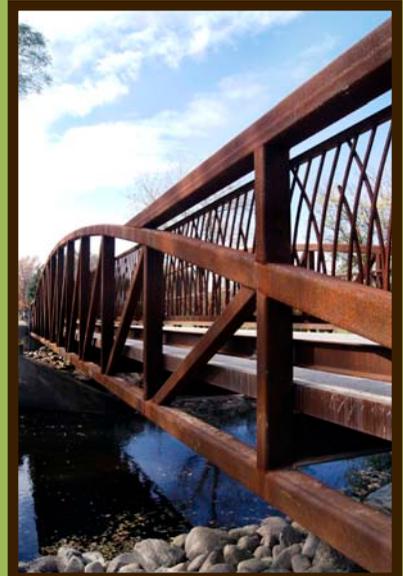
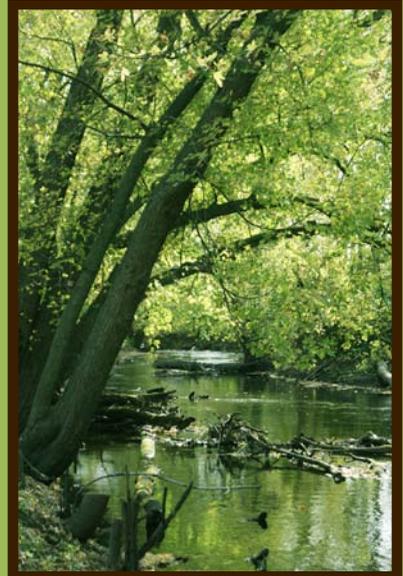




# 2010 CITY OF JACKSON

Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2010



# **CITY OF JACKSON, MICHIGAN**

---

## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended June 30, 2010**

**Including  
Single Audit Act Compliance**

**Prepared by:**

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

Cover:

*The 1.25 mile ArtsWalk, which was dedicated October 26, 2010, is the most recent contribution to the 15 miles of trails within Jackson County that are part of the 240 mile Great Lake-to-Lake Trail #1 which crosses the lower peninsular from South Haven to Port Huron.*

**City of Jackson, Michigan  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**TABLE OF CONTENTS**

	<u>PAGE</u>
<b><i>INTRODUCTORY SECTION</i></b>	
Letter of Transmittal .....	i-iv
GFOA Certificate of Achievement .....	v
Organizational Chart .....	vi
List of Elected and Appointed Officials.....	vii
<b><i>FINANCIAL SECTION</i></b>	
Independent Auditors' Report.....	1-2
Management's Discussion and Analysis.....	3-14
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets .....	15
Statement of Activities.....	16-17
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	18
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Amended Budget and Actual – General Fund .....	22-23
Statement of Revenues, Expenditures and Changes in Fund Balance – Amended Budget and Actual – Community Development Fund .....	24
Statement of Revenues, Expenditures and Changes in Fund Balance – Amended Budget and Actual – Major Street Fund.....	25
Statement of Net Assets – Proprietary Funds .....	26
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	27
Statement of Cash Flows – Proprietary Funds.....	28-29
Statement of Fiduciary Net Assets – Fiduciary Funds.....	30
Statement of Changes in Plan Net Assets – Pension Trust Funds .....	31
Notes to the Financial Statements .....	32-62
GASB Statement 25 Required Supplementary Information:	
Schedule of Funding Progress.....	63
Schedule of Employer Contributions .....	64
Additional Information.....	65
GASB Statement 45 Required Supplementary Information:	
Schedule of Funding Progress and Employer Contributions .....	66

**City of Jackson, Michigan**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2010**

**TABLE OF CONTENTS (Continued)**

---

	<u>PAGE</u>
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	68
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	69-72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	73-76
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Amended Budget and Actual:	
Local Street Fund.....	77
Ella W. Sharp Park Operating Fund .....	78
Land Acquisition Fund .....	79
Housing Initiative Fund .....	80
Public Improvement Fund .....	81
Building Department Fund .....	82
Budget Stabilization Fund .....	83
Drug Law Enforcement Fund .....	84
Project Safe Neighborhood.....	85
LAWNET Grant Fund .....	86
Recreation Activity Fund.....	87
Community Development Home Grant Fund.....	88
Lead Hazard Control Fund .....	89
Brownfield Assessment Grant Fund – 2008 .....	90
Byrne/JAG Programs Grant Fund .....	91
Waterfront Redevelopment Fund .....	92
Recreation Millage Fund .....	93
Cops Hiring Recovery Program.....	94
Neighborhood Stabilization Grant.....	95
2008 Brownfield Revolving Loan .....	96
Combining Balance Sheet – Nonmajor Debt Service Funds .....	97-98
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds .....	99-100
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	101
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	102
Combining Balance Sheet – Nonmajor Permanent Funds .....	103
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Permanent Funds.....	104
Combining Statement of Net Assets – Nonmajor Enterprise Funds .....	105
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Nonmajor Enterprise Funds.....	106
Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	107

**City of Jackson, Michigan  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**TABLE OF CONTENTS (Continued)**

	<u>PAGE</u>
Combining Statement of Net Assets – Internal Service Funds .....	108
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets – Internal Service Funds .....	109
Combining Statement of Cash Flows – Internal Service Funds.....	110
Combining Balance Sheet – All Agency Funds.....	111
Combining Statement of Changes in Assets and Liabilities – Agency Funds .....	112-113
Balance Sheet/Statement of Net Assets – Brownfield Redevelopment Authority Component Unit .....	114
Statement of Revenue, Expenditures and Changes in Fund Balances/ Statement of Activities - Brownfield Redevelopment Authority Component Unit.....	115

***STATISTICAL SECTION***

Financial Trends:	
Net Assets by Component .....	116
Changes in Net Assets.....	117
Fund Balances – Governmental Funds.....	118
Changes in Fund Balances – Governmental Funds.....	119-120
Changes in Fund Balances – General Fund .....	121-122
Revenue Capacity:	
Assessed and Actual Value of Taxable Property .....	123
Direct and Overlapping Property Tax Rates .....	124
Principal Property Taxpayers .....	125
Property Tax Levies and Collections .....	126
Debt Capacity:	
Ratios of General Bonded Debt Outstanding .....	127
Computation of Net Direct and Overlapping Debt .....	128
Legal Debt Margin .....	129
Demographic and Economic Information:	
Demographic and Economic Statistics.....	130
Principal Employers .....	131
Operating Information:	
Full-Time Equivalent City Government Employees by Function/Program .....	132
Operating Indicators by Function/Program .....	133
Capital Asset Statistics by Function Program .....	134
Schedule of Insurance .....	135
State Equalized Valuation/Taxable Valuation .....	136
Revenue Bonds Coverage – Sewer Fund .....	137
Revenue Bond Coverage – Water Fund .....	138
Water Supply System – Last Five Years.....	139
Water Supply System – Ten Largest Water Customers – By Usage .....	140
Industrial Facilities Tax Roll.....	141
Tax Increment Revenues, Debt Service and Debt Service Coverage .....	142
Gas and Weight Tax Revenues, Maximum Annual Debt Service and Historical Debt Service Coverage .....	143

**City of Jackson, Michigan  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2010**

**TABLE OF CONTENTS (Concluded)**

---

	<b><u>PAGE</u></b>
<b><i>INFORMATION ON SINGLE AUDIT (Compliance Section)</i></b>	
Schedule of Expenditures of Federal Awards.....	144-145
Note to Schedule of Expenditures of Federal Awards.....	146
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	147-148
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect On Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.....	149-150
Schedule of Findings and Questioned Costs.....	151-153

# **INTRODUCTORY SECTION**



## CITY MANAGER

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

December 21, 2010

**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, 2010.

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, 2010 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, 2010 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 had some successes throughout 2009 and into 2010 despite the sluggishness of the State's economy. Overall successes show that the area created 61 new jobs, retained 46, and generated \$10.1 million in new investment.

Within the City, EPA brownfield funds continue to be used to assist developers with the purchase and expansion of businesses. The US EPA Assessment Grant and LSRRF dollars continue 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 (real and personal property) taxable value has grown nearly 49% since fiscal year 2002 to over \$725 million. The City has experienced, as have other communities in Michigan as well as across the country, a decline in the previous two fiscal years, down from approximately \$768 million. State equalized values (50% of estimated true market values) have also declined – for the third year in a row - to \$802 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 nationwide mortgage crisis.

This 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.

The State's continued reduction in the distribution of state shared revenues as well as the decline in the City's income tax revenues serve to produce a substantial amount of fiscal anxiety. 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. 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.

**Relevant Financial Policies.** There have been no situations that have affected the application of the City's standard financial policies.

**Major Initiatives.** The City is taking steps to reduce operating costs in an effort to maintain fund balances, especially within the governmental funds area. The merging of the management of the City's parks systems with that of Jackson County was undertaken during the fiscal year and it is anticipated that efforts to extend that merger will be applied to all park operations in the near future. Police and fire services have always acted in unison with the surrounding townships and county, and efforts to further that cooperation are constantly being investigated. The City's Public Works Department works with the County Road Commission more closely than in the past on matters such as bidding for materials (road salt, etc.) and the City provides signal maintenance to many outlying areas. The City's Personnel Department recently agreed with the County to form a joint personnel department that is expected to become effective early in 2011. This joint department will allow the City to share in the costs of a personnel director as well as reduce other staffing costs and office expenses. These are just some of the more major efforts the City is taking to reduce operating costs and become more cost efficient - a trend that will be required to continue in light of reduced revenue forecast in the coming fiscal years.

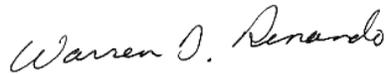
## Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2009. This was the nineteenth 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,



Warren D. Renando, 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, 2009

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.



A stylized, handwritten signature in black ink, appearing to be "JRE".

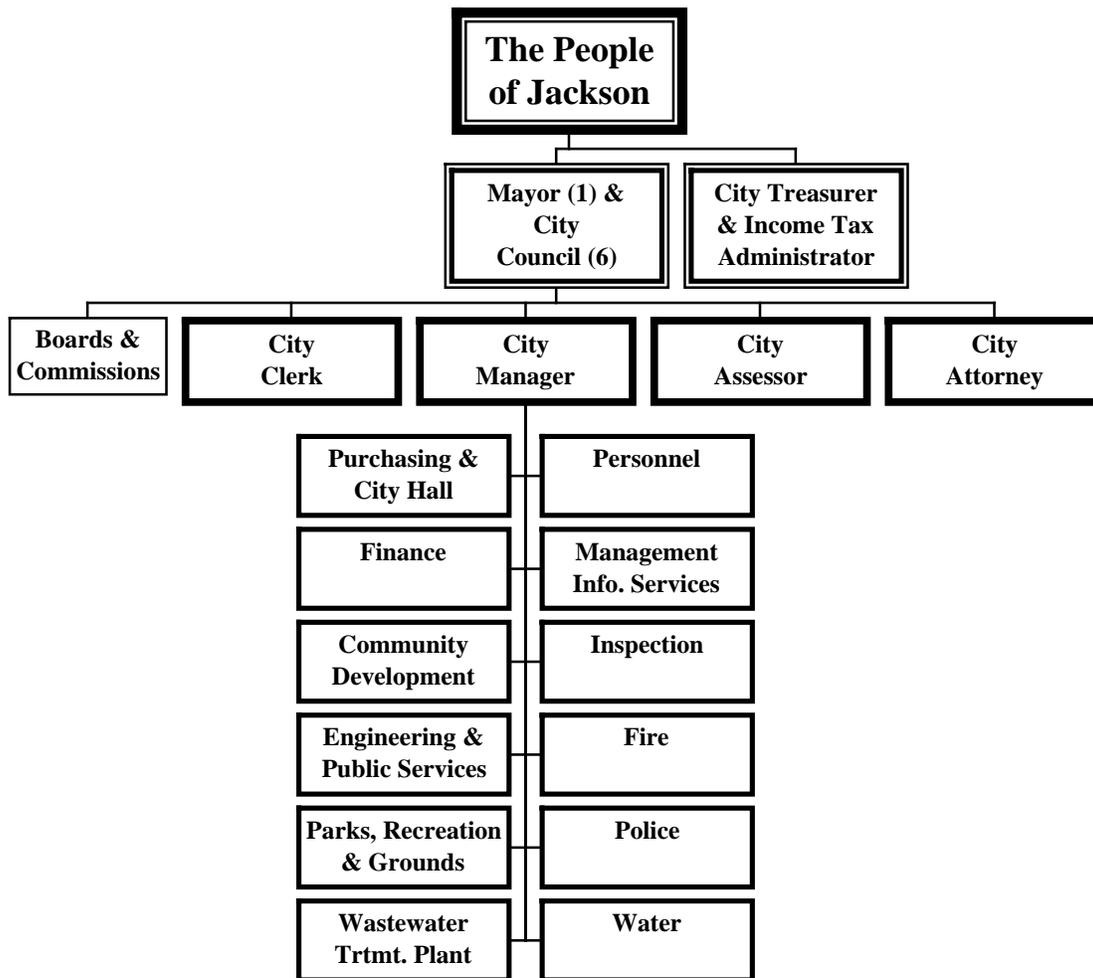
President

A handwritten signature in black ink that reads "Jeffrey R. Emer".

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**

**Warren D. Renando, City Manager**

<b>Michael Beyerstedt</b>	<b>Fire Chief</b>
<b>Jon Dowling</b>	<b>City Engineer/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>Paul Hudson</b>	<b>Acting Water Superintendent</b>
<b>Vacant</b>	<b>Community Development Director</b>
<b>Frank Weathers</b>	<b>Acting Director of Personnel</b>
<b>Brandon Ransom (County)</b>	<b>Director of Parks, Recreation &amp; Grounds</b>
<b>Peter Rynas</b>	<b>Acting Director of Sewage Trtmt. Services. &amp; Facilities</b>
<b>David Taylor</b>	<b>City Assessor</b>
<b>Andrew J. Wrozek, Jr.</b>	<b>City Treasurer/Income Tax Administrator</b>

# **FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

December 21, 2010

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, 2010, 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, 2010, 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 21, 2010, 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 and the beginning fund balance of the general fund were increased by \$852,466 to correctly accrue for the August 2009 state revenue sharing payment.

