	1,766,143	1,766,143
Endowment principal	1,019,379	-	1,019,379
Advances	110,000	-	110,000
	<u>110,000</u>	<u>-</u>	<u>110,000</u>
<b>Total fund balances</b>	<u>1,129,379</u>	<u>1,766,143</u>	<u>2,895,522</u>
<b>Total liabilities and fund balances</b>	<u>\$ 1,168,167</u>	<u>\$ 1,808,009</u>	<u>\$ 2,976,176</u>

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<b>Ella W. Sharp Park Endowment</b>	<b>Cemetery Perpetual Maintenance</b>	<b>Totals</b>
<b>Revenues</b>			
Charges for services	\$ -	\$ 21,601	\$ 21,601
Investment income	89,209	109,398	198,607
Total revenues	89,209	130,999	220,208
<b>Expenditures</b>	-	8,788	8,788
Revenues over expenditures	89,209	122,211	211,420
<b>Other financing uses</b>			
Transfers out	(46,640)	(64,666)	(111,306)
Net change in fund balances	42,569	57,545	100,114
Fund balances, beginning of year	1,086,810	1,708,598	2,795,408
<b>Fund balances, end of year</b>	<b>\$ 1,129,379</b>	<b>\$ 1,766,143</b>	<b>\$ 2,895,522</b>

## Nonmajor Enterprise Funds

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

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**Ella W. Sharp Park Golf Practice Center Fund** - This fund is used to account for the construction and operation of the Ella W. Sharp Park Golf Practice Center.

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

**Parking Assessment Fund** - This fund is used to account for the revenues and expenses of the City's Meterless Parking System.

**City of Jackson, Michigan**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2009**

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 6,229	\$ 99,762	\$ 263,795	\$ 369,786
Accounts receivable	-	-	825	825
Total current assets	<u>6,229</u>	<u>99,762</u>	<u>264,620</u>	<u>370,611</u>
Noncurrent assets:				
Capital assets not being depreciated	-	1,682,727	-	1,682,727
Capital assets being depreciated, net	107,014	170,382	-	277,396
Total noncurrent assets	<u>107,014</u>	<u>1,853,109</u>	<u>-</u>	<u>1,960,123</u>
<b>Total assets</b>	<u>113,243</u>	<u>1,952,871</u>	<u>264,620</u>	<u>2,330,734</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	-	-	635	635
Accrued payroll	3,168	546	2,270	5,984
Installment purchase contract payable	-	100,000	-	100,000
Total current liabilities	<u>3,168</u>	<u>100,546</u>	<u>2,905</u>	<u>106,619</u>
Noncurrent liabilities:				
Long term advance from other funds	110,000	-	-	110,000
Installment purchase contract payable	-	100,000	-	100,000
Total non-current liabilities	<u>110,000</u>	<u>100,000</u>	<u>-</u>	<u>210,000</u>
<b>Total liabilities</b>	<u>113,168</u>	<u>200,546</u>	<u>2,905</u>	<u>316,619</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	107,014	1,653,109	-	1,760,123
Unrestricted (deficit)	<u>(106,939)</u>	<u>99,216</u>	<u>261,715</u>	<u>253,992</u>
<b>Total net assets</b>	<u>\$ 75</u>	<u>\$ 1,752,325</u>	<u>\$ 261,715</u>	<u>\$ 2,014,115</u>

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Net Assets**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Ella W. Sharp Park Golf Practice Center</u>	<u>Automobile Parking System</u>	<u>Parking Assessment</u>	<u>Totals</u>
<b>Operating revenues</b>				
Charges for sales and services	\$ 54,026	\$ 74,491	\$ 63,391	\$ 191,908
<b>Operating expenses</b>				
Personal services	42,584	19,370	60,226	122,180
Materials and supplies	3,334	1,659	-	4,993
Contractual and other services	3,774	19,548	108,880	132,202
Depreciation	17,836	45,420	-	63,256
Total operating expenses	67,528	85,997	169,106	322,631
Operating loss	(13,502)	(11,506)	(105,715)	(130,723)
<b>Non-operating revenues (expenses)</b>				
Investment income	8	1,870	7,001	8,879
Interest and fiscal charges	(3,000)	(11,142)	-	(14,142)
Total non-operating revenues (expenses)	(2,992)	(9,272)	7,001	(5,263)
Loss before transfers	(16,494)	(20,778)	(98,714)	(135,986)
<b>Transfers in</b>	11,600	32,002	46,122	89,724
Change in net assets	(4,894)	11,224	(52,592)	(46,262)
Net assets, beginning of year	4,969	1,741,101	314,307	2,060,377
<b>Net assets, end of year</b>	<u>\$ 75</u>	<u>\$ 1,752,325</u>	<u>\$ 261,715</u>	<u>\$ 2,014,115</u>

**City of Jackson, Michigan**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2009**

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
<b>Cash flows from operating activities</b>				
Payments to employees	\$ (42,584)	\$ (19,370)	\$ (60,226)	\$ (122,180)
Payments to vendors and claimants	(17,313)	(21,311)	(109,191)	(147,815)
Receipts from customers and users	54,026	74,491	63,391	191,908
Net cash provided by (used in) operating activities	<u>(5,871)</u>	<u>33,810</u>	<u>(106,026)</u>	<u>(78,087)</u>
<b>Cash flows from capital and related financing activities</b>				
Principal paid on long-term debt	-	(75,000)	-	(75,000)
Interest paid on long-term debt	<u>(3,000)</u>	<u>(11,142)</u>	<u>-</u>	<u>(14,142)</u>
Net cash used in capital and related financing activities	<u>(3,000)</u>	<u>(86,142)</u>	<u>-</u>	<u>(89,142)</u>
<b>Cash flows from non-capital financing activities</b>				
Transfer in	<u>11,600</u>	<u>32,002</u>	<u>46,122</u>	<u>89,724</u>
<b>Cash flows from investing activities</b>				
Interest received on investments	<u>8</u>	<u>1,870</u>	<u>7,001</u>	<u>8,879</u>
Net increase (decrease) in cash and cash equivalents	2,737	(18,460)	(52,903)	(68,626)
Cash and cash equivalents, beginning of year	<u>3,492</u>	<u>118,222</u>	<u>316,698</u>	<u>438,412</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 6,229</u></u>	<u><u>\$ 99,762</u></u>	<u><u>\$ 263,795</u></u>	<u><u>\$ 369,786</u></u>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>				
Operating loss	\$ (13,502)	\$ (11,506)	\$ (105,715)	\$ (130,723)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:				
Depreciation	17,836	45,420	-	63,256
Increase (decrease) in:				
Accounts payable	-	-	41	41
Accrued payroll	(205)	(104)	(352)	(661)
Advance from other funds	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
Net cash provided by (used in) operating activities	<u><u>\$ (5,871)</u></u>	<u><u>\$ 33,810</u></u>	<u><u>\$ (106,026)</u></u>	<u><u>\$ (78,087)</u></u>

## Internal Service Funds

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**Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other government units, on a cost reimbursement basis.**

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

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

**Prescription Drug Fund** - This fund is used to record the activity of the City's prescription drug program. Revenues are supplied by charges to various City funds.

**Healthcare Insurance Deductible Fund** - This fund is used to record the activity of the City's healthcare insurance deductible.

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

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

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

**City of Jackson, Michigan**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2009**

	<u>Workers'</u> <u>Compensation</u>	<u>Motor Pool</u> <u>and Garage</u>	<u>Prescription</u> <u>Drug</u>	<u>Healthcare</u> <u>Insurance</u> <u>Deductible</u>	<u>Public Works</u> <u>Administration</u>	<u>Engineering</u> <u>Administration</u>	<u>Local Site</u> <u>Remediation</u> <u>Revolving</u>	<u>Totals</u>
<b>Assets</b>								
Current assets:								
Pooled cash and investments	\$ 1,300,737	\$ 885,731	\$ 113,479	\$ 426,158	\$ 140,949	\$ 91,194	\$ 357,757	\$ 3,316,005
Accounts receivable	-	54	169,646	17,825	70,398	3,912	-	261,835
Interfund receivable	-	5,161	-	-	-	-	-	5,161
Prepaid items	46,000	-	-	-	-	-	-	46,000
<b>Total current assets</b>	<u>1,346,737</u>	<u>890,946</u>	<u>283,125</u>	<u>443,983</u>	<u>211,347</u>	<u>95,106</u>	<u>357,757</u>	<u>3,629,001</u>
Noncurrent assets:								
Long-term advances from other funds	1,015,357	-	-	-	-	-	-	1,015,357
Capital assets being depreciated, net	-	1,498,602	-	-	-	-	-	1,498,602
<b>Total noncurrent assets</b>	<u>1,015,357</u>	<u>1,498,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,513,959</u>
<b>Total assets</b>	<u>2,362,094</u>	<u>2,389,548</u>	<u>283,125</u>	<u>443,983</u>	<u>211,347</u>	<u>95,106</u>	<u>357,757</u>	<u>6,142,960</u>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	36,467	50,546	68,993	55,176	8,451	989	2,200	222,822
Accrued payroll	-	13,659	-	-	14,382	5,009	-	33,050
<b>Total current liabilities</b>	<u>36,467</u>	<u>64,205</u>	<u>68,993</u>	<u>55,176</u>	<u>22,833</u>	<u>5,998</u>	<u>2,200</u>	<u>255,872</u>
Noncurrent liabilities:								
Long-term advance from other funds	-	117,094	-	-	-	-	-	117,094
Estimated claims payable	663,318	-	-	-	-	-	-	663,318
<b>Total noncurrent liabilities</b>	<u>663,318</u>	<u>117,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>780,412</u>
<b>Total liabilities</b>	<u>699,785</u>	<u>181,299</u>	<u>68,993</u>	<u>55,176</u>	<u>22,833</u>	<u>5,998</u>	<u>2,200</u>	<u>1,036,284</u>
<b>Net assets</b>								
Investment in capital assets, net of related debt	-	1,498,602	-	-	-	-	-	1,498,602
Unrestricted	1,662,309	709,647	214,132	388,807	188,514	89,108	355,557	3,608,074
<b>Total net assets</b>	<u>\$ 1,662,309</u>	<u>\$ 2,208,249</u>	<u>\$ 214,132</u>	<u>\$ 388,807</u>	<u>\$ 188,514</u>	<u>\$ 89,108</u>	<u>\$ 355,557</u>	<u>\$ 5,106,676</u>

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenses**  
**and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Workers'</u> <u>Compensation</u>	<u>Motor Pool</u> <u>and Garage</u>	<u>Prescription</u> <u>Drug</u>	<u>Healthcare</u> <u>Insurance</u> <u>Deductible</u>	<u>Public Works</u> <u>Administration</u>	<u>Engineering</u> <u>Administration</u>	<u>Local Site</u> <u>Remediation</u> <u>Revolving</u>	<u>Totals</u>
<b>Operating revenues</b>								
Charges for services	\$ 260,420	\$ 254,540	\$ 925,927	\$ 364,150	\$ 603,337	\$ 370,393	\$ 204,834	\$ 2,983,601
Miscellaneous	35,757	1,132,705	50,315	-	-	1,774	-	1,220,551
Total operating revenues	<u>296,177</u>	<u>1,387,245</u>	<u>976,242</u>	<u>364,150</u>	<u>603,337</u>	<u>372,167</u>	<u>204,834</u>	<u>4,204,152</u>
<b>Operating expenses</b>								
Personal services	-	420,733	-	-	498,464	281,291	-	1,200,488
Administration	-	-	-	-	75,185	74,531	2,200	151,916
Materials and supplies	-	372,821	-	-	-	-	-	372,821
Contractual and other services	30,079	143,990	1,005,484	224,275	-	-	-	1,403,828
Benefit payments:								
Claims	115,456	-	-	-	-	-	-	115,456
Fees and reinsurance	45,135	-	-	-	-	-	-	45,135
Depreciation	-	366,601	-	-	-	-	-	366,601
Total operating expenses	<u>190,670</u>	<u>1,304,145</u>	<u>1,005,484</u>	<u>224,275</u>	<u>573,649</u>	<u>355,822</u>	<u>2,200</u>	<u>3,656,245</u>
Operating income (loss)	105,507	83,100	(29,242)	139,875	29,688	16,345	202,634	547,907
<b>Non-operating revenues</b>								
Investment income	85,777	22,151	4,093	7,229	6,988	2,583	3,869	132,690
Change in net assets	191,284	105,251	(25,149)	147,104	36,676	18,928	206,503	680,597
<b>Net assets, beginning of year</b>	<u>1,471,025</u>	<u>2,102,998</u>	<u>239,281</u>	<u>241,703</u>	<u>151,838</u>	<u>70,180</u>	<u>149,054</u>	<u>4,426,079</u>
<b>Net assets, end of year</b>	<u>\$ 1,662,309</u>	<u>\$ 2,208,249</u>	<u>\$ 214,132</u>	<u>\$ 388,807</u>	<u>\$ 188,514</u>	<u>\$ 89,108</u>	<u>\$ 355,557</u>	<u>\$ 5,106,676</u>