A handwritten signature in cursive script that reads "Lehmann Johnson".

## **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, 2010. 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 \$101,189,073 (*net assets*). Of this amount, \$12,351,408 (*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 \$4,308,756.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,255,199, a decrease of \$1,350,454 in comparison with the prior year. Approximately 43% of this total amount, or \$2,660,675, 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 \$581,788 or 2.6 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 7.2% of total general fund expenditures.
- The City's total bonded debt decreased by \$1,545,000 during the current fiscal year; there was no new debt issued or debt defeased and existing debt of \$1,545,000 was retired.

### Overview of the Financial Statements

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

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

The *statement of net 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 34 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, major streets and special assessment capital projects funds, each of which are considered to be major funds. Data from the other 30 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 18-25 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 have individual fund data 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, water and parking deck operations, all of which are considered to be major funds of the City.

The basic proprietary fund financial statements can be found on pages 26-29 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 30-31 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 32-62 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 schedules 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 63-66 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 67-115 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 \$101,189,073 at the close of the most recent fiscal year.

By far the largest portion of the City's net assets (82 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	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$14,161,360	\$15,126,434	\$17,855,001	\$17,190,303	\$ 32,016,361	\$ 32,316,737
Capital assets, net	70,558,669	71,312,131	58,193,459	58,945,206	128,752,128	130,257,337
Total assets	84,720,029	86,438,565	76,048,460	76,135,509	160,768,489	162,574,074
Long-term liabilities outstanding	46,703,459	48,460,090	1,992,407	2,158,163	48,695,866	50,618,253
Other liabilities	10,104,938	6,449,419	778,612	861,039	10,883,550	7,310,458
Total liabilities	56,808,397	54,909,509	2,771,019	3,019,202	59,579,416	57,928,711
<b>Net assets:</b>						
Invested in capital assets, net of related debt	26,205,595	25,292,037	56,517,510	57,102,607	82,723,105	82,394,644
Restricted	5,954,460	6,084,912	160,100	167,600	6,114,560	6,252,512
Unrestricted	(4,248,423)	1,004,573	16,599,831	15,846,100	12,351,408	16,850,673
<b>Total Net Assets</b>	<b>\$27,911,632</b>	<b>\$32,381,522</b>	<b>\$73,277,441</b>	<b>\$73,116,307</b>	<b>\$101,189,073</b>	<b>\$105,497,829</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 \$4,308,756 during the current fiscal year. Governmental activities decreased \$4,469,890, while business-type activities increased \$161,134. The decrease in the governmental activities is largely attributable to the reporting of the net other postemployment benefit obligation for health care which, by itself, contributed \$3,800,594 toward the decrease in net assets. The relatively small increase in net assets in the business-type activities resulted from an increase in the water fund totaling \$845,005 offset by smaller decreases in the sewer, parking deck and nonmajor enterprise funds.

## City of Jackson's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
<b>Revenue:</b>						
Program revenues:						
Charges for services	\$ 4,729,249	\$ 4,545,223	\$10,969,737	\$11,741,153	\$15,698,986	\$16,286,376
Operating grants and contributions	7,238,196	5,964,746	17,165	-	7,255,361	5,964,746
Capital grants and contributions	2,130,328	1,444,563	-	-	2,130,328	1,444,563
General revenues:						
Property taxes	10,305,545	10,488,646	-	-	10,305,545	10,488,646
Income taxes	6,519,574	7,645,706	-	-	6,519,574	7,645,706
Grants and contributions not restricted to specific programs	4,785,181	5,730,532	285,961	225,628	5,071,142	5,956,160
Other	119,276	300,223	138,932	357,139	258,208	657,362
<b>Total revenues</b>	<b>35,827,349</b>	<b>36,119,639</b>	<b>11,411,795</b>	<b>12,323,920</b>	<b>47,239,144</b>	<b>48,443,559</b>
<b>Expenses:</b>						
Legislative	81,455	84,987	-	-	81,455	84,987
General government	5,193,157	5,590,322	-	-	5,193,157	5,590,322
Public safety	18,480,322	18,514,730	-	-	18,480,322	18,514,730
Public works	6,815,307	6,982,096	-	-	6,815,307	6,982,096
Culture and recreation	3,074,451	2,823,240	-	-	3,074,451	2,823,240
Community enrichment	4,808,286	4,276,212	-	-	4,808,286	4,276,212
Interest on long-term debt	1,761,959	1,823,284	-	-	1,761,959	1,823,284
Sewer	-	-	5,221,872	5,186,279	5,221,872	5,186,279
Water	-	-	5,360,557	6,315,543	5,360,557	6,315,543
Parking system	-	-	688,921	708,936	688,921	708,936
Golf practice center	-	-	61,613	70,528	61,613	70,528
<b>Total expenses</b>	<b>40,214,937</b>	<b>40,094,871</b>	<b>11,332,963</b>	<b>12,281,286</b>	<b>51,547,900</b>	<b>52,376,157</b>
Change in net assets before transfers	(4,387,588)	(3,975,232)	78,832	42,634	(4,308,756)	(3,932,598)
Transfers	(82,302)	(89,724)	82,302	89,724	-	-
<b>Change in net assets</b>	<b>(4,469,890)</b>	<b>(4,064,956)</b>	<b>161,134</b>	<b>132,358</b>	<b>(4,308,756)</b>	<b>(3,932,598)</b>
Net assets, beginning of year, as restated	32,381,522	36,446,478	73,116,307	72,983,949	105,497,829	109,430,427
<b>Net assets, end of year</b>	<b>\$27,911,632</b>	<b>\$32,381,522</b>	<b>\$73,277,441</b>	<b>\$73,116,307</b>	<b>\$101,189,073</b>	<b>\$105,497,829</b>

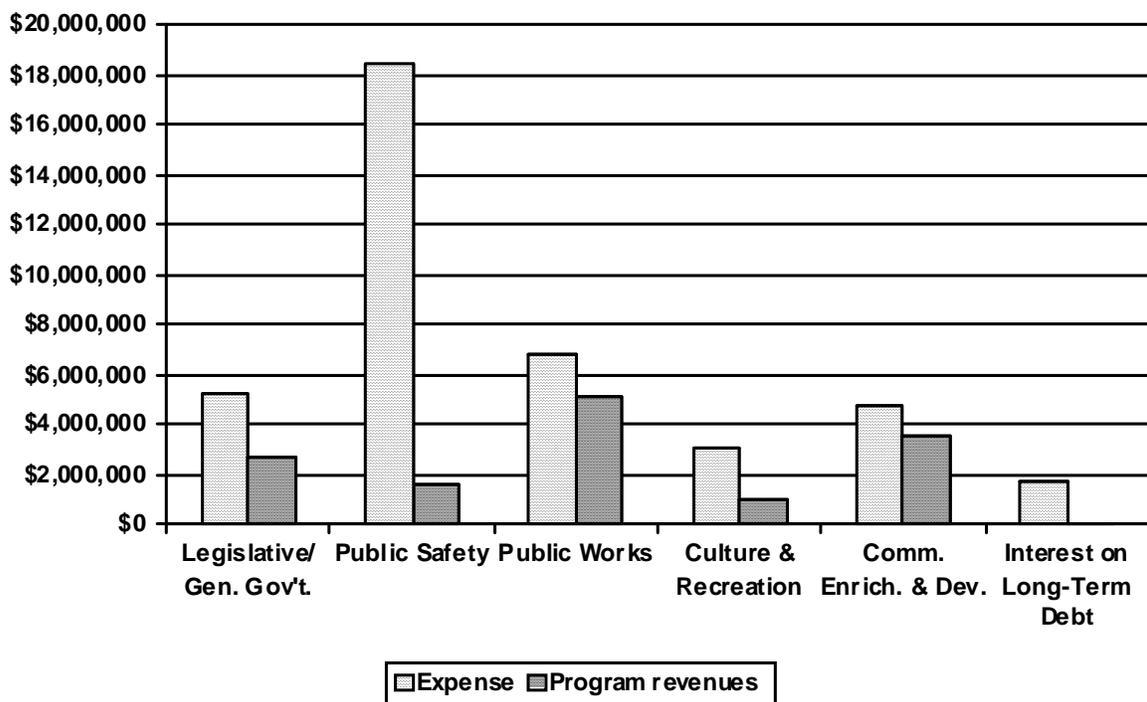
**Governmental activities.** Governmental activities decreased the City's net assets by \$4,469,890 during fiscal year 2010. As indicated earlier, the decrease in the governmental activities is largely attributed to the reporting of the postemployment benefit obligation for health care which, by itself, contributed \$3,800,594 toward the decrease in net assets.

Other elements of this decrease are as follows:

- Operating grants and contributions increased nearly \$1.3 million due to the receipt of a Neighborhood Stabilization Grant (special revenue fund) of approximately \$540,000, an increase in the Byrne/JAG Program Grant (special revenue fund) of approximately \$250,000, a new COPS Hiring Recovery Program (special revenue fund) grant of approximately \$168,000 and other smaller increases from the prior year.
- Capital grants increased \$685,765 in comparison with the prior year largely from the increased street construction grant funds in the major streets fund (special revenue fund) which made up nearly \$598,000 of that increase.
- Income taxes declined over \$1.1 million from the prior year. This decline is viewed as symbolic of the State's economic trend as a whole; however, the City is optimistic that income tax revenues have reached their low point and will begin to grow, although at a slower pace than in past years, in the next several years.
- Grants and contributions not restricted to specific purposes declined about \$945,000 from the prior fiscal year largely due to the decline in sales tax distributions received from the State within the general fund....a decline that amounted to over \$794,000.
- Property taxes declined nearly \$187,000 as total taxable value declined for the second year in a row.
- Other revenue and expenditure categories reflected smaller total changes from the prior fiscal year and were due to a wider variety of factors.

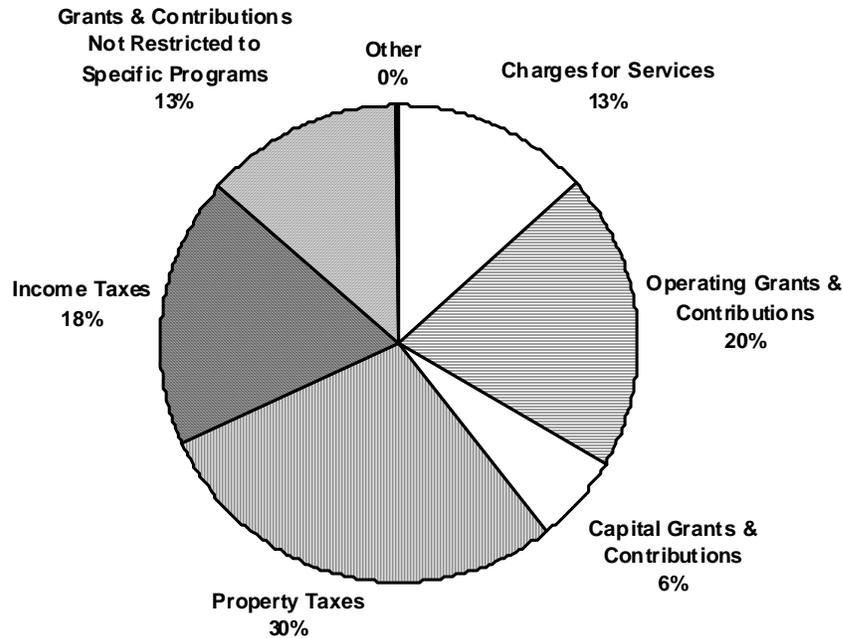
---

**Expenses and Program Revenues - Governmental Activities**



---

## Revenues by Source - Governmental Activities



---

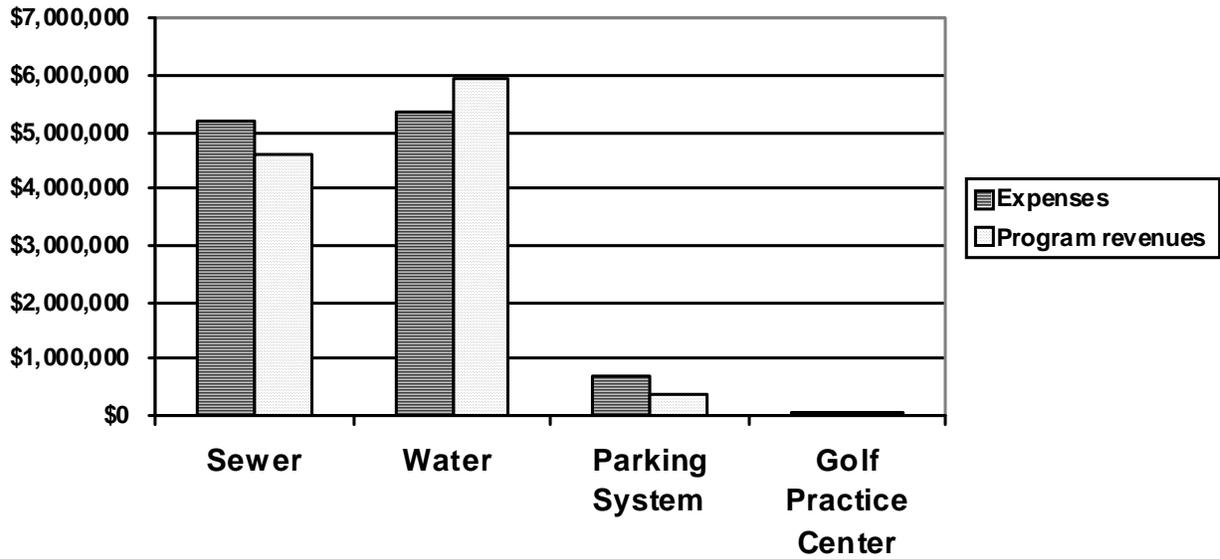
**Business-type activities.** Business-type activities increased the City's net assets by \$161,314. This relatively small increase, as indicated previously, resulted from an increase in the water fund totaling \$845,005 offset by a decrease in the sewage fund of \$458,073 as well as smaller decreases in the parking deck and 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 nearly \$600,000 (13.0%) from the previous fiscal year due largely to decreases in concentration/strength of the billable flow treated as well as actual declines in the volume.
- Water rates also remained unchanged from the prior fiscal year; however, charges for services decreased \$177,149, or 3.1% 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 revenue, which represents investment income, decreased over \$218,000 largely as a result of the decline in the rate of interest and somewhat due to smaller cash balances available for investment as compared to the prior fiscal year.

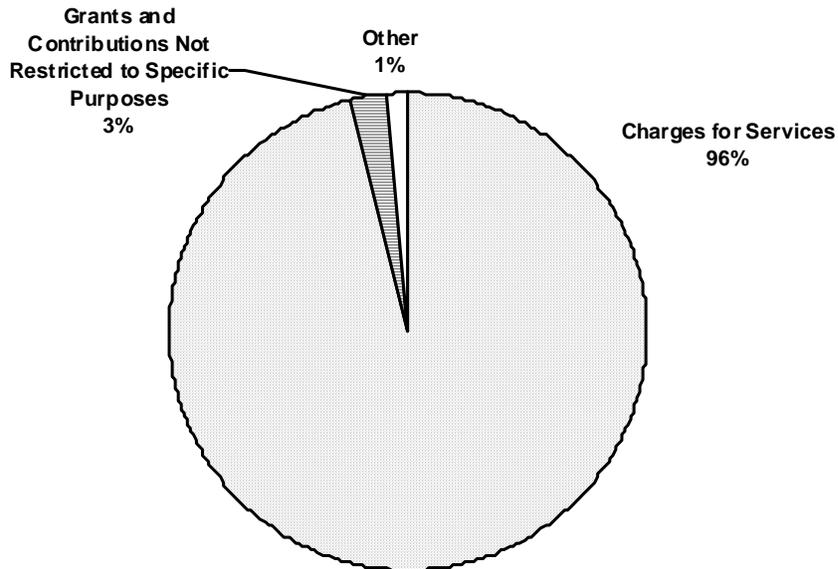
**Expenses and Program Revenues - Business-type Activities**

---



---

**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 \$6,255,199, a decrease of \$1,350,454 in comparison with the prior year. Approximately 43% of this total amount, or \$2,660,675, 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 (\$2,889,832), 2) for residential property rehabilitation programs (\$361,781), 3) for funds advanced on a long term basis (\$150,000), or 4) for inventory and prepaid expenditures (\$166,734 and \$26,177, 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 \$581,788, while total fund balance was \$657,965. 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 2.6 percent of total general fund expenditures while total fund balance represents 2.9 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, 2010 which represents 7.2% of total general fund expenditures.

The fund balance of the City's general fund decreased by \$1,298,482 during the current fiscal year. The City experienced significant declines in income taxes and intergovernmental revenues and declines to a lesser degree in property taxes and investment income. The decline in property and income taxes as well as intergovernmental revenues have been explained in a previous section regarding governmental activities while the decline in interest earnings reflects the continued 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 \$7,744 in fund balance for the current year resulting in an ending total of \$361,781. This entire ending fund balance is reserved for the City's residential property rehabilitation programs.

The major streets fund's fund balance declined \$ 101,522 from the prior fiscal year leaving a total surplus of \$199,529 at fiscal year end. Street and state highway construction increased slightly over \$1 million from the previous year while there were declines in traffic services, winter maintenance and trunkline maintenance activities. Intergovernmental revenues increased in conjunction with the level of state highway construction which is largely funded with federal and state grants.

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 \$111,835. This fund, which has a deficit by its nature, recorded \$166,866 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$278,701.

**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 and water funds at the end of the year amounted to \$8,770,877 and \$6,744,648, respectively. The sewage fund had a decrease in net assets for the year of \$458,073, whereas the water fund had an increase of \$845,005. 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 to the continued unexpected decrease in income taxes over that projected. Income tax revenues fell short of projections by \$380,426, or 5.5%. Signs that indicated income taxes were likely to be higher – lower unemployment rates, announced expansions in business activity – did not produce the expected level of revenue as the local economy continued to struggle.

Expenditures were favorable when compared to budget in total by \$602,306. 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 \$1,298,482 exceeded the anticipated budgeted decrease of \$1,273,969 by only \$24,513, or 0.1% 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, 2010, amounted to \$128,752,128 (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 \$1,505,209 or 1.17 percent (a 1.07 percent decrease for governmental activities and a 1.29 percent decrease for business type activities).

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

- Infrastructure improvements of approximately \$2.8 million comprised largely of street and bridge construction.
- Various water and sewer system improvements totaling approximately \$1.4 million, including water distribution mains of \$998,000 and sewer line replacements of approximately \$393,000.

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

	Governmental Activities		Business Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 2,440,383	\$ 2,440,383	\$ 8,956,886	\$ 8,956,886	\$ 11,397,269	\$ 11,397,269
Systems	-	-	35,041,740	35,284,607	35,041,740	35,284,607
Land improvements	13,873,690	14,188,954	1,632,511	1,678,160	15,506,201	15,867,114
Infrastructure	36,100,537	35,630,383	-	-	36,100,537	35,630,383
Buildings and improvements	11,859,458	12,155,136	10,304,674	10,550,613	22,164,132	22,705,749
Park and recreation facilities	4,151,943	4,272,756	-	-	4,151,943	4,272,756
Machinery and equipment	2,132,658	2,624,519	2,257,648	2,474,940	4,390,306	5,099,459
<b>Total</b>	<b>\$70,558,669</b>	<b>\$71,312,131</b>	<b>\$58,193,459</b>	<b>\$58,945,206</b>	<b>\$128,752,128</b>	<b>\$130,257,337</b>

Additional information on the City’s capital assets can be found in note 3-C on pages 45-47 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$45,739,577. Of this amount, \$44,138,577 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 44,138,577	\$ 45,608,577	\$ -	\$ -	\$ 44,138,577	\$ 45,608,577
Revenue bonds	-	-	1,601,000	1,676,000	1,601,000	1,676,000
Total	<u>\$ 44,138,577</u>	<u>\$ 45,608,577</u>	<u>\$ 1,601,000</u>	<u>\$ 1,676,000</u>	<u>\$ 45,739,577</u>	<u>\$ 47,284,577</u>

The City’s total bonded debt decreased by \$1,545,000 (3.3 percent) during the current fiscal year. There was no new debt issued and existing bonded debt maturities retired during the fiscal year accounted for the entire decrease.

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 \$80,238,220, which is significantly in excess of the City’s outstanding general obligation debt of \$44,205,577.

Additional information on the City’s long-term debt can be found in note 3-F on pages 49-52 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 16.9 percent (October 2010), which is a decrease from a rate of 19.4 percent a year ago (October 2009). This compares unfavorably to the state’s average unemployment rate of 12.0 percent and the national average rate of 9.0 percent. This decline in the unemployment levels should have a positive effect on this year’s income tax revenues.
- Ad valorem (real and personal) taxable values of property have decreased 3.64 percent from the prior fiscal year. It is expected that these values will continue to decline at a similar pace at least for the next few years.
- Inflationary trends in the region compare favorably to national indices.

During the 2010 fiscal year, unreserved fund balance in the general fund decreased to \$581,788. The City has appropriated \$408,971 of this amount for spending in the 2010/11 fiscal year budget. Such appropriation is intended to offset projected reductions in revenues while attempting to minimize reduction in staffing levels and still maintain 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, 2010**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Assets</b>					
Pooled cash and investments	\$ 3,536,489	\$ 14,780,801	\$ 18,317,290	\$ 3,090,258	\$ 265,916
Restricted cash:					
Cash on hand with agents	215,646	-	215,646	-	-
Pooled cash and investments	2,894,489	160,100	3,054,589	-	-
Receivables, net	7,027,504	2,716,519	9,744,023	-	1,388
Interfund balances	100,000	(100,000)	-	-	-
Prepays and other assets	387,232	297,581	684,813	-	-
Capital assets not being depreciated	2,440,383	8,956,886	11,397,269	-	-
Capital assets being depreciated, net	68,118,286	49,236,573	117,354,859	-	-
<b>Total assets</b>	<b>84,720,029</b>	<b>76,048,460</b>	<b>160,768,489</b>	<b>3,090,258</b>	<b>267,304</b>
<b>Liabilities</b>					
Accounts payable and accrued liabilities	2,366,503	653,612	3,020,115	20,812	6,163
Accrued interest payable	241,600	-	241,600	-	-
Unearned revenue	34,416	125,000	159,416	-	-
Long-term debt:					
Due within one year	3,822,000	456,498	4,278,498	-	-
Due in more than one year	42,881,459	1,535,909	44,417,368	-	-
Other noncurrent liability due in more than one year - net other postemployment benefit obligation	7,462,419	-	7,462,419	-	-
<b>Total liabilities</b>	<b>56,808,397</b>	<b>2,771,019</b>	<b>59,579,416</b>	<b>20,812</b>	<b>6,163</b>
<b>Net assets</b>					
Invested in capital assets, net of related debt	26,205,595	56,517,510	82,723,105	-	-
Restricted for:					
Debt service	13,714	160,100	173,814	-	-
Capital projects	366,120	-	366,120	-	-
Endowments - nonexpendable	2,989,832	-	2,989,832	-	-
Budget stabilization	1,603,500	-	1,603,500	-	-
Public improvement and recreation	619,513	-	619,513	-	-
Rehabilitation programs	361,781	-	361,781	-	-
Unrestricted (deficit)	(4,248,423)	16,599,831	12,351,408	3,069,446	261,141
<b>Total net assets</b>	<b>\$ 27,911,632</b>	<b>\$ 73,277,441</b>	<b>\$ 101,189,073</b>	<b>\$ 3,069,446</b>	<b>\$ 261,141</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, 2010**

<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	\$ 81,455	\$ -	\$ -	\$ -	\$ (81,455)
General government	5,193,157	2,325,920	332,838	-	(2,534,399)
Public safety	18,480,322	937,268	733,074	-	(16,809,980)
Public works	6,815,307	311,595	2,685,809	2,127,628	(1,690,275)
Culture and recreation	3,074,451	956,687	47,672	-	(2,070,092)
Community enrichment and development	4,808,286	132,779	3,438,803	2,700	(1,234,004)
Interest on long-term debt	1,761,959	65,000	-	-	(1,696,959)
Total governmental activities	<u>40,214,937</u>	<u>4,729,249</u>	<u>7,238,196</u>	<u>2,130,328</u>	<u>(26,117,164)</u>
Business-type activities:					
Sewer	5,221,872	4,592,307	-	-	(629,565)
Water	5,360,557	5,946,788	17,165	-	603,396
Parking system	688,921	381,351	-	-	(307,570)
Golf practice center	61,613	49,291	-	-	(12,322)
Total business-type activities	<u>11,332,963</u>	<u>10,969,737</u>	<u>17,165</u>	<u>-</u>	<u>(346,061)</u>
Total primary government	<u>\$ 51,547,900</u>	<u>\$ 15,698,986</u>	<u>\$ 7,255,361</u>	<u>\$ 2,130,328</u>	<u>\$ (26,463,225)</u>
<b>Component units</b>					
Brownfield redevelopment	\$ 1,365,955	\$ -	\$ -	\$ -	\$ (1,365,955)
Downtown development	173,240	24,797	246	-	(148,197)
Total component units	<u>\$ 1,539,195</u>	<u>\$ 24,797</u>	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ (1,514,152)</u>

Continued....

**City of Jackson, Michigan**  
**Statement of Activities (Concluded)**  
**For the Fiscal Year Ended June 30, 2010**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Net revenue (expense)</b>	\$ (26,117,164)	\$ (346,061)	\$ (26,463,225)	\$ (1,365,955)	\$ (148,197)
<b>General revenues</b>					
Property taxes	10,305,545	-	10,305,545	1,393,402	93,579
Income taxes	6,519,574	-	6,519,574	-	-
Grants and contributions not restricted to specific purposes	4,785,181	285,961	5,071,142	-	18,606
Unrestricted interest earnings	119,276	138,932	258,208	24,611	4,287
<b>Transfers - internal activities</b>	(82,302)	82,302	-	-	-
Total general revenues and transfers	21,647,274	507,195	22,154,469	1,418,013	116,472
Change in net assets	(4,469,890)	161,134	(4,308,756)	52,058	(31,725)
<b>Net assets</b>					
Beginning of year, as restated	32,381,522	73,116,307	105,497,829	3,017,388	292,866
End of year	<u>\$ 27,911,632</u>	<u>\$ 73,277,441</u>	<u>\$ 101,189,073</u>	<u>\$ 3,069,446</u>	<u>\$ 261,141</u>