**City of Jackson, Michigan**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Workers'</u> <u>Compensation</u>	<u>Motor Pool</u> <u>and Garage</u>	<u>Prescription</u> <u>Drug</u>	<u>Healthcare</u> <u>Insurance</u> <u>Deductible</u>	<u>Public Works</u> <u>Administration</u>	<u>Engineering</u> <u>Administration</u>	<u>Local Site</u> <u>Remediation</u> <u>Revolving</u>	<u>Totals</u>
<b>Cash flows from operating activities</b>								
Payments to employees	\$ -	\$ (420,242)	\$ -	\$ -	\$ (494,016)	\$ (285,289)	\$ -	\$ (1,199,547)
Payments to vendors and claimants	(156,805)	(480,308)	(1,008,812)	(185,444)	(75,468)	(75,985)	-	(1,982,822)
Receipts for interfund services provided	296,177	1,382,100	976,242	346,325	574,850	371,914	204,834	4,152,442
Net cash provided by (used in) operating activities	<u>139,372</u>	<u>481,550</u>	<u>(32,570)</u>	<u>160,881</u>	<u>5,366</u>	<u>10,640</u>	<u>204,834</u>	<u>970,073</u>
<b>Cash flows from capital and related financing activities</b>								
Purchase of capital assets	-	(563,695)	-	-	-	-	-	(563,695)
Principal and interest received on advances	103,536	-	-	-	-	-	-	103,536
Interfund advances received	-	11,984	-	-	-	-	-	11,984
Net cash provided by (used in) capital and related financing activities	<u>103,536</u>	<u>(551,711)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(448,175)</u>
<b>Cash flows from investing activities</b>								
Interest received on investments	85,777	22,151	4,093	7,229	6,988	2,583	3,869	132,690
Net increase (decrease) in cash and cash equivalents	328,685	(48,010)	(28,477)	168,110	12,354	13,223	208,703	654,588
Cash and cash equivalents, beginning of year	972,052	933,741	141,956	258,048	128,595	77,971	149,054	2,661,417
<b>Cash and cash equivalents, end of year</b>	<u>\$ 1,300,737</u>	<u>\$ 885,731</u>	<u>\$ 113,479</u>	<u>\$ 426,158</u>	<u>\$ 140,949</u>	<u>\$ 91,194</u>	<u>\$ 357,757</u>	<u>\$ 3,316,005</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>								
Operating income (loss)	\$ 105,507	\$ 83,100	\$ (29,242)	\$ 139,875	\$ 29,688	\$ 16,345	\$ 202,634	\$ 547,907
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	366,601	-	-	-	-	-	366,601
(Increase) decrease in:								
Accounts receivable	-	16	-	(17,825)	(28,487)	(253)	-	(46,549)
Interfund receivable	-	(5,161)	-	-	-	-	-	(5,161)
Increase (decrease) in:								
Accounts payable	33,865	36,503	(3,328)	38,831	(283)	(1,454)	2,200	106,334
Accrued payroll	-	491	-	-	4,448	(3,998)	-	941
Net cash provided by (used in) operating activities	<u>\$ 139,372</u>	<u>\$ 481,550</u>	<u>\$ (32,570)</u>	<u>\$ 160,881</u>	<u>\$ 5,366</u>	<u>\$ 10,640</u>	<u>\$ 204,834</u>	<u>\$ 970,073</u>

# Agency Funds

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

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**Payroll Clearing** - This fund is used to process City-wide payroll.

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

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

**Employee Bond Savings Fund** - This fund is used to account for employee payroll deductions and related purchases of United States Savings Bonds.

**Community Development Block Grant Escrow Fund** - This fund was established to act as an escrow depository for all loans and grants related to the City's Community Development Block Grant Rehabilitation Program.

**Act 495 Fire Trust Fund** - This fund was established to hold escrowed amounts from insurance proceeds due to fire loss in order to ensure that the damaged property is rehabilitated by the owner's.

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

**City of Jackson, Michigan  
All Agency Funds  
Combining Balance Sheet  
June 30, 2009**

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	<u>Payroll Clearing</u>	<u>Jeopardy Tax</u>	<u>County and School Tax Collection</u>	<u>Employee Bond Savings</u>	<u>Community Development Block Grant Escrow</u>	<u>Act 495 Fire Trust Fund</u>	<u>Cafeteria Reimbursement</u>	<u>Total</u>
<b>Assets</b>								
Pooled cash and investments	\$ -	\$ 2,409	\$ 13,901	\$ 200	\$ 18,798	\$ 28,719	\$ 30,760	\$ 94,787
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 18,798	\$ -	\$ 16,337	\$ 35,135
Due to other governments	-	2,409	13,901	-	-	-	-	16,310
Other liabilities	-	-	-	200	-	28,719	14,423	43,342
Total liabilities	<u>\$ -</u>	<u>\$ 2,409</u>	<u>\$ 13,901</u>	<u>\$ 200</u>	<u>\$ 18,798</u>	<u>\$ 28,719</u>	<u>\$ 30,760</u>	<u>\$ 94,787</u>

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Balance June 30, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2009</u>
<b>Payroll clearing account</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 30,252,848	\$ 30,252,848	\$ -
	<u>\$ -</u>	<u>\$ 30,252,848</u>	<u>\$ 30,252,848</u>	<u>\$ -</u>
<b>Liabilities:</b>				
Due to other governmental units	\$ -	\$ 30,252,848	\$ 30,252,848	\$ -
	<u>\$ -</u>	<u>\$ 30,252,848</u>	<u>\$ 30,252,848</u>	<u>\$ -</u>
<b>Jeopardy Tax Fund:</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 2,409	\$ -	\$ -	\$ 2,409
	<u>\$ 2,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,409</u>
<b>Liabilities:</b>				
Due to other governmental units :	\$ 2,409	\$ -	\$ -	\$ 2,409
	<u>\$ 2,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,409</u>
<b>County &amp; School Tax Collection Fund:</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 172,707	\$ 33,988,124	\$ 34,146,930	\$ 13,901
Taxes receivable - real	-	33,925,923	33,925,923	-
	<u>\$ 172,707</u>	<u>\$ 67,914,047</u>	<u>\$ 68,072,853</u>	<u>\$ 13,901</u>
<b>Liabilities:</b>				
Due to other governmental units:				
Undistributed tax collections:				
Jackson County	\$ -	\$ 4,837,319	\$ 4,837,319	\$ -
Jackson Public Schools	-	8,110,319	8,110,319	-
Northwest Schools	-	25,883	25,883	-
Michigan Center Schools	-	96,129	96,129	-
East Jackson Schools	-	5,276	5,276	-
Jackson Intermediate School District	-	5,410,949	5,410,949	-
Jackson Community College	-	763,659	763,659	-
Jackson Transportation Authority	-	667,210	667,210	-
State of Michigan - State Education Tax	-	3,817,686	3,817,686	-
Other	172,707	10,253,694	10,412,500	13,901
	<u>\$ 172,707</u>	<u>\$ 33,988,124</u>	<u>\$ 34,146,930</u>	<u>\$ 13,901</u>
<b>Employee Bond Savings Fund:</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 635	\$ 5,165	\$ 5,600	\$ 200
	<u>\$ 635</u>	<u>\$ 5,165</u>	<u>\$ 5,600</u>	<u>\$ 200</u>
<b>Liabilities:</b>				
Employees' bond deductions payable	\$ 635	\$ 5,165	\$ 5,600	\$ 200
	<u>\$ 635</u>	<u>\$ 5,165</u>	<u>\$ 5,600</u>	<u>\$ 200</u>

Continued

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2009**  
(Concluded)

	Balance June 30, 2008	Additions	Deductions	Balance June 30, 2009
<b>Community Development Block Grant Escrow Fund</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 19,176	\$ 64,319	\$ 64,697	\$ 18,798
<b>Liabilities:</b>				
Accounts payable	\$ 19,176	\$ 64,319	\$ 64,697	\$ 18,798
<b>Act 495 Fire Trust Fund</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 22,121	\$ 65,865	\$ 59,267	\$ 28,719
<b>Liabilities:</b>				
Insurance deposits	\$ 22,121	\$ 65,865	\$ 59,267	\$ 28,719
<b>Cafeteria Reimbursement Fund</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ -	\$ 275,535	\$ 244,775	\$ 30,760
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 130,556	\$ 114,219	\$ 16,337
Employees' contributions	-	144,979	130,556	14,423
	\$ -	\$ 275,535	\$ 244,775	\$ 30,760
<b>Totals</b>				
<b>Assets:</b>				
Pooled cash and investments	\$ 217,048	\$ 64,521,300	\$ 64,643,561	\$ 94,787
Taxes receivable - real	-	33,925,923	33,925,923	-
	\$ 217,048	\$ 98,447,223	\$ 98,569,484	\$ 94,787
<b>Liabilities:</b>				
Accounts payable	\$ 19,176	\$ 194,875	\$ 178,916	\$ 35,135
Due to other governmental units	175,116	30,252,848	30,411,654	16,310
Undistributed tax collections:				
Jackson County	-	4,837,319	4,837,319	-
Jackson Public Schools	-	8,110,319	8,110,319	-
Northwest Schools	-	25,883	25,883	-
Michigan Center Schools	-	96,129	96,129	-
East Jackson Schools	-	5,276	5,276	-
Jackson Intermediate School District	-	5,410,949	5,410,949	-
Jackson Community College	-	763,659	763,659	-
Jackson Transportation Authority	-	667,210	667,210	-
State of Michigan - State Education Tax	-	3,817,686	3,817,686	-
Other	-	10,253,694	10,253,694	-
Other liabilities:				
Employees' bond deductions payable	635	5,165	5,600	200
Employees' contributions	-	144,979	130,556	14,423
Insurance deposits	22,121	65,865	59,267	28,719
	\$ 217,048	\$ 64,651,856	\$ 64,774,117	\$ 94,787

**City of Jackson, Michigan**  
**Balance Sheet / Statement of Net Assets**  
**Brownfield Redevelopment Authority Component Unit**  
**June 30, 2009**

	<u>Capital Projects</u> <u>Brownfield</u> <u>Redevelopment</u> <u>Authority</u>	<u>Adjustments</u>	<u>Statement</u> <u>of Net Assets</u>
<b>Assets</b>			
Pooled cash and investments	\$ 3,018,672	\$ -	\$ 3,018,672
<b>Liabilities</b>			
Accounts payable	\$ 286	-	286
Salaries payable	998	-	998
Total liabilities	1,284	-	1,284
<b>Fund balances</b>			
Unreserved - undesignated	3,017,388	(3,017,388)	-
Total liabilities and fund balance	\$ 3,018,672		
<b>Net assets - unrestricted</b>		<u>\$ 3,017,388</u>	<u>\$ 3,017,388</u>

**City of Jackson, Michigan**  
**Statement of Revenue, Expenditures**  
**and Changes in Fund Balances / Statement of Activities**  
**Brownfield Redevelopment Authority Component Unit**  
**For the Fiscal Year Ended June 30, 2009**

	<u>Capital Projects</u> <u>Brownfield</u> <u>Redevelopment</u> <u>Authority</u>	<u>Adjustments</u>	<u>Statement</u> <u>of Activities</u>
<b>Revenue</b>			
Property tax	\$ 1,436,799	\$ -	\$ 1,436,799
Interest revenue	61,847	-	61,847
Total revenue	1,498,646	-	1,498,646
<b>Expenditures/Expenses</b>			
Community enrichment	1,271,194	-	1,271,194
Excess of revenues over expenditures	227,452	-	-
Change in net assets	-	-	227,452
Fund balances / net assets, beginning of year	2,789,936	-	2,789,936
<b>Fund balances / net assets, end of year</b>	<u>\$ 3,017,388</u>	<u>\$ -</u>	<u>\$ 3,017,388</u>

# **STATISTICAL SECTION**

## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends (schedules 1 thru 5)	113
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity (schedules 6 thru 9)	120
<i>These schedules contain information to help the reader assess the government's most significant local revenue sources: property taxes and water and wastewater usage fees.</i>	
Debt Capacity (schedules 10 thru 12)	124
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information (schedules 13 and 14)	127
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information (schedules 15 thru 26)	129
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Source: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**City of Jackson Michigan**  
**Net Assets by Component**  
**Last Seven Years (A)**  
*(accrual basis of accounting)*