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

## **FUND FINANCIAL STATEMENTS**

**City of Jackson, Michigan**  
**Governmental Funds Balance Sheet**  
**June 30, 2010**

	<u>General</u>	<u>Community Development Block Grant</u>	<u>Major Streets</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	\$ -	\$ 268,805	\$ -	\$ -	\$ 3,498,230	\$ 3,767,035
Accounts receivables, net	385,817	-	208,152	-	72,231	666,200
Taxes receivable	2,003,419	-	-	-	-	2,003,419
Other receivables	-	-	-	792,233	20,415	812,648
Due from other governments	1,430,118	161,482	297,053	-	486,342	2,374,995
Due from other funds	-	17,906	-	-	30,383	48,289
Interfund receivable	-	-	-	-	2,224,238	2,224,238
Inventories	-	-	153,075	-	13,659	166,734
Prepaid expenditures	26,177	-	-	-	-	26,177
Restricted assets - cash and cash equivalents	-	189,955	-	-	-	189,955
Loans receivable	-	1,045,375	-	-	-	1,045,375
Long-term advances to other funds	50,000	-	-	-	100,000	150,000
<b>Total assets</b>	<b><u>\$3,895,531</u></b>	<b><u>\$ 1,683,523</u></b>	<b><u>\$ 658,280</u></b>	<b><u>\$ 792,233</u></b>	<b><u>\$ 6,445,498</u></b>	<b><u>\$ 13,475,065</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 303,878	\$ 190,112	\$ 212,601	\$ -	\$ 82,266	\$ 788,857
Accrued payroll	531,500	36,110	30,092	-	69,069	666,771
Other liabilities	91,988	-	-	-	-	91,988
Due to other funds	5,166	145	-	5,545	37,433	48,289
Interfund payable	2,305,034	-	216,058	-	399,962	2,921,054
Deferred revenue	-	1,045,375	-	792,233	34,416	1,872,024
Long-term advances from other funds	-	50,000	-	780,883	-	830,883
<b>Total liabilities</b>	<b><u>3,237,566</u></b>	<b><u>1,321,742</u></b>	<b><u>458,751</u></b>	<b><u>1,578,661</u></b>	<b><u>623,146</u></b>	<b><u>7,219,866</u></b>
<b>Fund balances</b>						
Reserved for:						
Residential property rehabilitation programs	-	361,781	-	-	-	361,781
Inventories	-	-	153,075	-	13,659	166,734
Prepaid expenditures	26,177	-	-	-	-	26,177
Perpetual care and endowment	-	-	-	-	2,889,832	2,889,832
Advances	50,000	-	-	-	100,000	150,000
Unreserved:						
Designated:						
For subsequent year's expenditures	408,971	-	-	-	-	408,971
Reported in nonmajor special revenue funds	-	-	-	-	552,966	552,966
Undesignated (deficit)	172,817	-	46,454	(786,428)	-	(567,157)
Undesignated, reported in nonmajor :						
Special revenue funds	-	-	-	-	1,886,061	1,886,061
Debt service funds	-	-	-	-	13,714	13,714
Capital projects funds	-	-	-	-	366,120	366,120
Total fund balances (deficit)	<u>657,965</u>	<u>361,781</u>	<u>199,529</u>	<u>(786,428)</u>	<u>5,822,352</u>	<u>6,255,199</u>
<b>Total liabilities and fund balances</b>	<b><u>\$3,895,531</u></b>	<b><u>\$ 1,683,523</u></b>	<b><u>\$ 658,280</u></b>	<b><u>\$ 792,233</u></b>	<b><u>\$ 6,445,498</u></b>	<b><u>\$ 13,475,065</u></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, 2010**

---

Fund balances - total governmental funds \$ 6,255,199

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	172,694,145
Subtract - accumulated depreciation	(103,357,912)

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	1,045,375
Add - deferred special assessments	792,233

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	4,695,749
---	-----------

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	189,195
Add - unamortized bond issuance costs	194,321
Subtract - bonds, contracts and loans payable	(44,542,269)
Subtract - other postemployment benefit obligation	(7,462,419)
Subtract - compensated absences	(2,350,385)
Subtract - accrued interest on long-term liabilities	(241,600)
	(241,600)

Net assets of governmental activities	\$ 27,911,632
---------------------------------------	---------------

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, 2010**

	General	Community Development Block Grant	Major Streets	Special Assessment Capital Projects	Nonmajor Funds	Totals
<b>Revenues</b>						
Property taxes	\$7,681,891	\$ -	\$ -	\$ -	\$ 2,735,488	\$ 10,417,379
Income taxes	6,519,574	-	-	-	-	6,519,574
Licenses and permits	250,602	-	-	-	-	250,602
Intergovernmental	4,579,549	1,737,714	3,741,411	-	2,257,349	12,316,023
Charges for services	1,282,471	-	-	-	2,631,476	3,913,947
Fines and forfeits	261,677	-	-	-	-	261,677
Special assessments	-	-	-	278,701	-	278,701
Investment income	23,086	1,801	-	-	193,136	218,023
Miscellaneous	544,266	211,180	287,869	-	179,259	1,222,574
<b>Total revenues</b>	<b>21,143,116</b>	<b>1,950,695</b>	<b>4,029,280</b>	<b>278,701</b>	<b>7,996,708</b>	<b>35,398,500</b>
<b>Expenditures</b>						
Current:						
Legislative	81,455	-	-	-	-	81,455
General government	4,440,441	-	-	-	-	4,440,441
Public safety	15,143,445	504,795	-	-	1,122,069	16,770,309
Public works	1,165,539	-	4,183,306	-	1,086,867	6,435,712
Culture and recreation	1,379,570	-	-	-	1,124,425	2,503,995
Community enrichment and development	182,875	1,438,156	-	-	1,235,667	2,856,698
Capital outlay	-	-	-	-	162,571	162,571
Debt service:						
Principal retirement	-	-	-	-	1,699,000	1,699,000
Interest and fiscal charges	-	-	-	-	1,735,313	1,735,313
<b>Total expenditures</b>	<b>22,393,325</b>	<b>1,942,951</b>	<b>4,183,306</b>	<b>-</b>	<b>8,165,912</b>	<b>36,685,494</b>
<b>Revenues over (under) expenditures</b>	<b>(1,250,209)</b>	<b>7,744</b>	<b>(154,026)</b>	<b>278,701</b>	<b>(169,204)</b>	<b>(1,286,994)</b>
<b>Other financing sources (uses)</b>						
Proceeds from sale of capital assets	18,367	-	-	-	475	18,842
Transfers in	72,260	-	808,301	-	2,352,109	3,232,670
Transfers out	(138,900)	-	(755,797)	(166,866)	(2,253,409)	(3,314,972)
<b>Total other financing sources (uses)</b>	<b>(48,273)</b>	<b>-</b>	<b>52,504</b>	<b>(166,866)</b>	<b>99,175</b>	<b>(63,460)</b>
<b>Net change in fund balances</b>	<b>(1,298,482)</b>	<b>7,744</b>	<b>(101,522)</b>	<b>111,835</b>	<b>(70,029)</b>	<b>(1,350,454)</b>
Fund balances (deficit), beginning of year, as restated	1,956,447	354,037	301,051	(898,263)	5,892,381	7,605,653
<b>Fund balances (deficit), end of year</b>	<b>\$ 657,965</b>	<b>\$ 361,781</b>	<b>\$ 199,529</b>	<b>\$ (786,428)</b>	<b>\$ 5,822,352</b>	<b>\$ 6,255,199</b>

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, 2010**

---

Net change in fund balances - total governmental funds \$ (1,350,454)

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	2,932,231
Subtract - loss on sale of capital assets	(45,997)
Subtract - proceeds from sale of capital assets	(18,842)
Subtract - depreciation expense	(3,344,688)

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	(111,834)
Subtract - current year loan receivable receipts	(80,750)

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	1,699,000
---	-----------

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	16,130
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	(3,800,594)
Add - decrease in the accrual of compensated absences	89,611

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	77,747
Subtract - net operating loss from governmental activities accounted for in internal service funds	(488,674)

Change in net assets of governmental activities	\$ (4,469,890)
---	----------------

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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010				2009 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Property taxes	\$ 7,692,601	\$ 7,662,601	\$ 7,681,891	\$ 19,290	\$ 7,770,119
Income taxes	8,000,000	6,900,000	6,519,574	(380,426)	7,645,706
Licenses and permits	244,650	242,050	250,602	8,552	247,399
Intergovernmental	5,149,932	4,663,451	4,579,549	(83,902)	5,474,154
Charges for services	1,319,322	1,397,221	1,282,471	(114,750)	1,299,376
Fines and forfeits	214,200	274,507	261,677	(12,830)	224,967
Investment income	190,000	90,000	23,086	(66,914)	101,926
Miscellaneous	461,060	576,421	544,266	(32,155)	370,730
Total revenues	<u>23,271,765</u>	<u>21,806,251</u>	<u>21,143,116</u>	<u>(663,135)</u>	<u>23,134,377</u>
<b>Expenditures</b>					
Current:					
Legislative - City Council	85,857	81,024	81,455	431	84,987
General government:					
City Manager	259,967	149,385	160,547	11,162	249,447
City Clerk - Elections	157,629	130,470	111,171	(19,299)	161,360
Finance	447,572	392,993	392,541	(452)	425,809
City Assessor	403,112	392,895	386,138	(6,757)	430,423
City Attorney	564,993	482,462	479,684	(2,778)	521,999
City Clerk	223,579	218,082	210,263	(7,819)	223,205
Charter Review Committee	-	-	-	-	77
Personnel	350,816	293,860	285,687	(8,173)	362,292
Purchasing	113,034	122,304	119,452	(2,852)	168,037
City Treasurer	332,816	309,350	311,982	2,632	316,152
City Income Tax Administration	221,916	193,693	182,261	(11,432)	246,788
Management Information Services	346,189	334,060	310,680	(23,380)	319,369
City Hall and Grounds	339,717	347,802	332,777	(15,025)	342,229
Cemeteries	481,523	447,714	436,616	(11,098)	493,676
Hearing Bureau	23,742	22,580	24,467	1,887	22,597
Unallocated	515,342	598,268	696,175	97,907	495,144
Total general government	<u>4,781,947</u>	<u>4,435,918</u>	<u>4,440,441</u>	<u>4,523</u>	<u>4,778,604</u>
Public safety:					
Police:					
General	8,433,711	8,151,781	8,067,938	(83,843)	8,702,526
Youth Services Unit	320,763	302,624	296,031	(6,593)	309,925
STEP Grant	-	13,333	13,334	1	20,733
JCCA Grant	-	12,434	7,310	(5,124)	14,346
Homeland Security Grant	-	192,880	55,778	(137,102)	-
MCOLES Training	-	36,856	27,513	(9,343)	28,837
In-Service Training	10,217	14,296	10,959	(3,337)	12,816
Consortium Training	26,313	48,277	15,008	(33,269)	18,483
Fire:					
Administration	284,800	319,414	320,688	1,274	282,304
Suppression	4,964,074	4,593,938	4,468,516	(125,422)	5,020,852
Prevention	15,938	12,692	9,552	(3,140)	47,859
Training	87,887	125,161	117,602	(7,559)	236,302
Police and Fire - Unallocated	1,534,967	1,662,587	1,673,129	10,542	1,415,816
Emergency Measures	66,493	64,626	60,087	(4,539)	54,789
Total public safety	<u>15,745,163</u>	<u>15,550,899</u>	<u>15,143,445</u>	<u>(407,454)</u>	<u>16,165,588</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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010			Actual Over (Under) Final Budget	2009 Actual
	Original Budget	Final Budget	Actual		
<b>Expenditures (concluded)</b>					
Current (concluded):					
Public works:					
Tax Property Maintenance	\$ 10,000	\$ 8,000	\$ 5,539	\$ (2,461)	\$ 7,599
Civic Affairs	57,475	46,043	41,278	(4,765)	44,551
Drains at Large	72,088	60,000	48,618	(11,382)	59,639
Storm Drain Construction	10,000	7,922	7,532	(390)	54,252
Grounds Maintenance	154,515	44,515	37,997	(6,518)	132,838
Sidewalk Construction	60,000	124,953	50,509	(74,444)	157,298
Street Lighting	407,412	553,321	480,473	(72,848)	479,335
Forestry	576,720	506,568	512,147	5,579	586,902
Weed Control	30,461	30,480	22,983	(7,497)	15,916
Reimbursements	(20,000)	(84,953)	(41,537)	43,416	(24,980)
Total public works	<u>1,358,671</u>	<u>1,296,849</u>	<u>1,165,539</u>	<u>(131,310)</u>	<u>1,513,350</u>
Culture and recreation:					
Parks and Recreation Administration	714,740	712,479	700,738	(11,741)	789,964
Parks and Facilities Maintenance	522,172	516,862	505,817	(11,045)	524,212
Lt. Nixon Memorial Pool	142,368	140,805	123,685	(17,120)	152,935
Sharp Park Swimming Pool	131,266	94,393	89,330	(5,063)	117,114
Reimbursements	(40,000)	(40,000)	(40,000)	-	(35,000)
Total culture and recreation	<u>1,470,546</u>	<u>1,424,539</u>	<u>1,379,570</u>	<u>(44,969)</u>	<u>1,549,225</u>
Community enrichment/development:					
Planning	135,349	130,936	103,108	(27,828)	154,627
DDA and Equity Grants	-	-	-	-	25,000
Historical District	14,203	12,603	11,290	(1,313)	11,240
Human Relations	70,418	62,863	68,477	5,614	68,621
Total community enrichment and development	<u>219,970</u>	<u>206,402</u>	<u>182,875</u>	<u>(23,527)</u>	<u>259,488</u>
<b>Total expenditures</b>	<u>23,662,154</u>	<u>22,995,631</u>	<u>22,393,325</u>	<u>(602,306)</u>	<u>24,351,242</u>
<b>Revenues (under) expenditures</b>	<u>(390,389)</u>	<u>(1,189,380)</u>	<u>(1,250,209)</u>	<u>(60,829)</u>	<u>(1,216,865)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	17,960	17,960	18,367	407	9,979
Transfers in	130,750	74,922	72,260	(2,662)	152,291
Transfers out	(217,575)	(177,471)	(138,900)	38,571	(299,158)
Total other financing (uses)	<u>(68,865)</u>	<u>(84,589)</u>	<u>(48,273)</u>	<u>36,316</u>	<u>(136,888)</u>
Net change in fund balances	(459,254)	(1,273,969)	(1,298,482)	(24,513)	(1,353,753)
Fund balance, beginning of year, as restated	<u>1,103,981</u>	<u>1,956,447</u>	<u>1,956,447</u>	<u>-</u>	<u>3,310,200</u>
<b>Fund balance, end of year</b>	<u>\$ 644,727</u>	<u>\$ 682,478</u>	<u>\$ 657,965</u>	<u>\$ (24,513)</u>	<u>\$ 1,956,447</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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010			Actual Over (Under) Final Budget	2009 Actual
	Original Budget	Final Budget	Actual		
<b>Revenues</b>					
Intergovernmental	\$ 3,733,680	\$ 3,733,680	\$ 1,737,714	\$ (1,995,966)	\$ 1,572,891
Investment income	1,000	1,000	1,801	801	3,333
Miscellaneous	116,450	116,450	211,180	94,730	201,080
Total revenues	<u>3,851,130</u>	<u>3,851,130</u>	<u>1,950,695</u>	<u>(1,900,435)</u>	<u>1,777,304</u>
<b>Expenditures</b>					
Current:					
Public safety -					
Code enforcement	950,000	950,000	504,795	(445,205)	483,404
Community enrichment and development:					
Rehabilitation	775,285	775,285	395,354	(379,931)	241,535
Rehabilitation loans	4,000	4,000	1,090	(2,910)	1,522
Public services	181,773	181,773	165,646	(16,127)	206,689
Administration	470,980	470,980	229,785	(241,195)	289,742
Economic development	100,000	100,000	100,000	-	217,950
Interim assistance	13,329	13,329	8,901	(4,428)	-
Street construction	619,000	619,000	71,162	(547,838)	-
Sidewalks and drives	107,523	107,523	43,947	(63,576)	22,570
Forestry	50,000	50,000	24,493	(25,507)	19,258
Recreation	-	-	-	-	35,000
Public improvement	364,335	364,335	133,676	(230,659)	203,179
Homelessness prevention	568,942	568,942	264,102	(304,840)	8,800
Total expenditures	<u>4,205,167</u>	<u>4,205,167</u>	<u>1,942,951</u>	<u>(2,262,216)</u>	<u>1,729,649</u>
Net change in fund balance	(354,037)	(354,037)	7,744	361,781	47,655
Fund balance, beginning of year	<u>354,037</u>	<u>354,037</u>	<u>354,037</u>	<u>-</u>	<u>306,382</u>
<b>Fund balance, end of year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361,781</u>	<u>\$ 361,781</u>	<u>\$ 354,037</u>

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

**City of Jackson, Michigan**  
**Major Streets Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	2010			Actual Over (Under) Final Budget	2009 Actual
	Original Budget	Amended Budget	Actual		
<b>Revenues</b>					
Intergovernmental	\$ 6,168,848	\$ 5,381,729	\$ 3,741,411	\$ (1,640,318)	\$ 3,143,461
Miscellaneous	134,555	278,625	287,869	9,244	159,532
Total revenues	<u>6,303,403</u>	<u>5,660,354</u>	<u>4,029,280</u>	<u>(1,631,074)</u>	<u>3,302,993</u>
<b>Expenditures</b>					
Current - public works:					
Street construction	806,806	689,249	640,003	(49,246)	580,613
Street maintenance	744,115	847,647	715,834	(131,813)	598,274
Traffic services	597,453	543,684	494,067	(49,617)	512,771
Winter maintenance	429,123	246,767	235,139	(11,628)	311,302
Trunkline maintenance	215,816	215,816	85,392	(130,424)	234,375
State highway construction	4,285,919	3,681,195	2,133,821	(1,547,374)	1,187,323
Reimbursements	(199,000)	(150,848)	(120,950)	29,898	(208,696)
Total expenditures	<u>6,880,232</u>	<u>6,073,510</u>	<u>4,183,306</u>	<u>(1,890,204)</u>	<u>3,215,962</u>
Revenues over (under) expenditures	<u>(576,829)</u>	<u>(413,156)</u>	<u>(154,026)</u>	<u>259,130</u>	<u>87,031</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,101,362	900,448	808,301	(92,147)	589,869
Transfers out	(789,290)	(762,290)	(755,797)	6,493	(695,403)
Total other financing sources (uses)	<u>312,072</u>	<u>138,158</u>	<u>52,504</u>	<u>(85,654)</u>	<u>(105,534)</u>
Net change in fund balance	(264,757)	(274,998)	(101,522)	173,476	(18,503)
Fund balance, beginning of year	<u>301,051</u>	<u>301,051</u>	<u>301,051</u>	<u>-</u>	<u>319,554</u>
<b>Fund balance, end of year</b>	<u><u>\$ 36,294</u></u>	<u><u>\$ 26,053</u></u>	<u><u>\$ 199,529</u></u>	<u><u>\$ 173,476</u></u>	<u><u>\$ 301,051</u></u>

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

**City of Jackson, Michigan**  
**Statement of Net Assets - Proprietary Funds**  
**June 30, 2010**

	Enterprise Funds - Business-type Activities				Totals	Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
<b>Assets</b>						
<b>Current assets</b>						
Pooled cash and investments	\$ 7,137,794	\$ 5,625,399	\$ 1,084,268	\$ 236,524	\$ 14,083,985	\$ 3,170,804
Accounts receivable, net	1,217,573	1,497,446	-	1,500	2,716,519	124,867
Interfund receivable	696,816	-	-	-	696,816	-
Inventories	-	281,292	-	-	281,292	-
Other assets	-	16,289	-	-	16,289	-
Restricted cash and cash equivalents:						
Cash on hand with agents	-	-	-	-	-	215,646
Bond reserve	55,000	105,100	-	-	160,100	-
Total current assets	<u>9,107,183</u>	<u>7,525,526</u>	<u>1,084,268</u>	<u>238,024</u>	<u>17,955,001</u>	<u>3,511,317</u>
<b>Noncurrent assets</b>						
Long-term advances	-	-	-	-	-	826,419
Capital assets not being depreciated	154,947	58,369	7,060,843	1,682,727	8,956,886	-
Capital assets being depreciated, net	16,762,651	20,913,901	11,306,546	253,475	49,236,573	1,222,436
Total noncurrent assets	<u>16,917,598</u>	<u>20,972,270</u>	<u>18,367,389</u>	<u>1,936,202</u>	<u>58,193,459</u>	<u>2,048,855</u>
<b>Total assets</b>	<u>26,024,781</u>	<u>28,497,796</u>	<u>19,451,657</u>	<u>2,174,226</u>	<u>76,148,460</u>	<u>5,560,172</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	123,874	257,540	958	6,997	389,369	111,643
Accrued payroll	57,522	74,087	610	4,421	136,640	43,926
Accrued compensated absences	9,182	19,316	-	-	28,498	-
Customer deposits	-	127,603	-	-	127,603	-
Unearned revenue	-	-	125,000	-	125,000	-
Current portion of:						
Estimated claims payable	-	-	-	-	-	331,659
Long-term debt	100,000	228,000	-	100,000	428,000	-
Total current liabilities	<u>290,578</u>	<u>706,546</u>	<u>126,568</u>	<u>111,418</u>	<u>1,235,110</u>	<u>487,228</u>
<b>Noncurrent liabilities</b>						
Long term advance from other funds	-	-	-	100,000	100,000	45,536
Estimated claims payable	-	-	-	-	-	331,659
Revenue bonds payable	450,000	797,949	-	-	1,247,949	-
Accrued compensated absences	90,728	197,232	-	-	287,960	-
Total noncurrent liabilities	<u>540,728</u>	<u>995,181</u>	<u>-</u>	<u>100,000</u>	<u>1,635,909</u>	<u>377,195</u>
<b>Total liabilities</b>	<u>831,306</u>	<u>1,701,727</u>	<u>126,568</u>	<u>211,418</u>	<u>2,871,019</u>	<u>864,423</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	16,367,598	19,946,321	18,367,389	1,836,202	56,517,510	1,222,436
Restricted for bond reserve	55,000	105,100	-	-	160,100	-
Unrestricted	8,770,877	6,744,648	957,700	126,606	16,599,831	3,473,313
<b>Total net assets</b>	<u>\$ 25,193,475</u>	<u>\$ 26,796,069</u>	<u>\$ 19,325,089</u>	<u>\$ 1,962,808</u>	<u>\$ 73,277,441</u>	<u>\$ 4,695,749</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, 2010**

	Enterprise Funds - Business-type Activities				Totals	Governmental Activities
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
<b>Operating revenues</b>						
Charges for sales and services	\$ 4,592,307	\$ 5,744,427	\$ 250,028	\$ 180,614	\$10,767,376	\$ 2,680,933
Administrative fees	-	193,551	-	-	193,551	-
Other	93,659	201,112	-	-	294,771	1,078,439
<b>Total operating revenues</b>	<u>4,685,966</u>	<u>6,139,090</u>	<u>250,028</u>	<u>180,614</u>	<u>11,255,698</u>	<u>3,759,372</u>
<b>Operating expenses</b>						
Personal services	1,577,778	2,305,734	37,609	110,872	4,031,993	1,212,357
Administration	-	-	-	-	-	135,108
Materials and supplies	391,217	163,142	-	3,235	557,594	344,663
Contractual and other services	1,964,928	2,112,087	133,209	168,973	4,379,197	1,983,989
Benefit payments	-	-	-	-	-	180,761
Equipment	-	-	-	-	-	-
Depreciation	1,257,098	727,376	262,943	23,921	2,271,338	391,168
<b>Total operating expenses</b>	<u>5,191,021</u>	<u>5,308,339</u>	<u>433,761</u>	<u>307,001</u>	<u>11,240,122</u>	<u>4,248,046</u>
<b>Operating income (loss)</b>	<u>(505,055)</u>	<u>830,751</u>	<u>(183,733)</u>	<u>(126,387)</u>	<u>15,576</u>	<u>(488,674)</u>
<b>Nonoperating revenues (expenses)</b>						
Intergovernmental subsidy	-	17,165	-	-	17,165	-
Investment income	77,833	49,307	9,242	2,550	138,932	77,747
Interest and fiscal charges	(30,851)	(52,218)	-	(9,772)	(92,841)	-
<b>Total nonoperating revenues (expenses)</b>	<u>46,982</u>	<u>14,254</u>	<u>9,242</u>	<u>(7,222)</u>	<u>63,256</u>	<u>77,747</u>
<b>Income (loss) before transfers</b>	<u>(458,073)</u>	<u>845,005</u>	<u>(174,491)</u>	<u>(133,609)</u>	<u>78,832</u>	<u>(410,927)</u>
<b>Transfers in</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,302</u>	<u>82,302</u>	<u>-</u>
<b>Change in net assets</b>	<u>(458,073)</u>	<u>845,005</u>	<u>(174,491)</u>	<u>(51,307)</u>	<u>161,134</u>	<u>(410,927)</u>
<b>Net assets, beginning of year</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>
<b>Net assets, end of year</b>	<u>\$ 25,193,475</u>	<u>\$ 26,796,069</u>	<u>\$ 19,325,089</u>	<u>\$ 1,962,808</u>	<u>\$ 73,277,441</u>	<u>\$ 4,695,749</u>

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, 2010**

	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	\$ (1,592,340)	\$ (2,292,042)	\$ (37,687)	\$ (110,872)	\$ (4,032,941)	\$ (1,201,480)
Payments to vendors and claimants	(3,042,713)	(2,377,654)	(133,473)	(177,409)	(5,731,249)	(2,709,700)
Receipts from customers and users	4,584,469	6,162,784	250,028	179,939	11,177,220	-
Receipts for interfund services provided	-	-	-	-	-	3,901,501
Net cash provided by (used in) operating activities	(50,584)	1,493,088	78,868	(108,342)	1,413,030	(9,679)
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(392,574)	(1,127,017)	-	-	(1,519,591)	(115,003)
Principal and interest received on interfund advances	-	-	-	-	-	188,938
Principal and interest paid on long-term debt	(105,851)	(43,868)	-	(109,772)	(259,491)	-
Interfund advances received	-	-	-	-	-	(71,558)
Net cash provided by (used in) capital and related financing activities	(498,425)	(1,170,885)	-	(109,772)	(1,779,082)	2,377
<b>Cash flows from noncapital financing activities</b>						
Transfers in	-	-	-	82,302	82,302	-
<b>Cash flows from investing activities</b>						
Intergovernmental subsidy	-	17,165	-	-	17,165	-
Interest received on investments	77,833	49,307	9,242	2,550	138,932	77,747
Net cash provided by investing activities	77,833	66,472	9,242	2,550	156,097	77,747
Net change in cash and cash equivalents	(471,176)	388,675	88,110	(133,262)	(127,653)	70,445
Cash and cash equivalents, beginning of year	7,663,970	5,341,824	996,158	369,786	14,371,738	3,316,005
<b>Cash and cash equivalents, end of year</b>	<u>\$ 7,192,794</u>	<u>\$ 5,730,499</u>	<u>1,084,268</u>	<u>\$ 236,524</u>	<u>\$ 14,244,085</u>	<u>\$ 3,386,450</u>
<b>Statement of net assets classification of cash</b>						
Cash and cash equivalents	\$ 7,137,794	\$ 5,625,399	1,084,268	\$ 236,524	\$ 14,083,985	\$ 3,170,804
Restricted cash and cash equivalents	55,000	105,100	-	-	160,100	215,646
	<u>\$ 7,192,794</u>	<u>\$ 5,730,499</u>	<u>1,084,268</u>	<u>\$ 236,524</u>	<u>\$ 14,244,085</u>	<u>\$ 3,386,450</u>

Continued...