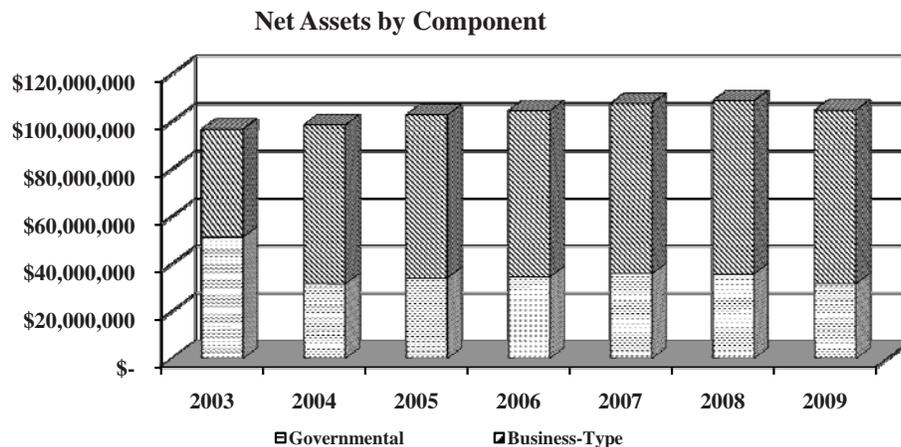
Schedule 1  
 UNAUDITED

	2003	2004	2005	2006	2007	2008	2009
<b>Governmental activities</b>							
Invested in capital assets, net of related debt	\$ 39,044,014	\$ 17,246,524	\$ 19,477,559	\$ 20,420,840	\$ 23,412,904	\$ 22,909,620	\$ 25,292,037
Restricted	6,530,504	5,785,257	7,566,923	6,220,922	5,261,929	5,250,943	6,084,912
Unrestricted	5,579,873	8,461,304	6,890,748	7,794,846	7,158,068	7,433,449	152,107
<b>Total governmental activities net assets</b>	<b>\$ 51,154,391</b>	<b>\$ 31,493,085</b>	<b>\$ 33,935,230</b>	<b>\$ 34,436,608</b>	<b>\$ 35,832,901</b>	<b>\$ 35,594,012</b>	<b>\$ 31,529,056</b>
<b>Business-type activities</b>							
Invested in capital assets, net of related debt	\$ 32,241,403	\$ 52,374,587	\$ 52,754,671	\$ 53,240,973	\$ 53,809,620	\$ 55,168,398	\$ 57,102,607
Restricted	1,490,472	1,447,009	1,447,009	1,447,009	1,447,009	1,447,009	167,600
Unrestricted	11,785,040	13,143,279	14,565,296	15,288,589	16,417,163	16,368,542	15,846,100
<b>Total business-type activities net assets</b>	<b>\$ 45,516,915</b>	<b>\$ 66,964,875</b>	<b>\$ 68,766,976</b>	<b>\$ 69,976,571</b>	<b>\$ 71,673,792</b>	<b>\$ 72,983,949</b>	<b>\$ 73,116,307</b>
<b>Primary government</b>							
Invested in capital assets, net of related debt	\$ 71,285,417	\$ 69,621,111	\$ 72,232,230	\$ 73,661,813	\$ 77,222,524	\$ 78,078,018	\$ 82,394,644
Restricted	8,020,976	7,232,266	9,013,932	7,667,931	6,708,938	6,697,952	6,252,512
Unrestricted	17,364,913	21,604,583	21,456,044	23,083,435	23,575,231	23,801,991	15,998,207
<b>Total primary government net assets</b>	<b>\$ 96,671,306</b>	<b>\$ 98,457,960</b>	<b>\$ 102,702,206</b>	<b>\$ 104,413,179</b>	<b>\$ 107,506,693</b>	<b>\$ 108,577,961</b>	<b>\$ 104,645,363</b>

(A) - The City of Jackson implemented GASB Statement No. 34 as of and for the year ended June 30, 2003.

Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department



**City of Jackson Michigan**  
**Changes in Net Assets**  
**Last Seven Years (A)**  
*(accrual basis of accounting)*

Schedule 2  
UNAUDITED

	2003	2004	2005	2006	2007	2008	2009
<b>Revenue:</b>							
Governmental activities:							
Program revenues:							
Charges for services	\$ 3,010,853	\$ 3,489,305	\$ 3,768,592	\$ 4,441,578	\$ 4,928,945	\$ 4,576,960	\$ 4,545,223
Operating grants and contributions	6,361,454	5,616,389	4,873,069	6,341,324	5,929,661	5,954,457	5,964,746
Capital grants and contributions	3,802,848	1,405,094	2,885,188	1,797,076	2,591,674	1,119,751	1,444,563
General revenues:							
Property taxes	6,964,585	7,754,736	9,105,344	9,584,773	11,062,066	10,710,438	10,488,646
Income taxes	6,602,493	6,984,060	7,300,012	7,249,113	7,822,180	7,946,837	7,645,706
Grants and contributions not restricted to specific programs	6,434,919	5,895,879	7,057,734	6,737,106	5,538,943	5,390,450	5,730,532
Other	522,960	359,894	344,903	614,799	626,456	613,778	300,223
Total governmental activities revenues	33,700,112	31,505,357	35,334,842	36,765,769	38,499,925	36,312,671	36,119,639
Business-type activities:							
Program revenues:							
Charges for services	10,871,202	10,828,680	11,297,270	11,258,598	12,004,796	11,987,813	11,741,153
Capital grants and contributions	-	1,253,130	-	-	-	-	-
General revenues:							
Grants and contributions not restricted to specific programs	281,068	299,455	451,473	240,999	268,077	527,454	225,628
Other	209,785	141,311	249,120	500,427	703,383	781,190	357,139
Total business-type activities revenues	11,362,055	12,522,576	11,997,863	12,000,024	12,976,256	13,296,457	12,323,920
Total primary government revenues	45,062,167	44,027,933	47,332,705	48,765,793	51,476,181	49,609,128	48,443,559
<b>Expenses:</b>							
Governmental activities:							
Legislative	76,713	76,344	70,428	79,904	79,944	100,856	84,987
General government	4,365,163	4,213,894	4,162,208	4,750,801	5,227,643	5,106,778	5,590,322
Public safety	13,722,166	14,135,744	15,211,748	16,110,222	16,865,859	16,474,297	18,514,730
Public works	4,582,298	5,793,948	5,602,686	6,391,700	6,112,674	6,363,857	6,982,096
Culture and recreation	3,284,568	2,267,890	2,638,497	2,766,612	2,746,767	2,484,262	2,823,240
Community enrichment & development	3,414,818	5,133,149	2,977,181	4,031,540	3,951,962	3,836,177	4,276,212
Interest on long-term debt	1,676,873	1,916,025	2,125,358	2,025,886	1,995,657	1,767,307	1,823,284
Total governmental activities expenses	31,122,599	33,536,994	32,788,106	36,156,665	36,980,506	36,133,534	40,094,871
Business-type activities:							
Sewer	4,637,525	4,334,517	4,545,475	4,790,277	5,257,605	5,405,194	5,186,279
Water	5,339,940	5,130,173	5,048,903	5,437,488	5,448,272	5,896,097	6,315,543
Parking system	225,109	589,578	638,752	597,889	627,579	743,253	708,936
Golf Practice Center	74,292	80,487	67,222	72,501	68,705	71,092	70,528
Total business-type activities expenses	10,276,866	10,134,755	10,300,352	10,898,155	11,402,161	12,115,636	12,281,286
Total primary government expenses	41,399,465	43,671,749	43,088,458	47,054,820	48,382,667	48,249,170	52,376,157
<b>Increase (decrease) in net assets before transfers</b>	3,662,702	356,184	4,244,247	1,710,973	3,093,514	1,359,958	(3,932,598)
<b>Net assets, beginning of year, as restated</b>	93,008,603	96,671,305	98,457,959	102,702,206	104,413,179	107,506,693	108,577,961
<b>Other restatements at June 30</b>	-	1,430,470	-	-	-	(288,690)	-
<b>Net assets, end of year</b>	\$ 96,671,305	\$ 98,457,959	\$ 102,702,206	\$ 104,413,179	\$ 107,506,693	\$ 108,577,961	\$ 104,645,363

(A) - The City of Jackson implemented GASB Statement No. 34 as of and for the year ended June 30, 2003. Accordingly, data prior to this period is not available.  
Source: City of Jackson Finance Department

**City of Jackson Michigan**  
**Fund Balances - Governmental Funds**  
**Last Seven Years (A)**  
*(modified accrual basis of accounting)*

Schedule 3  
 UNAUDITED

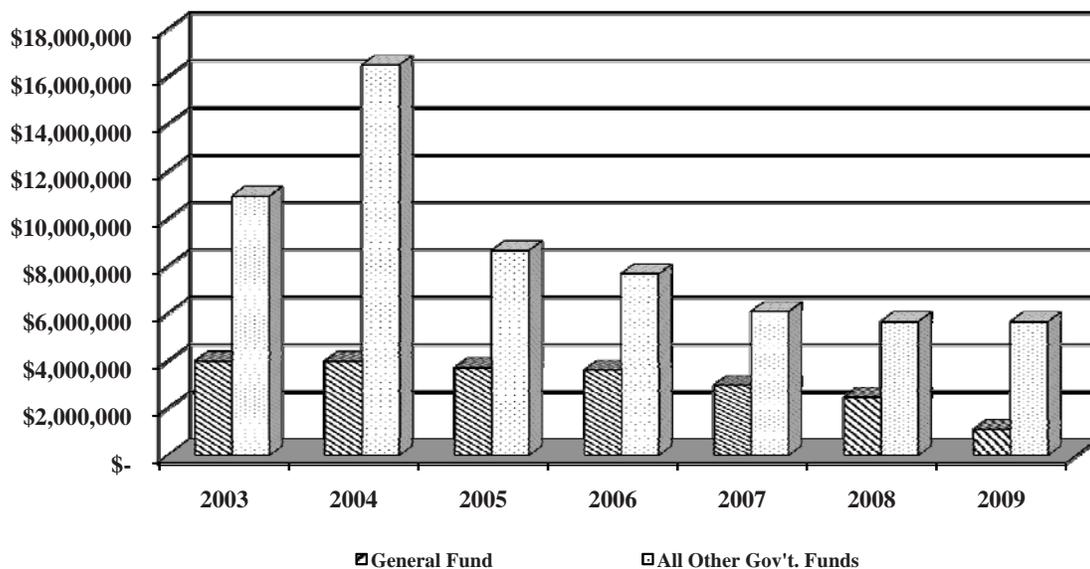
	2003	2004	2005	2006	2007	2008	2009
<b>General Fund</b>							
Reserved	\$ 135,874	\$ 989,309	\$ 576,699	\$ 1,007,649	\$ 311,967	\$ 379,213	\$ 249,169
Unreserved	3,854,814	2,998,657	3,129,904	2,596,377	2,656,966	2,078,521	854,812
<b>Total general fund</b>	<b>\$ 3,990,688</b>	<b>\$ 3,987,966</b>	<b>\$ 3,706,603</b>	<b>\$ 3,604,026</b>	<b>\$ 2,968,933</b>	<b>\$ 2,457,734</b>	<b>\$ 1,103,981</b>
<b>All Other Governmental Funds</b>							
Reserved	\$ 3,926,763	\$ 3,101,874	\$ 3,134,439	\$ 2,890,964	\$ 2,989,343	\$ 3,116,497	\$ 3,259,351
Unreserved, reported in:							
Special revenue funds	1,583,168	2,262,510	3,619,163	4,015,537	2,810,082	2,498,687	2,492,904
Debt service funds	1,258,212	1,474,422	30,986	35,044	43,361	54,908	42,961
Capital projects funds	4,187,765	9,604,507	1,860,542	731,542	230,953	(17,189)	(146,010)
Permanent funds	-	39,370	8,698	-	-	-	-
<b>Total all other governmental funds</b>	<b>\$ 10,955,908</b>	<b>\$ 16,482,683</b>	<b>\$ 8,653,828</b>	<b>\$ 7,673,087</b>	<b>\$ 6,073,739</b>	<b>\$ 5,652,903</b>	<b>\$ 5,649,206</b>

(A) - The City of Jackson implemented GASB Statement No. 34 as of and for the year ended June 30, 2003.

Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department

**Fund Balances - Governmental Funds**



**City of Jackson Michigan**  
**Changes in Fund Balances - Governmental Funds**  
**Last Ten Years**  
*(modified accrual basis of accounting)*

	2000	2001	2002	2003
<b>Revenues</b>				
Taxes	\$ 13,631,682	\$ 13,702,763	\$ 13,372,157	\$ 13,466,902
Licenses and permits	358,074	486,357	542,190	218,273
Intergovernmental	12,562,148	16,474,679	11,894,532	14,305,787
Charges for services	2,133,839	2,107,313	2,381,975	2,882,738
Fines and forfeits	358,667	344,046	276,971	250,233
Special assessments	375,912	368,804	383,620	266,702
Investment income	548,693	709,183	606,470	606,189
Miscellaneous	661,046	1,275,535	807,545	1,475,169
<b>Total revenues</b>	<b>30,630,061</b>	<b>35,468,680</b>	<b>30,265,460</b>	<b>33,471,993</b>
<b>Expenditures</b>				
Legislative	58,791	61,317	75,940	76,713
General government	3,894,168	4,008,933	4,289,336	4,432,218
Public safety	13,862,836	14,123,279	13,353,931	13,816,626
Public works	7,012,898	8,489,758	5,587,490	9,323,432
Culture and recreation	2,039,918	2,098,837	2,432,546	2,555,559
Community enrichment and development	2,928,144	4,281,114	2,168,430	16,208,105
Capital outlay	629,992	13,323,432	2,187,506	947,770
Debt service:				
Principal	631,391	571,690	658,157	674,884
Interest and fiscal charges	197,776	193,541	793,440	1,781,623
Other	15,869	-	-	-
<b>Total expenditures</b>	<b>31,271,783</b>	<b>47,151,901</b>	<b>31,546,776</b>	<b>49,816,930</b>
<b>Revenues over (under) expenditures</b>	<b>(641,722)</b>	<b>(11,683,221)</b>	<b>(1,281,316)</b>	<b>(16,344,937)</b>
<b>Other financing sources (uses)</b>				
Proceeds from the capital assets	-	-	-	172,092
Proceeds from the issuance of debt	1,440,220	19,548,967	200,000	1,750,000
Discount on bonds	-	-	-	-
Payment to escrow agent	-	-	-	-
Transfers in	3,625,083	4,168,206	2,895,287	3,374,678
Transfers out	(3,649,951)	(4,227,272)	(2,995,009)	(3,491,773)
<b>Total other financing sources (uses)</b>	<b>1,415,352</b>	<b>19,489,901</b>	<b>100,278</b>	<b>1,804,997</b>
<b>Net changes in fund balances</b>	<b>\$ 773,630</b>	<b>\$ 7,806,680</b>	<b>\$ (1,181,038)</b>	<b>\$ (14,539,940)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>3.0%</b>	<b>2.8%</b>	<b>6.4%</b>	<b>8.3%</b>