**City of Jackson, Michigan**  
**Statement of Cash Flows - Proprietary Funds (Concluded)**  
**For the Fiscal Year Ended June 30, 2010**

	Enterprise Funds - Business-type Activities				Governmental Activities	
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
<b>Reconciliation of operating income to net cash provided by operating activities</b>						
Operating income (loss)	\$ (505,055)	\$ 830,751	(183,733)	\$ (126,387)	\$ 15,576	\$ (488,674)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1,257,098	727,376	262,943	23,921	2,271,338	391,168
(Increase) decrease in:						
Accounts receivable	(101,497)	12,827	-	-	(88,670)	136,968
Interfund receivable	(696,816)	-	-	(675)	(697,491)	5,161
Inventories	-	(1,619)	-	-	(1,619)	-
Other assets	-	5,430	-	-	5,430	-
Increase (decrease) in:						
Accounts payable	10,248	(106,236)	(264)	6,362	(89,890)	(111,178)
Accrued payroll	3,858	(5,622)	(78)	(1,563)	(3,405)	10,876
Accrued compensated absences	(18,420)	19,314	-	-	894	-
Advance from other funds	-	-	-	(10,000)	(10,000)	-
Customer deposits	-	10,867	-	-	10,867	-
<b>Net cash provided by (used in) operating activities</b>	<u>\$ (50,584)</u>	<u>\$ 1,493,088</u>	<u>78,868</u>	<u>\$ (108,342)</u>	<u>\$ 1,413,030</u>	<u>\$ (9,679)</u>

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

**City of Jackson, Michigan**  
**Statement of Fiduciary Net Assets - Fiduciary Funds**  
**June 30, 2010**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
	<u>Trust Funds</u>	<u>Funds</u>
<b>Assets</b>		
Pooled cash and investments	\$ -	\$ 177,735
Investments, at fair value:		
U.S. treasuries	1,184,895	-
U.S. agencies	735,438	-
Mortgage backed securities	360,282	
Corporate bonds:		
Domestic	7,406,263	-
Domestic mutual funds	11,109,902	-
International	373,517	-
Equities:		
Domestic stocks	29,721,631	-
Domestic mutual funds	4,065,112	-
International stocks	5,882,863	-
Money market accounts	2,536,110	-
Interest and dividends receivable	60,058	-
	<u>63,436,071</u>	<u>\$ 177,735</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 16,123
Due to other governments	-	18,635
Refunds payable and other liabilities	292,906	142,977
	<u>292,906</u>	<u>\$ 177,735</u>
<b>Net assets</b>		
Held in trust for pension and other employee benefits	<u>\$ 63,143,165</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, 2010**

---

**Additions**

Contributions:

Employer	\$ 5,204,897
Plan members	<u>1,393,189</u>

Total contributions	<u>6,598,086</u>
---------------------	------------------

Investment income:

Net appreciation in fair value of investments	6,261,199
Interest	381,825
Dividends	<u>755,641</u>
Total investment income	7,398,665

Less investment expense	<u>334,637</u>
-------------------------	----------------

Net investment income	<u>7,064,028</u>
-----------------------	------------------

Total additions	<u>13,662,114</u>
-----------------	-------------------

**Deductions**

Benefits	8,085,300
Refunds of contributions	123,365
Administrative expense	<u>150,917</u>

Total deductions	<u>8,359,582</u>
------------------	------------------

Net increase in net assets	5,302,532
----------------------------	-----------

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

Beginning of year	<u>57,840,633</u>
-------------------	-------------------

<b>End of year</b>	<u><u>\$ 63,143,165</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

### INDEX

---

<u>NOTE</u>	<u>PAGE</u>
<b>1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b>	
A. Reporting Entity .....	32
B. Basis of Presentation .....	33
C. Measurement Focus / Basis of Accounting .....	34
D. Assets, Liabilities and Equity .....	35
<b>2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY</b>	
A. Budgetary Information .....	38
B. Excess of Expenditures Over Appropriations .....	39
C. Fund Deficit.....	39
<b>3. DETAILED NOTES ON ALL FUNDS</b>	
A. Deposits and Investments .....	40
B. Receivables.....	44
C. Capital Assets .....	45
D. Payables.....	47
E. Interfund Receivables, Payables and Transfers.....	47
F. Long-term Debt .....	49
G. Segment Information – Enterprise Funds .....	52
H. Endowments .....	52
I. Restatement .....	53
<b>4. OTHER INFORMATION</b>	
A. Risk Management.....	53
B. Property Taxes.....	54
C. Contingent Liabilities .....	54
D. Postemployment Benefits .....	55
E. Defined Benefit Pension Plans .....	57

# City of Jackson, Michigan

## Notes To Financial Statements

---

### 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

---

### 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.

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

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

The City reports the following major enterprise funds:

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

---

Additionally, the City reports the following fund types:

*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; healthcare insurance deductible, public works administration, engineering administration, and land site remediation revolving.

*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

---

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

---

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

---

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

---

### 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, 2010.

# 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>			
Legislative - City Council	\$ 81,024	\$ 81,455	\$ 431
General government:			
City Manager	149,385	160,547	11,162
City Treasurer	309,350	311,982	2,632
Hearing Bureau	22,580	24,467	1,887
Unallocated	598,268	696,175	97,907
Public safety:			
STEP Grant	13,333	13,334	1
Administration	319,414	320,688	1,274
Unallocated	1,662,587	1,673,129	10,542
Public Works:			
Forestry	506,568	512,147	5,579
Reimbursements	(84,953)	(41,537)	43,416
Community Enrichment -			
Human Relations	62,863	68,477	5,614
<b>Nonmajor special revenue funds</b>			
Lead Hazard Control fund	667,664	667,736	72

### 2-C. Fund Deficit

At June 30, 2010, the special assessment capital projects fund had a fund deficit of \$786,428. This deficit will be eliminated as deferred special assessments become due. Also, the Sharp Park golf practice center enterprise fund had a deficit of \$88,637 in ending unrestricted net assets.

# 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, 2010:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
<b>Statement of net assets:</b>			
Pooled cash and investments	\$ 18,317,290	\$ 3,356,174	\$ 21,673,464
Restricted cash:			
Cash on hand with agents	215,646	-	215,646
Pooled cash and investments	3,054,589	-	3,054,589
<b>Statement of fiduciary net assets:</b>			
Pooled cash and investments	177,735	-	177,735
Investments – pension	<u>63,376,013</u>	<u>-</u>	<u>63,376,013</u>
<b>Total</b>	<b><u>\$ 85,141,273</u></b>	<b><u>\$ 3,356,174</u></b>	<b><u>\$ 88,497,447</u></b>

#### Deposits and Investments:

Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 17,176,926
Investments in securities and mutual funds:	
Cash and investment pool	7,711,727
Pension trust funds	63,376,013
Cash on hand with agents	215,646
Cash on hand	<u>17,135</u>
<b>Total</b>	<b><u>\$ 88,497,447</u></b>

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

*Custodial Credit Risk - Deposits.* For deposits, custodial credit risk is the risk, that in the event of a bank failure, the City’s deposits may not be returned to it. As of June 30, 2010, \$14,974,896 of the City’s total bank balance of \$17,594,461 (total book balance was \$17,176,926) 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, 2010:

U.S. treasuries	\$	912,850
U.S. agencies		803,041
Domestic equities		108,311
Money markets		<u>5,887,525</u>
<b>Total</b>		<b><u>\$ 7,711,727</u></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, 2010, 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, 2010, 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 accounts, which are not rated. The City's investment policy does not have specific limits in excess of state law on investment credit risk.

*Concentration of Credit Risk.* The City's investment policy does not address this risk. At June 30, 2010, 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, 2010, maturities of the City's debt securities were as follows:

		Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
	Totals				
US treasuries	\$ 912,850	\$ -	\$ 546,765	\$ 366,085	\$ -
U.S. agencies	803,041	-	531,764	271,277	-
	<b>\$ 1,715,891</b>	<b>\$ -</b>	<b>\$ 1,078,529</b>	<b>\$ 637,362</b>	<b>\$ -</b>

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

---

### 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, 2010:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 1,184,895
U.S. agencies	735,438
Mortgage backed securities	360,282
Corporate bonds:	
Domestic	7,406,263
Domestic mutual funds	11,109,902
International	373,517
Equities:	
Domestic stocks	29,721,631
Domestic mutual funds	4,065,112
International stocks	5,882,863
Money market accounts	<u>2,536,110</u>
<b>Total investments</b>	<b><u>\$ 63,376,013</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, 2010, 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	\$ 29,860
AA	572,218
A	2,660,924
BBB	2,163,925
BB	497,382
B	54,526
Not rated	<u>2,161,227</u>
	<b><u>\$ 8,140,062</u></b>

*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, 2010, 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, 2010, maturities of debt securities were as follows:

	Totals	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 1,184,895	\$ -	\$ 501,778	\$ 585,653	\$ 97,464
U.S. agencies	735,438	-	308,876	346,343	80,219
Mortgage backed securities	360,282	-	25,485	38,583	296,214
Domestic corporate bonds:					
Callable	2,079,453	-	-	-	2,079,453
Non-callable	5,326,810	-	2,822,890	1,532,406	971,514
International debt securities	373,517	-	-	152,533	220,984
	<b><u>\$ 10,060,395</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,659,029</u></b>	<b><u>\$ 2,655,518</u></b>	<b><u>\$ 3,745,848</u></b>

The City assumes that its callable bonds totaling \$2,079,453 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

---

### 3-B. Receivables

Receivables in the governmental activities are 34 percent due from other governments, 11 percent accounts receivable, 29 percent income taxes, 11 percent special assessments, and 15 percent loans receivable; 80 percent of the special assessment receivables are not expected to be collected within one year. Loans receivable consists of \$1,045,375 in long-term loans due from local businesses related to economic development projects, which 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>	<u>Unearned</u>	<u>Total</u>
Special assessments not yet due (debt service and capital projects funds)	\$ 792,233	\$ -	\$ 792,233
Long-term loan receivable	1,045,375	-	1,045,375
Other unearned	-	34,416	34,416
	<u>\$ 1,837,608</u>	<u>\$ 34,416</u>	<u>\$ 1,872,024</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, 2010, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 2,440,383	\$ -	\$ -	\$ 2,440,383
<b>Capital assets being depreciated</b>				
Infrastructure	118,739,757	2,770,841	-	121,510,598
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,659,418	-	-	16,659,418
Park and recreation facilities	8,906,757	-	-	8,906,757
Machinery and equipment	12,437,511	276,393	242,176	12,471,728
Total capital assets being depreciated	172,506,624	3,047,234	242,176	175,311,682
<b>Accumulated depreciation</b>				
Infrastructure	83,109,374	2,300,687	-	85,410,061
Land improvements	1,574,227	315,264	-	1,889,491
Buildings and improvements	4,504,282	295,678	-	4,799,960
Park and recreation facilities	4,634,001	120,813	-	4,754,814
Machinery and equipment	9,812,992	703,415	177,337	10,339,070
Total accumulated depreciation	103,634,876	3,735,857	177,337	107,193,396
Total capital assets being depreciated, net	68,871,748	(688,623)	64,839	68,118,286
<b>Governmental activities capital assets, net</b>	<u>\$ 71,312,131</u>	<u>\$ (688,623)</u>	<u>\$ 64,839</u>	<u>\$ 70,558,669</u>

# City of Jackson, Michigan

## Notes To Financial Statements

<u>Business-type Activities</u>	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 8,956,886	\$ -	\$ -	\$ 8,956,886
<b>Capital assets being depreciated</b>				
Systems	70,807,245	1,390,967	518,030	71,680,182
Land improvements	2,512,519	-	-	2,512,519
Buildings and improvements	12,872,250	27,197	-	12,899,447
Machinery and equipment	10,608,947	101,427	69,389	10,640,985
Total capital assets being depreciated	96,800,961	1,519,591	587,419	97,733,133
<b>Accumulated depreciation</b>				
Systems	35,522,638	1,633,834	518,030	36,638,442
Land improvements	834,359	45,649	-	880,008
Buildings and improvements	2,321,637	273,136	-	2,594,773
Machinery and equipment	8,134,007	318,719	69,389	8,383,337
Total accumulated depreciation	46,812,641	2,271,338	587,419	48,496,560
Total capital assets being depreciated, net	49,988,320	(751,747)	-	49,236,573
<b>Business-type activities capital assets, net</b>	<u>\$ 58,945,206</u>	<u>\$ (751,747)</u>	<u>\$ -</u>	<u>\$ 58,193,459</u>

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

**Governmental activities:**

General government	\$ 253,473
Public safety	193,916
Public works, including depreciation of general infrastructure assets	2,385,739
Culture and recreation	223,501
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>391,169</u>

**Total depreciation expense - governmental activities**      **\$ 3,735,857**

# City of Jackson, Michigan

## Notes To Financial Statements

**Business-type activities:**

Sewage	\$ 1,257,098
Water	727,376
Parking system	269,028
Golf practice center	<u>17,836</u>

**Total depreciation expense - business-type activities** \$ 2,271,338

**3-D. Payables**

Payables in the governmental activities are 38 percent vendors, 28 percent claims, 30 percent accrued payroll, and 4 percent other. Business-type activities payables are 60 percent vendors, 20 percent deposits and 20 percent accrued payroll.

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

At June 30, 2010, amounts due from and due to other funds were as follows:

Receivable Fund(s)	Payable Fund(s)				Total
	General Fund	Special Assessment Capital Projects	CDBG Special Revenue	Nonmajor Governmental Funds	
CDBG special revenue	\$ -	\$ 5,545	\$ -	\$ 12,361	\$ 17,906
Nonmajor governmental funds	5,166	-	145	25,072	30,383
	<u>\$ 5,166</u>	<u>\$ 5,545</u>	<u>\$ 145</u>	<u>\$ 37,433</u>	<u>\$ 48,289</u>

At June 30, 2010, the following interfund receivables and payables were reported for funds with negative equity in pooled cash and investments:

Receivable Fund(s)	Payable Fund(s)			Total
	General Fund	Major Street Fund	Nonmajor Governmental Funds	
Nonmajor governmental funds	\$ 2,224,238	\$ -	\$ -	\$ 2,224,238
Sewage enterprise fund	80,796	216,058	399,962	696,816
	<u>\$ 2,305,034</u>	<u>\$ 216,058</u>	<u>\$ 399,962</u>	<u>\$ 2,921,054</u>

# City of Jackson, Michigan

## Notes To Financial Statements

At June 30, 2010, 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	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Nonmajor governmental funds	-	-	100,000	-	100,000
Internal service funds	-	780,883	-	45,536	826,419
	<u>\$ 50,000</u>	<u>\$ 780,883</u>	<u>\$ 100,000</u>	<u>\$ 45,536</u>	<u>\$ 976,419</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 the special assessment capital projects fund.