Source: City of Jackson Finance Department

**Schedule 4  
UNAUDITED**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
\$	14,879,726	\$ 16,325,697	\$ 16,806,838	\$ 18,716,042	\$ 18,589,716	\$ 18,249,873
	216,538	254,973	231,377	231,486	228,671	247,399
	11,534,408	12,845,112	12,846,052	13,180,443	11,274,670	11,885,926
	2,875,007	2,832,829	3,853,103	4,051,135	3,848,682	3,870,877
	264,746	258,178	212,690	203,086	221,869	224,967
	478,716	249,531	378,339	306,739	467,981	384,602
	253,453	311,614	457,942	697,179	767,926	406,345
	1,454,100	2,135,528	1,843,723	571,129	785,300	998,231
	31,956,694	35,213,462	36,630,064	37,957,239	36,184,815	36,268,220
	76,344	70,428	79,904	79,944	100,856	84,987
	4,366,698	4,481,144	4,460,003	4,814,896	4,687,386	4,778,604
	14,282,280	15,252,256	16,555,647	17,460,830	16,945,032	17,398,422
	6,179,742	7,860,861	6,528,508	8,480,193	5,954,413	5,974,822
	2,463,750	2,432,741	2,592,558	2,727,397	2,668,948	2,758,877
	2,644,390	1,816,545	2,873,782	2,581,143	2,589,998	2,543,682
	4,048,998	8,094,359	1,456,073	731,251	506,321	625,907
	903,679	1,039,000	1,064,000	1,219,000	1,479,000	1,604,000
	1,659,899	2,243,834	2,021,976	1,994,884	1,773,561	1,789,183
	-	-	-	-	215,913	-
	36,625,780	43,291,168	37,632,451	40,089,538	36,921,428	37,558,484
	(4,669,086)	(8,077,706)	(1,002,387)	(2,132,299)	(736,613)	(1,290,264)
	84,105	72,079	26,795	20,984	11,452	22,538
	10,370,000	-	-	-	9,905,000	-
	(155,531)	-	-	-	(94,062)	-
	-	-	-	-	(9,599,786)	-
	4,628,187	4,399,406	2,158,544	2,969,637	2,635,156	3,552,312
	(4,733,622)	(4,503,997)	(2,266,270)	(3,092,763)	(2,764,492)	(3,642,036)
	10,193,139	(32,512)	(80,931)	(102,142)	93,268	(67,186)
<b>\$</b>	<b>5,524,053</b>	<b>\$ (8,110,218)</b>	<b>\$ (1,083,318)</b>	<b>\$ (2,234,441)</b>	<b>\$ (643,345)</b>	<b>\$ (1,357,450)</b>
	<b>8.1%</b>	<b>10.5%</b>	<b>9.2%</b>	<b>9.2%</b>	<b>9.4%</b>	<b>9.7%</b>

**City of Jackson Michigan**  
**Changes in Fund Balances - General Fund**  
**Last Ten Years**  
*(modified accrual basis of accounting)*

	2000	2001	2002	2003
<b>Revenues</b>				
Taxes	\$ 12,625,783	\$ 12,665,924	\$ 12,265,353	\$ 12,224,021
Licenses and permits	358,074	226,688	224,890	218,273
Intergovernmental	6,302,590	6,871,889	6,710,619	6,032,594
Charges for services	1,242,152	1,159,816	1,226,849	1,425,226
Fines and forfeits	358,667	344,046	276,971	250,233
Investment income	125,900	247,718	146,633	90,810
Miscellaneous	117,875	538,547	107,567	150,201
<b>Total revenues</b>	<b>21,131,041</b>	<b>22,054,628</b>	<b>20,958,882</b>	<b>20,391,358</b>
<b>Expenditures</b>				
Legislative	58,791	61,317	75,940	76,713
General government	3,894,168	4,002,020	4,283,723	4,432,218
Public safety	13,225,486	12,957,886	12,231,371	12,658,451
Public works	1,620,371	1,594,535	1,661,154	1,592,589
Culture and recreation	1,170,535	1,203,127	1,481,886	1,588,412
Community enrichment and development	248,972	258,803	219,345	314,437
<b>Total expenditures</b>	<b>20,218,323</b>	<b>20,077,688</b>	<b>19,953,419</b>	<b>20,662,820</b>
Revenues over (under) expenditures	912,718	1,976,940	1,005,463	(271,462)
<b>Other financing sources (uses)</b>				
Proceeds from the capital assets (A)				131,309
Transfers in	376,111	338,514	278,402	214,393
Transfers out	(1,090,725)	(480,659)	(374,170)	(269,144)
<b>Total other financing sources (uses)</b>	<b>(714,614)</b>	<b>(142,145)</b>	<b>(95,768)</b>	<b>76,558</b>
<b>Net changes in fund balances</b>	<b>\$ 198,104</b>	<b>\$ 1,834,795</b>	<b>\$ 909,695</b>	<b>\$ (194,904)</b>

(A) - The City of Jackson implemented GASB Statement No. 34 as of and for the year ended June 30, 2003.

Proceeds from the sale of capital assets prior to that period were recorded as miscellaneous revenue.

Source: City of Jackson Finance Department

**Schedule 5**  
**UNAUDITED**

	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
\$	13,007,511	\$ 13,843,364	\$ 14,276,643	\$ 16,016,387	\$ 15,794,628	\$ 15,415,825
	216,538	254,973	231,377	231,486	228,671	247,399
	5,769,574	5,581,910	5,925,153	5,572,841	5,204,759	5,474,154
	1,441,380	1,338,854	1,170,927	1,306,639	1,305,095	1,299,376
	264,746	258,178	212,690	203,086	221,869	224,967
	73,972	105,190	267,083	288,413	307,193	101,926
	402,960	1,392,079	1,404,473	130,031	151,284	370,730
	21,176,681	22,774,548	23,488,346	23,748,883	23,213,499	23,134,377
	76,344	70,428	79,904	79,944	100,856	84,987
	4,366,698	4,481,144	4,460,003	4,814,896	4,687,386	4,778,604
	13,207,314	14,010,760	15,229,963	16,292,286	15,745,929	16,165,588
	1,690,189	1,414,892	1,728,580	1,498,532	1,498,147	1,513,350
	1,547,153	1,508,574	1,385,593	1,465,900	1,466,462	1,549,225
	254,780	190,797	204,811	202,150	198,589	259,488
	21,142,478	21,676,595	23,088,854	24,353,708	23,697,369	24,351,242
	34,203	1,097,953	399,492	(604,825)	(483,870)	(1,216,865)
	10,624	17,809	13,379	20,984	11,452	9,979
	271,834	206,969	270,667	274,603	319,680	152,291
	(319,383)	(1,604,094)	(786,115)	(325,855)	(358,461)	(299,158)
	(36,925)	(1,379,316)	(502,069)	(30,268)	(27,329)	(136,888)
\$	(2,722)	\$ (281,363)	\$ (102,577)	\$ (635,093)	\$ (511,199)	\$ (1,353,753)

# City of Jackson Michigan

## Assessed and Actual Value of Taxable Property

### Last Ten Years

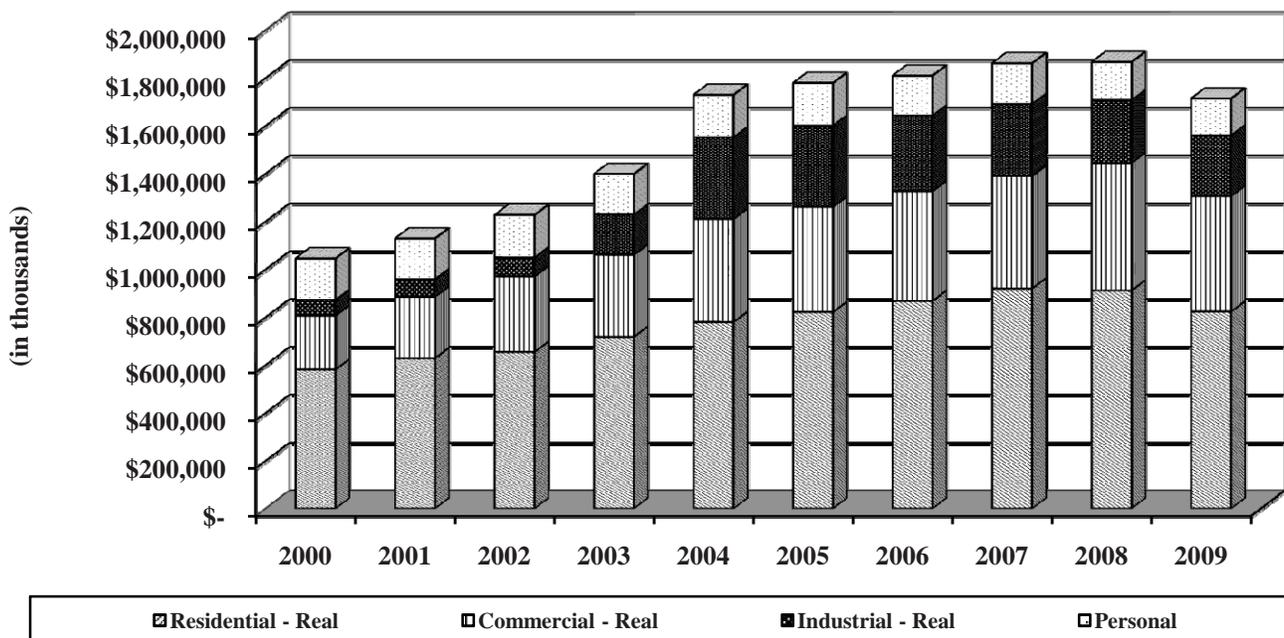
Schedule 6  
UNAUDITED

Fiscal Year (2)	Real			Personal Property	Total Assessed and Actual Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property			
2000	\$ 581,086,600	\$ 225,127,400	\$ 66,188,600	\$ 172,990,800	\$ 1,045,393,400	13.5134
2001	628,608,100	256,600,900	73,712,100	169,591,200	1,128,512,300	13.0225
2002	654,605,400	315,855,800	79,487,000	176,989,600	1,226,937,800	12.6001
2003	717,994,200	343,127,500	167,342,500	169,773,000	1,398,237,200	12.3389
2004	779,403,700	431,047,200	341,800,400	177,136,200	1,729,387,500	12.7889
2005	821,731,700	439,568,300	339,821,700	177,797,200	1,778,918,900	13.8789
2006	867,913,346	458,971,176	315,901,156	166,551,738	1,809,337,416	13.5089
2007	920,076,136	470,022,986	300,845,186	170,020,000	1,860,964,308	14.5789
2008	911,658,506	533,316,152	262,235,412	158,722,800	1,865,932,870	14.6789
2009	823,326,466	482,842,508	253,634,000	153,922,000	1,713,724,974	14.5889

- (1) Ad Valorem assessments only; amounts do not include Act 189 or industrial and commercial facility tax assessments/taxable values. The term "taxable value" rather than "assessed value" is used in determining tax liability effective 7/1/94.
- (2) The July 1, 2008 levy is for fiscal year 2009.
- (3) Above Ad Valorem assessments include those properties located within Renaissance Zones and which are currently subject only to millage levied for bonded indebtedness.

Source: City Assessor Department

### Assessed and Actual Value of Taxable Property



**City of Jackson Michigan**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Years**  
*(rate per \$1,000 of taxable value)*

**Schedule 7**  
**UNAUDITED**

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
<b>City direct rates</b>										
Operating	6.9482	6.8620	6.8057	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9852	1.9605	1.9444	1.9197	1.9197	1.9197	1.9197	1.9197	1.9197	1.9197
City Hall Debt	---	---	---	---	---	0.7400	0.7500	0.7500	0.7400	0.7500
Act 345 Pension	4.5800	4.2000	3.8500	3.7000	4.1500	4.5000	4.1200	5.1900	5.3000	5.2000
Total direct rate	13.5134	13.0225	12.6001	12.3389	12.7889	13.8789	13.5089	14.5789	14.6789	14.5889
<b>Overlapping rates</b>										
Jackson County:										
Operating	5.4819	5.4194	5.3559	5.2734	5.2022	5.1709	5.1471	5.1259	5.1187	5.1187
Jail Debt	---	---	---	0.5000	0.4932	0.4902	0.4879	0.4858	0.4851	0.4851
MCF	0.1500	0.1482	0.1465	0.1442	0.1422	0.1413	0.1406	0.1400	0.1398	0.1398
Senior Services	---	---	---	---	---	0.2500	0.2488	0.2477	0.2473	0.2473
District Library	0.9208	0.9102	0.8995	0.8856	0.8736	0.8682	0.8642	0.8606	0.8593	1.2593
	6.5527	6.4778	6.4019	6.8032	6.7112	6.9206	6.8886	6.8600	6.8502	7.2502
Intermediate School District:										
Operating	0.3677	0.3610	0.3580	0.3525	0.3477	0.3455	0.3439	0.3429	0.3422	0.3422
Special & Vocational Education	8.3519	8.2014	8.1348	7.0693	7.8730	7.8249	7.7895	7.7682	7.7541	7.7678
	8.7196	8.5624	8.4928	7.4218	8.2207	8.1704	8.1334	8.1111	8.0963	8.1100
Jackson Community College:										
Operating	1.2266	1.2131	1.1980	1.1798	1.1638	1.1565	1.1511	1.1463	1.1446	1.1446
Jackson Transit Auth.- Operating										
	0.9926	0.9802	0.9721	0.9597	0.9597	0.9597	0.9597	0.9597	0.9597	1.0000
Downtown Dev. Auth.-Operating										
	2.0000	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996
Jackson Public Schools:										
Operating	17.9298	17.8114	17.6047	17.8820	17.8820	17.8820	17.8820	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	1.1300	1.9500	1.9500	1.9500	1.9500	2.4500	2.4000	2.4000	2.2500	2.2500
Recreation	---	---	---	---	---	---	0.2000	0.2000	0.2000	0.2000
	25.0598	25.7614	25.5547	25.8320	24.8320	26.3320	26.4820	26.6000	26.4500	26.4500
East Jackson Public Schools:										
Operating	18.0000	17.8218	17.8146	17.1857	17.1530	17.1530	18.0000	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	7.5000	7.5000	7.5000	7.5000	7.4000	7.0000	6.2400	6.2000	5.8800	5.8400
Extra voted	---	---	0.1854	0.8143	0.8470	0.8470	---	---	---	---
	31.5000	31.3218	31.5000	31.5000	30.4000	31.0000	30.2400	30.2000	29.8800	29.8400
Michigan Center Public Schools:										
Operating	18.0000	17.7282	17.7282	17.8002	17.4068	17.3318	18.0000	17.3999	17.3999	18.0000
State Education Tax (SET)	6.0000	6.0000	---	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Extra Voted/Sinking Fund	---	---	---	---	3.5000	3.4604	3.4604	4.0015	4.0016	3.4015
	24.0000	23.7282	17.7282	23.8002	25.9068	26.7922	27.4604	27.4014	27.4015	27.4015
Northwest Public Schools:										
Operating	18.0000	17.6490	17.6490	17.4024	17.2893	17.2893	16.9487	16.9487	16.9487	16.9487
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	0.4855	0.4718	0.4285	0.3994	0.3776	0.3003	0.1165	1.0513	1.0513	1.0513
	24.4855	24.1208	24.0775	23.8018	22.6669	23.5896	23.0652	24.0000	24.0000	24.0000

**Note:** Levy shown is as of July 1. The July 1, 2008 levy is for the current fiscal year ending June 30, 2009.

Source: City of Jackson Finance Department

**City of Jackson Michigan**  
**Principal Property Tax Payers**  
**Current Year and Nine Years Ago**

Schedule 8  
 UNAUDITED

Taxpayer	2009			2000		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Kinder Morgan Michigan/Alphagen (1)	\$ 95,164,550	1	12.64%	\$ -	-	-
Consumers Energy	53,105,199	2	7.06%	23,725,465	1	5.14%
Wolverine Technologies/Certaineed	10,515,450	3	1.40%	5,568,281	3	1.21%
Ramco (Jackson Crossing/Jackson West)	8,870,381	4	1.18%	6,114,634	2	1.33%
Alro Steel Corporation	6,170,063	5	0.82%	4,272,085	5	0.93%
Home Depot/HD Development of Maryland	5,762,750	6	0.77%	-	-	-
Allegiance Health/Health Center	4,825,033	7	0.64%	-	-	-
Aeroquip (Eaton Corp.)	3,865,685	8	0.51%	2,700,177	8	0.59%
Jackson Iron & Metal/Omnisource	3,703,874	9	0.49%	-	-	-
Merchant's Crossing (Kroger Complex)	3,675,200	10	0.49%	-	-	-
GIP M/U/M LLC	-	-	-	4,189,750	6	0.91%
Target/Dayton Hudson	-	-	-	2,468,435	10	0.54%
Merchant's Crossing (Kroger Complex)	-	-	-	-	-	-
Jackson Automotive Group	-	-	-	5,223,335	4	1.13%
Alpine Lake Apartments, LLC	-	-	-	2,749,525	7	0.60%
Sears	-	-	-	2,593,015	9	0.56%
	<u>\$ 195,658,185</u>		<u>26.00%</u>	<u>\$ 59,604,702</u>		<u>12.92%</u>

(1) Total Ad Valorem Taxable Valuation as of June 30, 2009 = \$ 752,635,455 (valuation for fiscal year 2010).

Total Ad Valorem Taxable Valuation as of June 30, 2000 = \$ 461,174,216 (valuation for fiscal year 2001).

(2) Kinder Morgan Energy (KME), an electric power generation company, has the largest taxable value of \$ 95,164,550, or 12.64% of the 2008 ad valorem taxable value. KME is located in a Renaissance Zone and is not subject to millage levies with the exception of those levied for bonded indebtedness. The City anticipates the KME taxable value to be subject to all millage levies effective July 1, 2012.

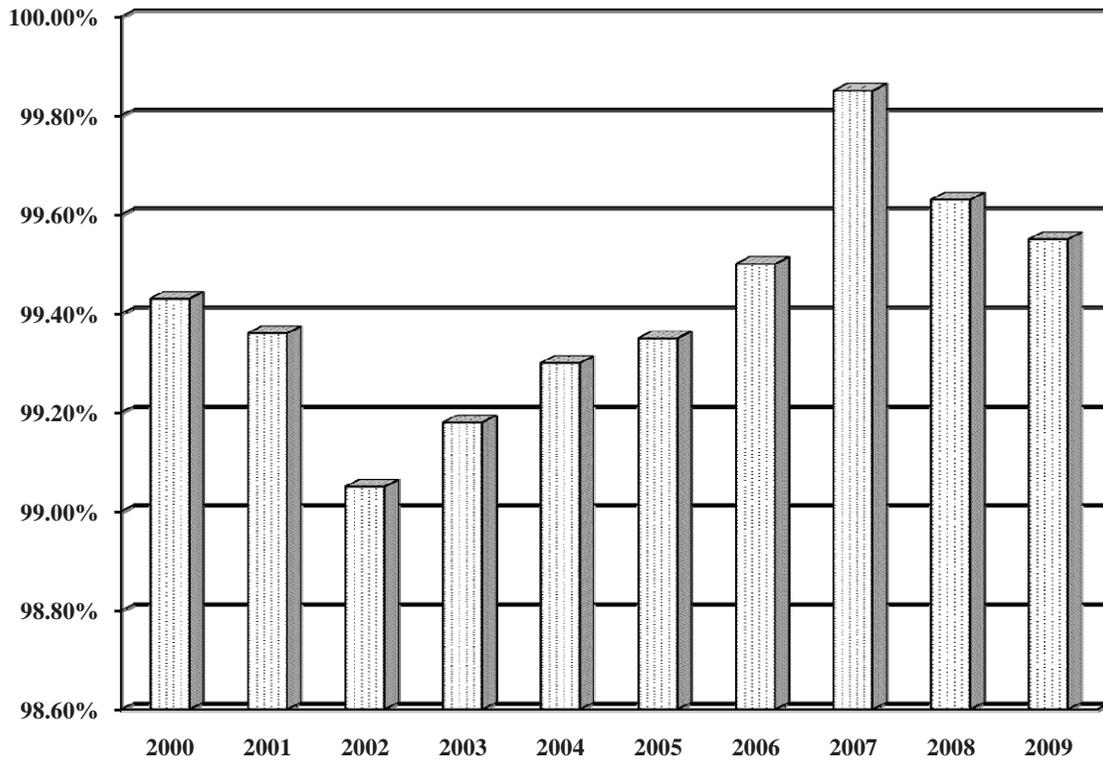
Source: City of Jackson Assessor Department.

**City of Jackson, Michigan**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Schedule 9  
 UNAUDITED

Fiscal Year	Year of Levy	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2000	1999	\$ 6,403,803	\$ 5,920,634	92.45%	\$ 446,418	\$ 6,367,052	99.43%
2001	2000	6,411,359	5,939,660	92.64%	430,663	6,370,323	99.36%
2002	2001	6,519,371	6,016,302	92.28%	440,904	6,457,206	99.05%
2003	2002	6,699,761	6,195,766	92.48%	448,880	6,644,646	99.18%
2004	2003	7,760,751	7,239,082	93.28%	467,710	7,706,792	99.30%
2005	2004	8,042,591	7,457,299	92.72%	533,197	7,990,496	99.35%
2006	2005	8,906,874	8,247,529	92.60%	614,468	8,861,997	99.50%
2007	2006	10,074,157	9,251,721	91.84%	807,029	10,058,750	99.85%
2008	2007	10,460,635	9,674,158	92.48%	748,057	10,422,215	99.63%
2009	2008	9,808,693	8,940,028	91.14%	824,139	9,764,167	99.55%

**Ratio of Total Tax Collections to Total Tax Levy**  
**Last Ten Fiscal Years**



Source: City of Jackson Finance Department

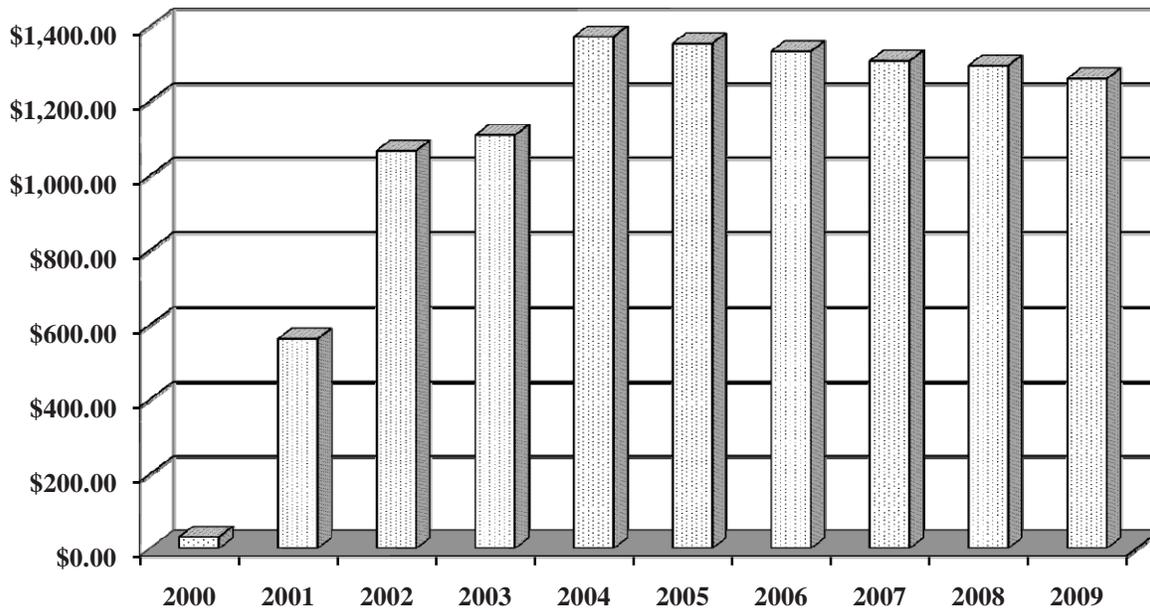
**City of Jackson, Michigan**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

Schedule 10  
 UNAUDITED

Fiscal Year	General Bonded Debt Outstanding			% of Personal Income	% of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2000	\$ 1,120,000	\$ -	\$ 1,120,000	0.12%	0.11%	\$ 30.92
2001	20,353,577	-	20,353,577	2.26%	1.80%	561.97
2002	38,623,577	-	38,623,577	4.20%	3.15%	1,066.42
2003	40,133,577	-	40,133,577	4.28%	2.87%	1,108.11
2004	49,688,577	-	49,688,577	5.22%	2.87%	1,371.93
2005	49,028,577	-	49,028,577	4.97%	2.76%	1,353.71
2006	48,263,577	-	48,263,577	4.76%	2.67%	1,332.59
2007	47,348,577	-	47,348,577	4.60%	2.54%	1,307.32
2008	46,898,577	-	46,898,577	4.41%	2.51%	1,294.90
2009	45,608,577	-	45,608,577	n/a	2.66%	1,259.28

Source: City of Jackson Finance Department & Bureau of Economic Analysis  
 Personal Income statistics not available for 2009.