For the year ended June 30, 2010, interfund transfers consisted of the following:

<u>Transfer Out</u>	<u>Transfer In</u>				<u>Total</u>
	<u>General Fund</u>	<u>Major Streets Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Nonmajor Enterprise Funds</u>	
General fund	\$ -	\$ -	\$ 138,800	\$ 100	\$ 138,900
Major street fund	-	-	755,797	-	755,797
Special assessment capital projects fund	-	130,216	-	36,650	166,866
Nonmajor governmental funds	72,260	678,085	1,457,512	45,552	2,253,409
	<u>\$ 72,260</u>	<u>\$ 808,301</u>	<u>\$ 2,352,109</u>	<u>\$ 82,302</u>	<u>\$ 3,314,972</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%	\$ 225,000
1999 building authority limited tax	2019	5.25%	365,000
2001 downtown development	2026	3.70%-5.75%	14,778,577
2002 brownfield redevelopment	2030	4.00%-5.38%	9,000,000
2003 general obligation unlimited tax	2027	2.00%-5.25%	7,605,000
2003 general obligation unlimited tax (B)	2027	3.00%-4.70%	1,600,000
2003 transportation fund	2013	2.00%-3.20%	810,000
2007 brownfield refunding	2030	4.00%-4.375%	9,755,000
			<u><u>\$ 44,138,577</u></u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
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	2,135,000	1,292,146
2016-2020	10,856,718	11,647,127
2021-2025	13,550,524	13,138,046
2026-2030	9,841,335	3,414,085
	<u><u>\$ 44,138,577</u></u>	<u><u>\$ 35,635,457</u></u>

# 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 \$2,046,000. 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%	\$ 550,000
2008 water refunding	2014	2.75%-3.40%	1,051,000
			<b>\$ 1,601,000</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>
2011	\$ 328,000	\$ 55,456
2012	334,000	44,481
2013	366,000	31,980
2014	373,000	17,841
2015	100,000	7,975
2016	100,000	2,675
	<b>\$ 1,601,000</b>	<b>\$ 160,408</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%	\$ 52,000
Section 108 loan – economic development	2021	3.66% - 6.62%	700,000
Municipal service contract – Nixon Park recreational improvements	2011	5.25%	25,000
			<b>\$ 777,000</b>
<b>Business activities</b>			
1997 installment purchase contract – purchase of parking lots	2011	4.69%	<b>\$ 100,000</b>

# City of Jackson, Michigan

## Notes To Financial Statements

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

<u>Year</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 142,000	\$ 1,313	\$ 100,000	\$ 2,345
2012	65,000	-	-	-
2013	65,000	-	-	-
2014	65,000	-	-	-
2015	65,000	-	-	-
2016-2020	325,000	-	-	-
2021	50,000	-	-	-
	<u>\$ 777,000</u>	<u>\$ 1,313</u>	<u>\$ 100,000</u>	<u>\$ 2,345</u>

*Advance Refunding.* In 2009, 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. The balance of the defeased bonds outstanding as of June 30, 2010 for this prior year refunding is \$1,605,000.

# City of Jackson, Michigan

## Notes To Financial Statements

*Changes in Long-Term Debt.* Long-term liability activity for the year ended June 30, 2010, 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	\$ 45,608,577	\$ -	\$ 1,470,000	\$ 44,138,577	\$ 1,690,000
Installment obligations	1,006,000	-	229,000	777,000	142,000
Compensated absences	2,439,996	1,907,399	1,997,010	2,350,385	1,990,000
Less deferred amounts for:					
Issuance discounts	(200,436)	-	(11,241)	(189,195)	-
Refunding loss	(394,047)	-	(20,739)	(373,308)	-
	<u>\$ 48,460,090</u>	<u>\$ 1,907,399</u>	<u>\$ 3,664,030</u>	<u>\$ 46,703,459</u>	<u>\$ 3,822,000</u>
<b>Business-type activities</b>					
Revenue bonds	\$ 1,676,000	\$ -	\$ 75,000	\$ 1,601,000	\$ 328,000
Installment obligations	200,000	-	100,000	100,000	100,000
Compensated absences	315,564	283,844	282,950	316,458	28,498
Less deferred amounts for -					
Refunding loss	(33,401)	-	(8,350)	(25,051)	-
	<u>\$ 2,158,163</u>	<u>\$ 283,844</u>	<u>\$ 449,600</u>	<u>\$ 1,992,407</u>	<u>\$ 456,498</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, 2010, the net appreciation on investments of donor-restricted endowments was \$39,691. 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 \$1,169,070.

***Cemetery Perpetual Maintenance Permanent Trust Fund.*** For the year ended June 30, 2010, the net appreciation on investments of donor-restricted endowments was \$54,619. 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 \$1,820,762.

# City of Jackson, Michigan

## Notes To Financial Statements

### 3-I. Restatement

The beginning net assets of the governmental activities and the beginning fund balance of the general fund were increased by \$852,466 to correctly accrue for the August 2009 state revenue sharing payment in the prior year inasmuch as those collections pertained to the months of May and June, 2009.

### 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, 2010 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. At June 30, 2010, \$331,659 of the total amount is considered to be due within one year.

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

	<u>2010</u>	<u>2009</u>
Claims liability at beginning of fiscal year	\$ 663,318	\$ 663,318
Claims and changes in estimates	129,191	115,456
Claims payments	<u>(129,191)</u>	<u>(115,456)</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

---

### 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, 2009 levy was assessed and valued at approximately \$644 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, 5.40 for Act 345 Pension, 0.77 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

---

### 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 147 retirees currently receiving benefits and 313 active members at June 30, 2009, the date of the latest actuarial valuation.

*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.

*Funding Progress.* For the year ended June 30, 2010, 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 2010, 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	\$ 4,334,480
Interest on net OPEB obligation	146,473
Adjustment to annual required contribution	<u>(204,970)</u>
Annual OPEB cost (expense)	4,275,983
Payments of current costs	<u>(475,390)</u>
Increase in net OPEB obligation	3,800,593
Net OPEB obligation, beginning of year	<u>3,661,826</u>
Net OPEB obligation, end of year	<u>\$ 7,462,419</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 for 2010 and the preceding year were as follows:

<u>Year Ended</u>	<u>OPEB Cost</u>	<u>% of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 4,157,775	11.9%	\$ 3,661,826
6/30/10	4,275,983	11.1%	7,462,419

*Funded Status.* The funded status of the plan as of June 30, 2009, the date of the latest actuarial valuation, was as follow:

Actuarial accrued liabilities (AAL)	\$ 38,034,624
Actuarial value of plan assets	<u>360,691</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 37,673,933</u></u>
Funded ratio	0.9%
Covered payroll (active plan members)	\$ 12,508,042
UAAL as a percentage of covered payroll	301.2%

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.

# City of Jackson, Michigan

## Notes To Financial Statements

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:	
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 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, 2009, the date of the latest actuarial valuations:

	<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	155	36	144
Terminated plan members entitled to, but not yet receiving benefits	16	-	4
Active plan members	203	-	101
<b>TOTAL</b>	<b>374</b>	<b>36</b>	<b>249</b>

# City of Jackson, Michigan

## Notes To Financial Statements

---

### **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 6.57%, with the City contributing 7.72%. Accumulated member contributions are annually credited with interest at 0.6%. Administrative costs of the Plan are financed through investment earnings.

The annual required contribution for the current year was determined as part of the June 30, 2009 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, 2009 actuarial valuation using the attained age method. The actuarial assumptions included a 7.0% 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 10.95-12.99% of annual compensation with the City contributing such additional amounts as are necessary to provide assets sufficient to meet the benefits to be paid to plan members. Accumulated member contributions are annually credited with interest at 2.0%. Administrative costs of the Plan are financed through investment earnings.

The annual required contribution for the year was determined as part of a June 30, 2009 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.

# City of Jackson, Michigan

## Notes To Financial Statements

Other information for these plans is as follows:

	<b>Employees’ Retirement System</b>	<b>Policemen’s And Firemen’s Pension</b>	<b>Policemen’s and Firemen’s Pension - Act 345</b>
Asset valuation method	4-year smoothed market	4-year smoothed market	4-year smoothed market
Amortization method	Level percent	Level dollar	Level percent
Remaining amortization period	30 years	10 years	15 years
Open or closed amortization approach	Open	Closed	Open

### **THREE-YEAR TREND INFORMATION**

<b><u>Year Ending</u></b>	<b><u>Annual Pension Cost (APC)</u></b>	<b><u>Actual Annual Contribution</u></b>	<b><u>Percentage of APC Contributed</u></b>	<b><u>Net Pension Obligation</u></b>
<b><u>Employees’ Retirement System</u></b>				
6/30/08	\$ 832,376	\$ 832,376	100%	\$ -0-
6/30/09	742,407	742,407	100%	-0-
6/30/10	750,439	750,439	100%	-0-
<b><u>Policemen’s and Firemen’s Pension</u></b>				
6/30/08	612,545	612,545	100%	-0-
6/30/09	641,212	641,212	100%	-0-
6/30/10	722,537	722,537	100%	-0-
<b><u>Policemen’s and Firemen’s Pension – Act 345</u></b>				
6/30/08	3,289,972	3,289,972	100%	-0-
6/30/09	3,191,716	3,191,716	100%	-0-
6/30/10	3,256,531	3,256,531	100%	-0-

# City of Jackson, Michigan

## Notes To Financial Statements

---

The funded status of each plan as of June 30, 2009, 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	\$ 34,971	\$ 42,855	\$ 7,884	81.6%	\$ 10,184	77.4%
PFP	4,294	9,867	5,573	43.5	n/a	n/a
Act 345	35,907	61,905	25,998	58	6,767	384.2

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, 2010

	Employees' Retirement System	Policemen's and Firemen's Pension	Policemen's and Firemen's Pension - Act 345	Employee Health Care	Total
<b>Assets</b>					
Investments, at fair value:					
U.S. treasuries	\$ -	\$ 123,773	\$ 1,061,122	\$ -	\$ 1,184,895
U.S. agencies	-	73,751	661,687	-	735,438
Mortgage backed securities	-	-	360,282	-	360,282
Corporate bonds:					
Domestic	-	850,314	6,555,949	-	7,406,263
Domestic mutual funds	10,691,562	-	-	418,340	11,109,902
International	-	51,275	322,242	-	373,517
Equities:					
Domestic stocks	13,885,421	1,795,773	14,040,437	-	29,721,631
Domestic mutual funds	4,065,112	-	-	-	4,065,112
International stocks	-	517,923	5,364,940	-	5,882,863
Money market accounts	643,107	238,231	1,654,772	-	2,536,110
Total investments	29,285,202	3,651,040	30,021,431	418,340	63,376,013
Receivables -					
Interest and dividends	796	3,441	55,821	-	60,058
Total assets	29,285,998	3,654,481	30,077,252	418,340	63,436,071
<b>Liabilities</b>					
Refunds payable and other	1,526	-	291,380	-	292,906
<b>Net assets held in trust for pension and other employee benefits</b>	<b>\$ 29,284,472</b>	<b>\$ 3,654,481</b>	<b>\$ 29,785,872</b>	<b>\$ 418,340</b>	<b>\$ 63,143,165</b>

# City of Jackson, Michigan

## Notes To Financial Statements

### Statement of Changes in Plan Net Assets - Year Ended June 30, 2010

	<u>Employees' Retirement System</u>	<u>Policemen's and Firemen's Pension</u>	<u>Policemen's and Firemen's Pension - Act 345</u>	<u>Employee Health Care</u>	<u>Totals</u>
<b>Additions</b>					
Contributions:					
Employer	\$ 750,439	\$ 722,537	\$ 3,256,531	\$ 475,390	\$ 5,204,897
Plan members	624,786	-	768,403	-	1,393,189
Total contributions	<u>1,375,225</u>	<u>722,537</u>	<u>4,024,934</u>	<u>475,390</u>	<u>6,598,086</u>
Investment income (loss):					
Net appreciation in fair value of investments	3,048,145	402,583	2,810,471	-	6,261,199
Interest	7,565	33,271	297,675	43,314	381,825
Dividends	358,933	47,129	349,579	-	755,641
Total investment loss	<u>3,414,643</u>	<u>482,983</u>	<u>3,457,725</u>	<u>43,314</u>	<u>7,398,665</u>
Less investment expense	<u>86,482</u>	<u>30,992</u>	<u>217,163</u>	<u>-</u>	<u>334,637</u>
Net investment income	<u>3,328,161</u>	<u>451,991</u>	<u>3,240,562</u>	<u>43,314</u>	<u>7,064,028</u>
Total additions	<u>4,703,386</u>	<u>1,174,528</u>	<u>7,265,496</u>	<u>518,704</u>	<u>13,662,114</u>
<b>Deductions</b>					
Benefits	2,395,263	1,090,344	4,124,303	475,390	8,085,300
Refunds of contributions	94,813	-	28,552	-	123,365
Administrative expense	<u>94,913</u>	<u>8,394</u>	<u>45,732</u>	<u>1,878</u>	<u>150,917</u>
Total deductions	<u>2,584,989</u>	<u>1,098,738</u>	<u>4,198,587</u>	<u>477,268</u>	<u>8,359,582</u>
<b>Net increase in net assets</b>	2,118,397	75,790	3,066,909	41,436	5,302,532
<b>Net assets held in trust for pension and other employee benefits</b>					
Beginning 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>
<b>End of year</b>	<u>\$ 29,284,472</u>	<u>\$ 3,654,481</u>	<u>\$ 29,785,872</u>	<u>\$ 418,340</u>	<u>\$ 63,143,165</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>						
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%
2009	34,971	42,855	7,884	81.6%	10,183,663	77.4%
<b><u>Policemen's and Firemen's Pension (attained age valuation method)</u></b>						
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
2009	4,294	9,867	5,573	43.5%	n/a	n/a
<b><u>Policemen's and Firemen's Pension - Act 345 (entry age valuation method)</u></b>						
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%
2009	35,907	61,905	25,998	58.0%	6,767,459	384.2%