**General Bonded Debt Per Capita**



**City of Jackson, Michigan**  
**Computation of Net Direct and Overlapping Debt**  
**As of June 30, 2009**

**Schedule 11**  
**UNAUDITED**

	<u>Gross Amount Outstanding</u>	<u>Self-Supporting or Paid by Benefited Entity</u>	<u>Net Amount Outstanding</u>
<b>Direct debt</b>			
Unlimited Tax General Obligation Debt:			
City Hall Bonds	\$ 9,405,000	\$ -	\$ 9,405,000
Limited Tax General Obligation Debt:			
Downtown Development Authority Bonds	15,543,577	15,543,577	-
Brownfield Redevelopment Authority Bonds	9,130,000	9,130,000	-
Brownfield Redevelopment Authority Refunding Bonds	9,785,000	9,785,000	-
Building Authority Bonds	685,000	-	685,000
Michigan Transportation Fund Bonds	1,060,000	1,060,000	-
Installment Purchase Contracts	245,000	-	245,000
Revenue Bonds:			
Water Revenue Bonds	1,051,000	1,051,000	-
Sewer Revenue Bonds	625,000	625,000	-
Other:			
Michigan Urban Land Assembly Loan	196,000	196,000	-
Section 108 Loan (HUD)	765,000	765,000	-
Net direct debt	<u>\$ 48,490,577</u>	<u>\$ 38,155,577</u>	<u>10,335,000</u>
	<u>Gross</u>	<u>City Share</u>	
<b>Overlapping debt</b>			
School Districts:			
Jackson School District	\$ 37,355,000	50.41%	18,830,656
East Jackson School District	14,345,000	0.11%	15,780
Northwest School District	6,645,000	0.25%	16,613
			<u>18,863,049</u>
Jackson County at Large	32,230,000	14.92%	4,808,716
Jackson Community College	30,830,000	14.92%	4,599,836
Net overlapping debt			<u>28,271,601</u>
<b>Net direct and overlapping debt</b>			<u>\$ 38,606,601</u>
<b>Per Capita Debt:</b> (36,218 population):			
	Gross Direct Debt		\$ 1,338.85
	Net Direct Debt		285.36
	Net Overlapping Debt		780.60
	Total Net Direct & Overlapping Debt		1,065.95
<b>Percent of Taxable Valuation:</b> (\$ 752,635,455 Ad Valorem Taxable Valuation at 6/30/09):			
	Net Direct Debt		1.37%
	Net Overlapping Debt		3.76%
	Total Net Debt		<u>5.13%</u>

Source: City of Jackson Finance Department and Municipal Advisory Council of Michigan.

**City of Jackson, Michigan  
Legal Debt Margin  
Last Ten Years**

**Schedule 12  
UNAUDITED**

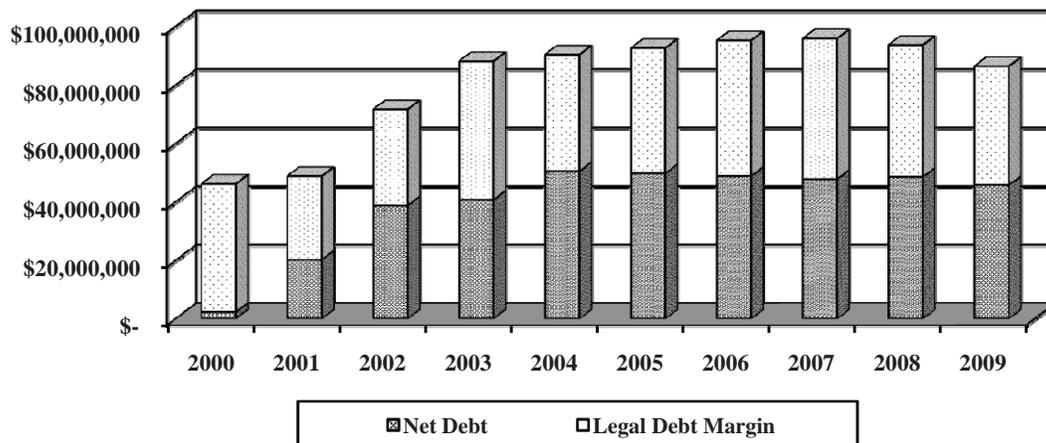
**Legal Debt Margin - 2009**

State Equalized Value as of December 31, 2008 (for taxes levied by the City on July 1, 2009)	\$	863,542,300	
Debt limit (10% of state equalized value)	\$	86,354,230	
Total Debt - (See Schedule 11)	\$	48,490,577	
Less Excluded Debt:			
Michigan Transportation Fund Bonds		(1,060,000)	
Revenue Bonds		(1,676,000)	45,754,577
<b>Legal debt margin</b>	\$	40,599,653	

<u>For Taxes Levied July 1</u>	<u>Debt Limit</u>	<u>Total Net Debt Applicable to Limit</u>	<u>Legal Debt Margin</u>	<u>Total Net Debt Applicable to Limit As % of Debt Limit</u>
2000	\$ 46,117,422	\$ 2,380,000	\$ 43,737,422	5.16%
2001	48,749,492	20,228,577	28,520,915	41.49%
2002	71,590,103	38,738,577	32,851,526	54.11%
2003	88,064,883	40,698,577	47,366,306	46.21%
2004	90,322,370	50,504,577	39,817,793	55.92%
2005	92,551,455	49,715,577	42,835,878	53.72%
2006	95,180,701	48,821,577	46,359,124	51.29%
2007	95,841,305	47,782,577	48,058,728	49.86%
2008	93,622,301	48,566,077	45,056,224	51.87%
2009	86,354,230	45,754,577	40,599,653	52.98%

Source: City of Jackson Finance Department

**Components of Debt Limit**



**City of Jackson, Michigan**  
**Demographic & Economic Statistics**  
**Last Ten Years**

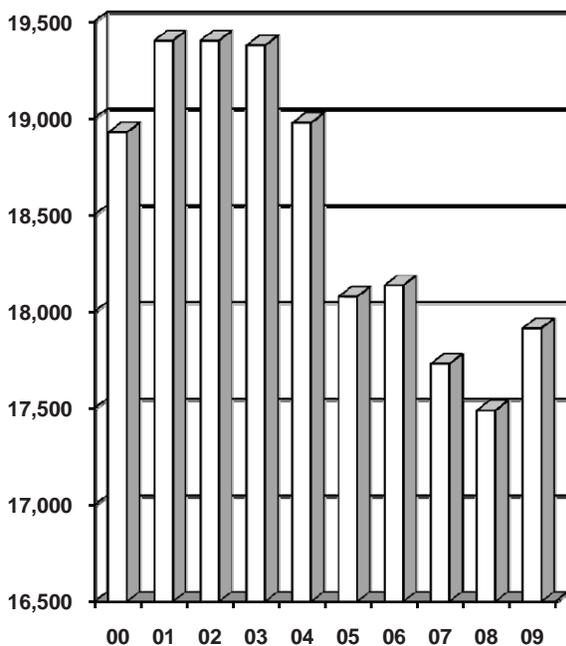
Schedule 13  
**UNAUDITED**

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income	(3) Per Capita Income
2000	36,218	18,925	17,975	950	5.0 %	\$906,743,059	\$25,036
2001	36,218	19,400	17,850	1,550	8.0 %	900,196,684	24,855
2002	36,218	19,400	17,550	1,850	9.5 %	919,632,814	25,392
2003	36,218	19,375	17,075	2,300	11.9 %	937,137,520	25,875
2004	36,218	18,975	17,100	1,875	9.9 %	952,255,530	26,292
2005	36,218	18,076	16,323	1,753	9.7 %	985,681,450	27,215
2006	36,218	18,135	16,361	1,774	9.8 %	1,013,032,829	27,970
2007	36,218	17,729	15,673	2,056	11.6 %	1,029,007,146	28,411
2008	36,218	17,488	15,305	2,183	12.5 %	1,062,491,818	29,336
2009	36,218	17,913	14,025	3,888	21.7 %	n/a	n/a

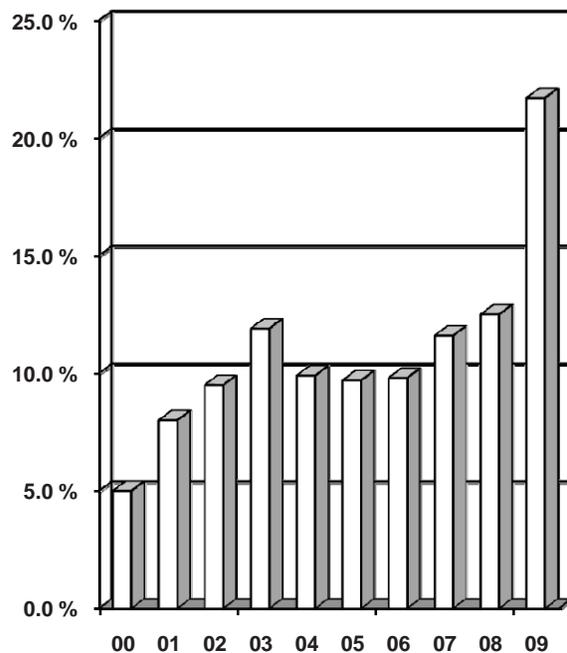
All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2009 represents June, 2009.

- (1) Population shown is based on the most recent preceding year's actual.
- (2) Source: Michigan Department of Labor and Economic Growth, Bureau of Labor Market Information
- (3) Source: Bureau of Economic Analysis. Personal income data not available for the City for 2009.

**Labor Force**



**Unemployment Rate**



**City of Jackson, Michigan**  
**Principal Employers**  
**Current Year and Eight Years Ago (1)**

Schedule 14  
**UNAUDITED**

<b>Employer</b>	<b>2009</b>			<b>2001</b>		
	<b>Total (2) Employees</b>	<b>Rank</b>	<b>% of Total City Labor Force</b>	<b>Total (2) Employees</b>	<b>Rank</b>	<b>% of Total City Labor Force</b>
Allegiance Health System	3,146 (a)	1	16.75%	2,590 (a)	1	12.89%
Consumers Energy	2,026 (b)	2	7.26%	2,025 (b)	2	6.70%
Local Government	870	3	4.86%	955	3	4.92%
Jackson Public Schools	782	4	4.37%	790	4	4.07%
Eaton Corporation	563 (c)	5	3.14%	585 (c)	5	1.55%
Great Lakes Home Health /Hospice	400	6	2.23%	-	-	-
Alro Steel Corporation	325	7	1.81%	196	10	1.01%
Anesthesia Business Consultants	284	8	1.59%	-	-	-
Jackson Citizen Patriot	178	9	0.99%	N/A	-	-
Certainteed /Wolverine Vinyl Siding	170	10	0.95%	350	7	1.80%
Edscha (Jackson Automotive Group)	-		-	450	6	2.32%
Worthington Steel / Specialties	-		-	258	8	1.33%
Way Bakeries	-		-	230	9	1.19%
	<u>8,744</u>		<u>43.95%</u>	<u>8,429</u>		<u>37.78%</u>

(1) Data for 2000 (nine years ago) not available; used most recent comparable data available (2001).

(2) Total employees in Jackson County. Most of the employees shown are within the City of Jackson unless footnoted below.

(a) Approximately 3,000 in 2009 and 2,500 in 2001 of total shown work in the City...percentage adjusted to reflect.

(b) Approximately 1300 of total shown work in the City...percentage adjusted to reflect.

(c) All of total shown in 2009 and approximately 300 of total shown in 2001 work in the City...percentage adjusted to reflect.

Source: The Enterprise Group, Jackson County.

**City of Jackson, Michigan**  
**Full-Time Equivalent City Government Employees**  
**By Function/Program**  
**Last Ten Years**

Schedule 15  
 UNAUDITED

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government:										
City Manager	4	5	5	5	4	3	4	4	2	2
Finance	5	5	5	5	5	5	5	5	5	5
City Assessor	5	4	5	5	5	5	4	5	5	5
City Attorney	5	5	4	5	5	5	5	5	5	5
City Clerk / Elections	3	2	3	4	4	4	4	4	4	4
Personnel	4	4	4	4	3	4	4	4	3	4
Purchasing / City Hall	3	3	3	3	3	3	3	3	3	2
City Treasurer / Income Tax	7	7	7	7	7	7	7	7	7	6
Mgmt. Information Services	3	3	3	3	3	1	2	2	3	3
Public Safety:										
Police-Civilian	23	24	25	24	24	23	22	20	20	18
Police-Enforcement	68	67	70	70	70	68	66	64	64	64
Fire-Civilian	3	4	2	3	2	2	2	2	2	2
Fire-Protection	47	46	45	46	43	43	43	43	42	36
Building Inspection	8	7	7	6	7	6	7	5	5	4
Emergency Measures	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public Works	34	32	34	35	33	29	31	29	31	28
Engineering	7	14	14	14	14	13	13	13	12	11
Culture & Recreation:										
Parks, Recreation & Grounds	22	23	25	25	24	24	25	24	24	24
Community Development:										
Public Safety / Community Enrichment & Development	13	14	13	12	10	10	10	11	11	11
Enterprise Funds:										
Sewer	17	17	18	18	18	18	19	19	19	17
Water	35	35	35	34	35	34	34	33	34	30
<b>Total</b>	<b>317</b>	<b>322</b>	<b>328</b>	<b>329</b>	<b>320</b>	<b>308</b>	<b>311</b>	<b>303</b>	<b>302</b>	<b>282</b>

Source: City of Jackson Personnel Department and Finance Department

**City of Jackson, Michigan**  
**Operating Indicators by Function/Program**  
**Last Ten Years**

Schedule 16  
**UNAUDITED**

<b>Function/Program</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Public safety</b>										
Police:										
Physical arrests	4,357	4,013	3,651	3,511	3,513	3,628	3,562	3,206	3,314	3,660
Traffic violations	16,544	16,705	17,388	15,567	15,812	14,165	11,003	9,796	7,666	7,815
Parking violations	3,457	2,500	2,254	4,572	5,782	4,741	3,722	3,668	3,410	3,476
Fire:										
Calls answered	4,026	4,458	4,438	4,158	4,105	4,072	4,419	4,521	4,685	4,454
Inspections conducted	274	225	225	325	325	594	762	341	452	450
<b>Sewer system</b>										
Service connections	12,935	12,838	12,843	12,609	12,426	12,802	12,755	12,758	12,758	12,844
Daily average treatment (mg)	13.6	14.0	13.6	12.6	12.9	13.2	12.5	13.6	13.6	12.8
Maximum daily capacity (mg)	19	19	19	19	19	19	19	19	19	19
Township service (bulk metering)	5	5	5	5	5	5	5	5	5	5
<b>Water system</b>										
Service connections	14,568	14,987	15,255	15,327	15,352	15,327	15,324	15,509	15,697	15,709
Daily average consumption (mg)	6.11	5.73	5.61	6.91	5.53	5.41	5.49	5.43	5.43	5.22
Maximum daily capacity (mg)	24	24	24	24	24	24	24	24	24	24

mg = million gallons

Source: Various City Departments

**City of Jackson, Michigan**  
**Capital Asset Statistics by Function/Program**  
**Last Ten Years**

Schedule 17  
 UNAUDITED

<b>Function/Program</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b>Public Safety</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	39	39	40	41	41	39	38	36	36
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Response vehicles	9	9	9	9	9	9	10	10	10	10
<b>Culture and recreation</b>										
Parks:										
Number	22	23	23	23	23	23	24	26	26	27
Acreage	635	636	636	636	636	636	636	637	637	638
Community centers	2	2	2	2	2	2	2	2	2	2
Golf courses:										
18 hole	1	1	1	1	1	1	1	1	1	1
Mini	1	1	1	1	1	1	1	1	1	1
Inline skate rink	-	-	-	-	1	1	1	1	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	2
Tennis courts	14	14	14	14	14	14	14	14	14	14
<b>Public works</b>										
Miles of streets	171	165	165	165	165	165	165	171	171	171
Street lights	2,279	2,335	2,335	2,335	2,335	2,365	2,440	2,458	2,458	2,458
<b>Sewer system</b>										
Miles of sanitary sewers	164	161	161	160	160	160	160	160	165	165
Miles of storm sewers	105	109	109	108	108	108	108	108	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
<b>Water system</b>										
Miles of water mains	214	218	234	231	232	232	244	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	1,858	1,918	2,026	2,029	2,030	2,030	2,064	2,064	2,111	2,111

Source: City of Jackson Finance Department

**City of Jackson, Michigan**  
**Schedule of Insurance**  
**As of June 30, 2009**

**Schedule 18**  
**UNAUDITED**

<u>Type of Coverage</u> <u>Name of Company</u>	<u>Policy Period</u>	<u>Premium</u>	<u>Description</u>
<b><u>Building and Contents</u></b> <i>Michigan Municipal Liability and Property Pool</i>	7/1/08-6/30/09	\$ 118,874	All risk coverage on buildings and contents. \$162,184,612 limit with \$2,500 deductible per occurrence.
<b><u>Automobile</u></b> <i>Michigan Municipal Liability and Property Pool</i>	7/1/08-6/30/09	\$ 84,308	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
<b><u>Liability</u></b> <i>Michigan Municipal Liability and Property Pool</i>	7/1/08-6/30/09	\$ 242,356	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$5,000 deductible.
<b><u>Crime/Bonds</u></b> <i>Michigan Municipal Liability and Property Pool</i>	7/1/08-6/30/09	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/counterfeit paper coverages. \$100,000 liability limit.
<b><u>Workers Compensation</u></b> <i>Midwest Employers Casualty Broadspire Services</i>	9/1/08-9/01/09 9/1/08-9/01/09	\$ 26,150 \$ 14,372	Excess insurance above \$350,000 retention. TPA for claims service.
<b><u>Community Blue-PPO</u></b> <i>Blue Cross/Blue Shield</i>	Monthly	Varies	PPO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular PPO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time and retired City personnel.
<b><u>COPS Trust &amp; Blue Care Network</u></b> <i>Blue Cross / Blue Shield</i>	Monthly	Varies	HMO offers primary care physicians, network hospitals, affiliated laboratories and other providers within the particular HMO network. Employee is responsible for co-pay amounts at time of service. Available to all full-time City employees.
<b><u>Prescription Drug Coverage</u></b> <i>ScriptGuide</i>	Monthly		City's self insured prescription drug plan available to all full-time and retired personnel. Third party administrator processes claims with a contracted fee schedule.
<b><u>Life</u></b> <i>Life Insurance Company of North America</i>	Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary up to \$50,000 with a minimum of \$30,000. All full-time employees are covered.
<b><u>Long-term Disability</u></b> <i>Life Insurance Company of North America</i>	Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.

Source: City of Jackson Finance Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**State Equalized Valuation/Taxable Valuation**  
**Fiscal Years Ended June 30, 2006 Through 2010**

Schedule 19  
**UNAUDITED**

Assessed Value as of December 31	Year of State Equalization and Tax Levy	Fiscal Year Ended June 30	State Equalized Valuation (1)	Ad Valorem Taxable Value	Total Taxable Valuation (1)
2004	2005	2006	\$ 925,514,550	\$ 730,737,196	\$ 756,918,096
2005	2006	2007	951,807,013	741,982,298	768,149,011
2006	2007	2008	958,413,052	765,295,971	795,257,326
2007	2008	2009	936,223,012	768,262,890	783,318,402
2008	2009	2010	863,542,300	752,635,455	758,843,555

Per Capita 2009 Ad Valorem Taxable Valuation is \$ 20,781 and Per Capita 2009 Total Taxable Valuation is \$ 20,952 based on the City's 2000 U. S. Census population of 36,218.

(1) Includes Tax Abatements under Act 198 and Renaissance Zones.

**Breakdown of Taxable Value by Use and Class**

	Year of State Equalization and Tax Levy				
	2005	2006	2007	2008	2009
<b>Use:</b>					
Commercial	27.43%	28.63%	27.57%	29.53%	29.21%
Industrial	29.10%	25.77%	27.12%	23.36%	24.64%
Residential	43.47%	45.60%	45.31%	47.11%	46.15%
	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Class:</b>					
Real	88.60%	88.54%	89.36%	89.67%	88.76%
Personal	11.40%	11.46%	10.64%	10.33%	11.24%
	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City of Jackson Assessor Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Revenue Bond Coverage - Sewer Fund**  
**Last Ten Fiscal Years**

Schedule 20  
**UNAUDITED**

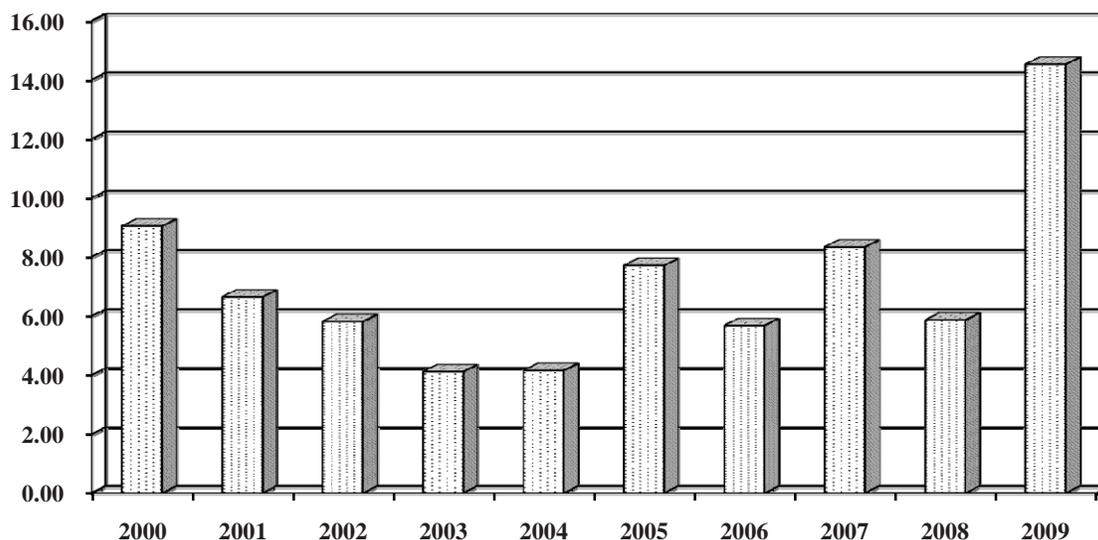
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2000	\$ 4,533,600	\$ 2,526,972	\$ 2,006,628	\$ 150,000	\$ 72,050	\$ 222,050	9.04
2001	4,737,832	2,814,061	1,923,771	200,000	89,853	289,853	6.64
2002	4,957,422	3,072,897	1,884,525	220,000	104,537	324,537	5.81
2003	4,799,168	3,389,795	1,409,373	250,000	93,256	343,256	4.11
2004	4,594,024	3,121,609	1,472,415	275,000	80,131	355,131	4.15
2005	5,037,590	3,344,441	1,693,149	150,000	69,500	219,500	7.71
2006	4,933,612	3,591,992	1,341,620	175,000	61,775	236,775	5.67
2007	5,934,576	3,829,760	2,104,816	200,000	52,725	252,725	8.33
2008	5,766,209	4,200,485	1,565,724	225,000	42,063	267,063	5.86
2009	5,457,382	3,868,200	1,589,182	75,000	34,425	109,425	14.52

(1) Total revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

**Revenue Bond Coverage**  
**Last Ten Fiscal Years**



**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Revenue Bond Coverage - Water Fund**  
**Last Ten Fiscal Years**

Schedule 21  
**UNAUDITED**

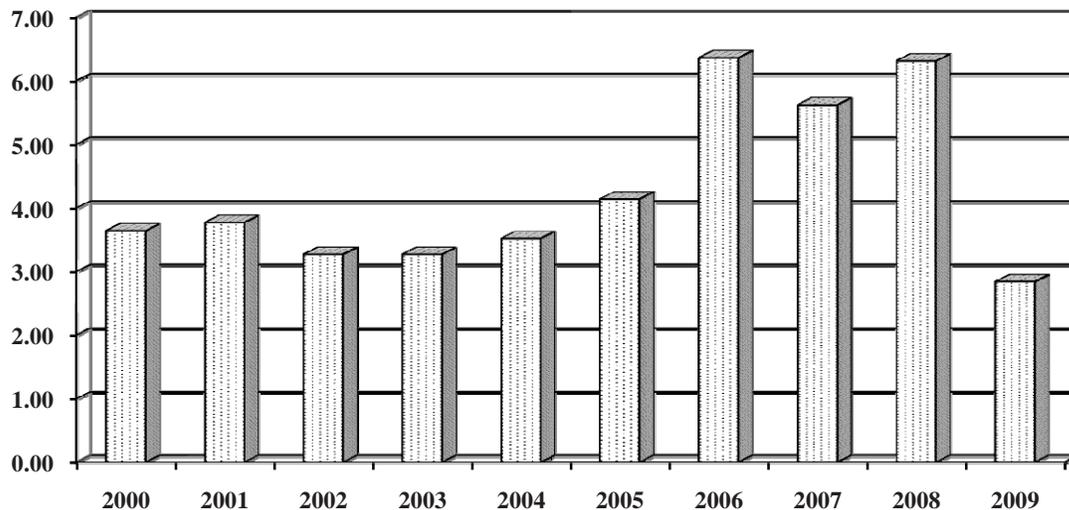
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2000	\$ 5,965,031	\$ 3,950,553	\$ 2,014,478	\$ 325,000	\$ 228,789	\$ 553,789	3.64
2001	5,937,137	3,793,227	2,143,910	375,000	194,055	569,055	3.77
2002	5,998,507	4,196,649	1,801,858	370,000	180,392	550,392	3.27
2003	6,242,449	4,487,148	1,755,301	370,000	166,403	536,403	3.27
2004	6,230,681	4,288,334	1,942,347	400,000	152,343	552,343	3.52
2005	6,517,972	4,212,878	2,305,094	420,000	137,343	557,343	4.14
2006	6,602,311	4,601,362	2,000,949	195,000	119,718	314,718	6.36
2007	6,345,440	4,593,068	1,752,372	200,000	111,723	311,723	5.62
2008	7,021,941	5,044,892	1,977,049	210,000	103,323	313,323	6.31
2009	6,392,887	5,463,828	929,059	220,000	107,610	327,610	2.84

(1) Total revenues including interest.

(2) Total operating expenses exclusive of depreciation.

(3) Includes principal, interest and fiscal charges of revenue bonds only. It does not include general obligation debt reported in debt service funds to which operating transfers are made or debt defeasance transactions.

**Revenue Bond Coverage**  
**Last Ten Fiscal Years**



**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Water Supply System**  
**Last Five Fiscal Years**

Schedule 22  
**UNAUDITED**

	<b>Fiscal Year Ended June 30</b>				
	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
<b><u>Water Pumped vs. Water Sold: (in million gallons)</u></b>					
Pumped	2,324.3	2,399.6	2,388.2	2,607.0	2,572.2
Sold	1,973.6	2,002.6	1,982.2	2,401.4	2,375.6
Sold as a % of Pumped	84.91%	83.46%	83.00%	92.11%	92.36%
<b><u>Number of Customers:</u></b>					
Residential	12,521	13,172	13,234	12,317	12,354
Commercial	1,814	1,948	2,065	2,136	2,116
Industrial	189	204	210	258	257
Total	14,524	15,324	15,509	14,711	14,727
<b><u>Percent of Water Consumption by Category:</u></b>					
Residential	36.66%	36.82%	36.25%	32.39%	31.60%
Commercial	42.33%	41.31%	38.44%	45.90%	47.30%
Industrial	21.01%	21.87%	25.31%	21.71%	21.10%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
<b><u>History of Water Rates</u></b> <i>(average consumption - 22 HCF / average 5/8 inch meter)</i>					
Metered per quarter	\$ 57.85	\$ 57.85	\$ 57.85	\$ 57.85	\$ 57.85
% Change (in average consumption)	2.63%	0.00%	0.00%	0.00%	0.00%
<b><u>Water Supply System Annual Revenues:</u></b>					
Metered revenue	\$ 6,018,706	\$ 6,058,562	\$ 5,973,946	\$ 6,165,173	\$ 6,130,257
% Increase (Decrease)	2.00%	0.66%	-1.40%	3.20%	-0.57%
<b><u>Water Supply System Revenues By User Class:</u></b>					
Residential	\$ 2,967,222	\$ 2,879,595	\$ 2,883,727	\$ 2,903,899	\$ 2,865,759
Commercial	2,365,953	2,444,043	2,328,429	2,470,359	2,605,723
Industrial	685,531	716,448	761,790	790,915	658,774
Sewer - Billing & Collection Charges	196,936	192,184	204,129	220,418	184,459
Total	\$ 6,215,642	\$ 6,232,270	\$ 6,178,075	\$ 6,385,591	\$ 6,314,715
<b><u>Water Supply Revenues By User Class as a % of Total Revenues:</u></b>					
Residential	47.74%	46.20%	46.68%	45.48%	45.38%
Commercial	38.06%	39.22%	37.69%	38.69%	41.26%
Industrial	11.03%	11.50%	12.33%	12.39%	10.43%
Sewer - Billing & Collection Charges	3.17%	3.08%	3.30%	3.44%	2.93%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City Water Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Water Supply System**  
**Ten Largest Water Customers - By Usage**  
**For the Fiscal Year Ended June 30, 2009**

Schedule 23  
**UNAUDITED**

<u>Customer</u>	(1) <u>Usage</u>	(2) <u>% of Total</u>	<u>Revenue</u>	(3) <u>% of Total</u>
* Michigan Department of Corrections	516,800	21.75%	\$ 338,640	5.36%
Kinder Morgan Michigan/Alphagen	232,072	9.77%	215,040	3.41%
Allegiance Health/Health Center	96,577	4.07%	205,971	3.26%
Certainteed/Wolverine Technologies	81,900	3.45%	84,708	1.34%
Eaton Aeroquip Corp.	67,010	2.82%	110,850	1.76%
Commonwealth Commerce Center	30,400	1.28%	31,061	0.49%
** Consumers Energy	29,970	1.26%	77,935	1.23%
Lefere Forge & Machine	23,800	1.00%	23,977	0.38%
* English Meadows Mfg. Housing	16,200	0.68%	27,351	0.43%
Libra Industries	15,580	0.66%	36,685	0.58%

(1) Unit = Hundred Cubic Feet (HCF)

(2) Based on June 30, 2009 total water consumption of 2,375,600 HCF.

(3) Based on June 30, 2009 Water Supply System Revenues By User Class (Schedule 22) of \$ 6,314,715.

\* Located outside of City limits.

\*\* Located both inside and outside of City limits

Source: City Water Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Industrial Facilities Tax Roll**

**Schedule 24**  
**UNAUDITED**

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<b>Year of Transfer To Ad Valorem Tax Roll</b>	<b>(1) I.F.T. S.E.V. Amount</b>
2010	\$ 1,506,250
2011	746,100
2012	1,218,450
2013	742,900
2014	877,600
2015	82,100
2016	2,282,100
2017	1,889,300
2018	1,161,000
2019	106,100
2020	741,700
2021	509,800
	\$ 11,863,400
	\$ 11,863,400

(1) Represents current assessed value of abated property at time of assessment.  
Personal property will be subject to depreciation in future years.

Source: City Assessor Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**

Schedule 25  
**UNAUDITED**

**Tax Increment Revenues, Debt Service and Debt Service Coverage**

**Downtown Development Authority Bonds**

Fiscal Year	Tax Increment Revenues	Debt Service	(1) Capitalized Interest	(2) DDA Budgetary Commitments	Excess Tax Increment Revenues	Debt Service Coverage
2002	\$ 139,394	\$ 562,866	\$ 562,866	\$ 26,922	\$ 112,472	-
2003	250,603	477,905	477,905	27,595	223,008	-
2004	847,306	672,905	-	28,285	146,116	1.26
2005	869,006	746,790	-	28,992	93,224	1.16
2006	872,740	815,790	-	29,717	27,233	1.07
2007	972,179	891,945	-	30,460	49,774	1.09
2008	1,014,339	968,923	-	31,220	14,196	1.05
2009	1,056,990	1,051,513	-	32,002	(26,525)	1.01

(1) Capitalized interest was used to pay debt service in both fiscal year 2002 and 2003.

(2) DDA budgetary commitments were existing prior to the sale of the Bonds and are subordinate to the Bonds.

**Brownfield Redevelopment Authority Bonds**

Fiscal Year	Tax Increment Revenues (2)	Debt Service	(3) Capitalized Interest	Excess Tax Increment Revenues	Debt Service Coverage
2002	\$ -	\$ -	\$ -	\$ -	-
2003	119,689	1,087,889	1,087,889	119,689	-
2004	845,825	955,220	955,220	845,825	-
2005	1,063,299	955,721	79,602	107,578	-
2006	1,074,376	955,469	-	118,907	1.12
2007	1,113,451	980,470	-	132,981	1.14
2008	1,153,851	979,017	-	174,834	1.18
2009	1,180,434	1,015,277	-	165,157	1.16

(1) The Bonds were sold in March, 2002; there was no debt service in fiscal year 2002.

(2) Includes only those amounts captured for the Bonds.

(3) Capitalized interest was used to pay debt service in fiscal years 2003, 2004 and 2005 (partial).

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Gas & Weight Tax Revenues, Maximum Annual Debt Service and**  
**Historical Debt Service Coverage**

Schedule 26  
 UNAUDITED

<u>Fiscal Year</u>	<u>Gas &amp; Weight Tax Revenues</u>	<u>(1) Maximum Annual Debt Service</u>	<u>Historical Debt Service Coverage</u>
2000	\$ 2,527,133	\$ 350,721	7.21
2001	2,515,255	350,721	7.17
2002	2,494,306	350,721	7.11
2003	2,509,073	350,721	7.15
2004	2,561,830	350,721	7.30
2005	2,604,990	284,480	9.16
2006	2,569,413	284,480	9.03
2007	2,538,724	284,480	8.92
2008	2,499,445	284,480	8.79
2009	2,409,854	284,480	8.47

(1) Includes maximum debt service on all debt payable from Major and Local Street Funds.

**INFORMATION ON  
SINGLE AUDIT  
(Compliance Section)**

**City of Jackson, Michigan**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2009**

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant/ Agreement/ Account Number	CFDA Number	Accrued (Deferred) Revenue July 1, 2008	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2009
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>						
Direct Programs:						
Community Development Block Grant-Entitlement	B07MC260021	14.218	\$ (11,405)	\$ 1,237,554	\$ 1,226,149	\$ -
Community Development Block Grant-Entitlement	B08MC260021	14.218	-	335,337	26,898	308,439
Home Investment Partnership Programs	M05MC260214	14.239	-	58,791	58,791	-
Home Investment Partnership Programs	M06MC260214	14.239	(19,667)	226,220	206,553	-
Home Investment Partnership Programs	M08MC260214	14.239	-	20,855	-	20,855
Lead Based Paint Hazard Prevention	MILHB0286-04	14.900	123,573	570,466	543,345	150,694
Total U.S. Department of Housing and Urban Development			92,501	2,449,223	2,061,736	479,988
<b>U.S. DEPARTMENT OF JUSTICE:</b>						
Direct Programs:						
Bulletproof Vest Partnership		16.607	907	4,942	2,553	3,296
Byrne Justice Assistance Grant-Communications Equipment		16.738	-	44,423	44,423	-
Passed-Through Michigan Department of Community Health - Byrne Formula grant-LAWNET Enhancement Project						
		16.580	7,351	34,447	41,798	-
Passed-Through Detroit Community Justice Partnership - Anti-Gang Initiative						
		16.744	23,054	46,251	61,181	8,124
Total U.S. Department of Justice			31,312	130,063	149,955	11,420
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>						
Passed-Through Jackson Traffic Safety Program:						
Occupant Protection - Drive Michigan Safely		20.602	1,636	14,346	13,714	2,268
Selective Traffic Enforcement Program		20.602	-	15,550	15,550	-
Total U.S. Department of Transportation			1,636	29,896	29,264	2,268
<b>ENVIRONMENTAL PROTECTION AGENCY:</b>						
Direct Program - Brownfield Assessment						
		66.818	2,534	128,802	111,221	20,115
<b>DEPARTMENT OF HOMELAND SECURITY:</b>						
Direct Program - Local Homeland Security Training Program						
		97.005	-	20,520	20,520	-
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 127,983</b>	<b>\$ 2,758,504</b>	<b>\$ 2,372,696</b>	<b>\$ 513,791</b>

**City of Jackson, Michigan**

**Note to Schedule of Expenditures of Federal Awards**

**For the Year Ended June 30, 2009**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Jackson, Michigan, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2 - Outstanding Loans**

The City has a HUD Section 108 loan with an outstanding balance of \$765,000 at June 30, 2009.

**Note 3 - Subrecipients**

Of the federal expenditures presented in the schedule, the City provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
HOME	14.239	\$187,800

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

December 8, 2009

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

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of the *City of Jackson, Michigan* as of and for the year ended June 30, 2009, and have issued our report thereon dated December 8, 2009. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Jackson's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as identified above.

### **Compliance and other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Jackson, in a separate letter dated December 8, 2009.

This report is intended solely for the information and use of the audit committee, the governing board, management, others within the organization, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

December 8, 2009

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

**Compliance**

We have audited the compliance of the *City of Jackson, Michigan* with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 8, 2009. The City of Jackson's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Jackson's management. Our responsibility is to express an opinion on the City of Jackson's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Jackson's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Jackson's compliance with those requirements.

In our opinion, the City of Jackson complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2009-1.

## **Internal Control Over Compliance**

The management of the City of Jackson is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Jackson's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Jackson's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2009-1 to be a significant deficiency.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The City of Jackson's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the City of Jackson's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, the City Council, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



# City of Jackson

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2009

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified  
not considered to be material weaknesses?

\_\_\_\_\_ yes   X   none reported

Noncompliance material to financial statements  
noted?

\_\_\_\_\_ yes   X   no

#### Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ yes   X   no

Significant deficiency(ies) identified  
not considered to be material weaknesses?

  X   yes \_\_\_\_\_ none reported

Type of auditors' report issued on compliance  
for major programs:

Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section 510(a)?

  X   yes \_\_\_\_\_ no

# City of Jackson

## Schedule of Findings and Questioned Costs (Continued)

For the Year Ended June 30, 2009

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.900	Lead-Based Paint Hazard Control

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?  X  yes   no

### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

**2009-1**                      **Insufficient Documentation of Payroll Expenses – Immaterial Noncompliance; Significant Deficiency in Internal Control over Compliance – Allowable Costs/Cost Principles**

**Programs:** CFDA 14.900 – Lead Based Paint Hazard Control;  
CFDA 14.218 – Community Development Block Grant

**Criteria:** Office of Management and Budget Circular No. A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, requires that when employees work on multiple activities, the distribution of their salaries or wages must be supported by personnel activity reports, except when a substitute system has been approved by the cognizant Federal agency. The Circular requires these reports be prepared at least monthly and must coincide with one or more pay periods. For employees charged entirely to one federal program, the use of semiannual certifications is also permissible.

**Condition:** During the year ended June 30, 2009, the City did not maintain proper documentation of time records (personnel activity reports) for the six employees who worked on grant activities less than 100% of the time.

**Cause:** The City employees were unaware that their time had to be kept track of when working on a grant less than 100% of the time.

# City of Jackson

## Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended June 30, 2009

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**Effect/  
Questioned  
Costs:**

A total of \$30,493 was allocated to the Community Development Block Grant and Lead-Based Paint Hazard Control Program for wages and fringes that were not properly supported in accordance with OMB Circular A-87. Because there is no question that personnel services were provided to the program, we therefore conclude that this constitutes immaterial noncompliance.

**Recommendation:**

We recommend the City implement procedures to ensure the timely filing of all required reports.

**View of  
Responsible  
Officials:**

The City is in agreement with this finding. The Auditor's recommendations will be followed and procedures will be established to ensure that each employee will maintain a personnel activity report or allocated time spent on each program on his/her timesheet to document the time spent on grant activities.

### SECTION IV – PRIOR YEAR FINDINGS

Finding 2008-1 regarding quarterly reporting for a certain HUD program has been sufficiently resolved.

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