**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>				
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%	841,320	841,320	100%
2010	8.54%	863,777	863,777	100%
<b><u>Policemen's and Firemen's Pension</u></b>				
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%
2010	n/a	722,537	722,537	100%
<b><u>Policemen's and Firemen's Pension - Act 345</u></b>				
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%
2010	46.7%	3,256,531	3,256,531	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, 2009	June 30, 2009	June 30, 2009
Actuarial Cost Method	Entry Age	Aggregate	Entry Age
Amortization Method	Level percent	Level dollar	Level percent
DROP amortization period	13 years closed	n/a	n/a
Remaining amortization period (All closed periods)	10 years full funding credit 30 years open 3 years early retirement window	10 years	15 years open for actives 15 years open for retirees
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market
Actuarial assumption:			
Investment rate of return	8.00%	7.00%	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**  
**GASB Statement 45 - Other Postemployment Benefits**  
**Required Supplementary Information**

**SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
06/30/07	\$ -	\$ 56,062,594	0.0%	\$ 56,062,594	\$ 17,393,970	322.3%
06/30/09	360,691	38,034,624	0.9%	37,673,933	12,508,042	301.2%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<u>Year Ended</u>	<u>Annual Required Contribution</u>	<u>Actual Contribution</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/09	\$ 4,157,775	\$ 495,949	11.9%	\$ 3,661,826
6/30/10	4,334,480	475,390	11.0%	7,462,419

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

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	<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	\$ 194,657	\$ 8,548	\$ 400,536	2,894,489	\$ 3,498,230
Receivables:					
Accounts, net	72,231	-	-	-	72,231
Interest	-	-	-	20,415	20,415
Due from other governments	486,342	-	-	-	486,342
Due from other funds	25,217	5,166	-	-	30,383
Interfund receivables	2,224,238	-	-	-	2,224,238
Inventories	13,659	-	-	-	13,659
Long-term advance to other funds	-	-	-	100,000	100,000
<b>Total assets</b>	<b><u>\$ 3,016,344</u></b>	<b><u>\$ 13,714</u></b>	<b><u>\$ 400,536</u></b>	<b><u>\$ 3,014,904</u></b>	<b><u>\$ 6,445,498</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 82,266	\$ -	\$ -	\$ -	\$ 82,266
Accrued payroll	69,069	-	-	-	69,069
Due to other funds	12,361	-	-	25,072	37,433
Interfund payables	399,962	-	-	-	399,962
Deferred revenue	-	-	34,416	-	34,416
<b>Total liabilities</b>	<b><u>563,658</u></b>	<b><u>-</u></b>	<b><u>34,416</u></b>	<b><u>25,072</u></b>	<b><u>623,146</u></b>
<b>Fund balances</b>					
Reserved for:					
Inventories	13,659	-	-	-	13,659
Perpetual care	-	-	-	1,820,762	1,820,762
Endowment - nonexpendable	-	-	-	1,069,070	1,069,070
Advances	-	-	-	100,000	100,000
Unreserved :					
Designated for subsequent years expenditures	552,966	-	-	-	552,966
Undesignated	1,886,061	13,714	366,120	-	2,265,895
<b>Total fund balances</b>	<b><u>2,452,686</u></b>	<b><u>13,714</u></b>	<b><u>366,120</u></b>	<b><u>2,989,832</u></b>	<b><u>5,822,352</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 3,016,344</u></b>	<b><u>\$ 13,714</u></b>	<b><u>\$ 400,536</u></b>	<b><u>\$ 3,014,904</u></b>	<b><u>\$ 6,445,498</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, 2010**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Totals</u>
<b>Revenues</b>					
Property taxes	\$ 1,164,060	\$ 586,926	\$ 984,502	\$ -	\$ 2,735,488
Intergovernmental	2,257,349	-	-	-	2,257,349
Charges for services	1,364,602	1,233,711	-	33,163	2,631,476
Investment income	25,914	764	5,062	161,396	193,136
Miscellaneous	174,209	-	5,050	-	179,259
Total revenues	<u>4,986,134</u>	<u>1,821,401</u>	<u>994,614</u>	<u>194,559</u>	<u>7,996,708</u>
<b>Expenditures</b>					
Current:					
Public safety	1,122,069	-	-	-	1,122,069
Public works	1,086,867	-	-	-	1,086,867
Culture and recreation	1,124,425	-	-	-	1,124,425
Community enrichment and development	1,226,810	-	-	8,857	1,235,667
Capital outlay	48,411	-	114,160	-	162,571
Debt service:					
Principal retirement	20,000	1,679,000	-	-	1,699,000
Interest and fiscal charges	2,362	1,732,951	-	-	1,735,313
Total expenditures	<u>4,630,944</u>	<u>3,411,951</u>	<u>114,160</u>	<u>8,857</u>	<u>8,165,912</u>
Revenues over (under) expenditures	<u>355,190</u>	<u>(1,590,550)</u>	<u>880,454</u>	<u>185,702</u>	<u>(169,204)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	475	-	-	-	475
Transfers in	741,328	1,561,303	49,478	-	2,352,109
Transfers out	(845,952)	-	(1,316,065)	(91,392)	(2,253,409)
Total other financing sources (uses)	<u>(104,149)</u>	<u>1,561,303</u>	<u>(1,266,587)</u>	<u>(91,392)</u>	<u>99,175</u>
Net change in fund balances	251,041	(29,247)	(386,133)	94,310	(70,029)
Fund balances, beginning of year	<u>2,201,645</u>	<u>42,961</u>	<u>752,253</u>	<u>2,895,522</u>	<u>5,892,381</u>
<b>Fund balances, end of year</b>	<u><u>\$ 2,452,686</u></u>	<u><u>\$ 13,714</u></u>	<u><u>\$ 366,120</u></u>	<u><u>\$ 2,989,832</u></u>	<u><u>\$ 5,822,352</u></u>

## Nonmajor Special Revenue Funds

---

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

---

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

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

**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 Fund** - 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.)**

---

**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 Fund** – 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.

**Cops Hiring Recovery Program Fund** - This fund is used to account for the activity of a federal grant relating to police staffing.

**Neighborhood Stabilization Grant Fund** - This fund is used to account for the activity of a federal grant related to disadvantaged urban neighborhoods.

**2008 Brownfield Revolving Loan Fund** - This fund is used to account for the activity of revolving loan fund for brownfield redevelopment.

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**

	<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	\$ -	\$ 5,711	\$ 4,280	\$ 75
Accounts receivables, net	2,293	4,300	-	-
Due from other governments	90,570	-	-	-
Due from other funds	-	25,072	-	-
Interfund receivables	-	-	-	-
Inventories	-	13,659	-	-
<b>Total assets</b>	<u>\$ 92,863</u>	<u>\$ 48,742</u>	<u>\$ 4,280</u>	<u>\$ 75</u>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,583	\$ 16,578	\$ 2,645	\$ 22
Accrued payroll	6,836	24,239	-	-
Due to other funds	-	-	-	-
Interfund payables	4,886	-	-	-
<b>Total liabilities</b>	<u>14,305</u>	<u>40,817</u>	<u>2,645</u>	<u>22</u>
<b>Fund balances</b>				
Reserved for inventories	-	13,659	-	-
Unreserved:				
Designated for subsequent year's expenditures	25,692	-	-	-
Undesignated (deficit)	52,866	(5,734)	1,635	53
<b>Total fund balances</b>	<u>78,558</u>	<u>7,925</u>	<u>1,635</u>	<u>53</u>
<b>Total liabilities and fund balances</b>	<u>\$ 92,863</u>	<u>\$ 48,742</u>	<u>\$ 4,280</u>	<u>\$ 75</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>
\$ -	\$ -	\$ -	\$ 76,232	\$ -	\$ -	\$ 53,407
-	65,588	-	-	-	-	50
-	-	-	-	5,666	48,105	-
-	145	-	-	-	-	-
620,738	-	1,603,500	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 620,738</u>	<u>\$ 65,733</u>	<u>\$ 1,603,500</u>	<u>\$ 76,232</u>	<u>\$ 5,666</u>	<u>\$ 48,105</u>	<u>\$ 53,457</u>
\$ 1,225	\$ 3,691	\$ -	\$ 230	\$ -	\$ -	\$ 419
-	12,171	-	-	-	-	10,622
-	-	-	-	-	-	-
-	48,666	-	-	5,666	46,960	-
<u>1,225</u>	<u>64,528</u>	<u>-</u>	<u>230</u>	<u>5,666</u>	<u>46,960</u>	<u>11,041</u>
-	-	-	-	-	-	-
524,241	-	-	3,033	-	-	-
95,272	1,205	1,603,500	72,969	-	1,145	42,416
<u>619,513</u>	<u>1,205</u>	<u>1,603,500</u>	<u>76,002</u>	<u>-</u>	<u>1,145</u>	<u>42,416</u>
<u>\$ 620,738</u>	<u>\$ 65,733</u>	<u>\$ 1,603,500</u>	<u>\$ 76,232</u>	<u>\$ 5,666</u>	<u>\$ 48,105</u>	<u>\$ 53,457</u>

Continued...

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2010**

	<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	\$ 17,387	\$ -	\$ -	\$ -	\$ -
Accounts receivables, net	-	-	-	-	-
Due from other governments	37,040	19,167	1,282	116,366	2,000
Due from other funds	-	-	-	-	-
Interfund receivables	-	-	-	-	-
Inventories	-	-	-	-	-
<b>Total assets</b>	<b><u><u>\$ 54,427</u></u></b>	<b><u><u>\$ 19,167</u></u></b>	<b><u><u>\$ 1,282</u></u></b>	<b><u><u>\$ 116,366</u></u></b>	<b><u><u>\$ 2,000</u></u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 43,700	\$ 500	\$ 82	\$ -	\$ -
Accrued payroll	-	1,854	-	-	-
Due to other funds	10,727	(257)	-	-	-
Interfund payables	-	17,070	1,200	116,366	1,979
<b>Total liabilities</b>	<b><u><u>54,427</u></u></b>	<b><u><u>19,167</u></u></b>	<b><u><u>1,282</u></u></b>	<b><u><u>116,366</u></u></b>	<b><u><u>1,979</u></u></b>
<b>Fund balances</b>					
Reserved for inventories	-	-	-	-	-
Unreserved:					
Designated for subsequent year's expenditures	-	-	-	-	-
Undesignated	-	-	-	-	21
<b>Total fund balances</b>	<b><u><u>-</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>21</u></u></b>
<b>Total liabilities and fund balances</b>	<b><u><u>\$ 54,427</u></u></b>	<b><u><u>\$ 19,167</u></u></b>	<b><u><u>\$ 1,282</u></u></b>	<b><u><u>\$ 116,366</u></u></b>	<b><u><u>\$ 2,000</u></u></b>

<u>Recreation Millage</u>	<u>Cops Hiring Recovery Program</u>	<u>Neighborhood Stabilization Grant</u>	<u>2008 Brownfield Revolving Loan</u>	<u>Totals</u>
\$ 37,565	\$ -	\$ -	\$ -	\$ 194,657
-	-	-	-	72,231
-	84,193	81,095	858	486,342
-	-	-	-	25,217
-	-	-	-	2,224,238
-	-	-	-	13,659
<u>\$ 37,565</u>	<u>\$ 84,193</u>	<u>\$ 81,095</u>	<u>\$ 858</u>	<u>\$ 3,016,344</u>
\$ 3,505	\$ -	\$ 7,086	\$ -	\$ 82,266
13,347	-	-	-	69,069
-	-	1,891	-	12,361
-	84,193	72,118	858	399,962
<u>16,852</u>	<u>84,193</u>	<u>81,095</u>	<u>858</u>	<u>563,658</u>
-	-	-	-	13,659
-	-	-	-	552,966
20,713	-	-	-	1,886,061
<u>20,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,452,686</u>
<u>\$ 37,565</u>	<u>\$ 84,193</u>	<u>\$ 81,095</u>	<u>\$ 858</u>	<u>\$ 3,016,344</u>

**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, 2010**

	<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	552,987	-	-	-
Charges for services	-	526,653	-	-
Investment income	-	110	-	-
Miscellaneous	10,428	16,770	-	-
	<u>563,415</u>	<u>543,533</u>	<u>-</u>	<u>-</u>
Total revenues				
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	-
Public works	980,507	-	-	-
Culture and recreation	-	663,756	-	-
Community enrichment and development	-	-	-	6,596
Capital outlay	-	-	48,411	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
	<u>980,507</u>	<u>663,756</u>	<u>48,411</u>	<u>6,596</u>
Total expenditures				
Revenues over (under) expenditures	<u>(417,092)</u>	<u>(120,223)</u>	<u>(48,411)</u>	<u>(6,596)</u>
<b>Other financing sources (uses)</b>				
Proceeds from sale of capital assets	-	-	-	475
Transfers in	511,706	118,822	50,000	2,800
Transfers out	(22,243)	-	-	-
	<u>489,463</u>	<u>118,822</u>	<u>50,000</u>	<u>3,275</u>
Total other financing sources (uses)				
Net change in fund balances	72,371	(1,401)	1,589	(3,321)
Fund balances, beginning of year	<u>6,187</u>	<u>9,326</u>	<u>46</u>	<u>3,374</u>
<b>Fund balances, end of year</b>	<u>\$ 78,558</u>	<u>\$ 7,925</u>	<u>\$ 1,635</u>	<u>\$ 53</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>
\$ 1,164,060	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	26,992	48,105	-
10,416	360,159	-	-	-	-	228,895
-	-	14,159	830	-	-	309
-	-	-	61,647	-	80,366	4,945
<u>1,174,476</u>	<u>360,159</u>	<u>14,159</u>	<u>62,477</u>	<u>26,992</u>	<u>128,471</u>	<u>234,149</u>
-	418,008	-	86,093	26,992	128,471	-
-	-	-	-	-	-	-
-	-	-	-	-	-	231,519
159,690	-	-	-	-	-	-
-	-	-	-	-	-	-
20,000	-	-	-	-	-	-
2,362	-	-	-	-	-	-
<u>182,052</u>	<u>418,008</u>	<u>-</u>	<u>86,093</u>	<u>26,992</u>	<u>128,471</u>	<u>231,519</u>
<u>992,424</u>	<u>(57,849)</u>	<u>14,159</u>	<u>(23,616)</u>	<u>-</u>	<u>-</u>	<u>2,630</u>
-	-	-	-	-	-	-
-	58,000	-	-	-	-	-
<u>(809,550)</u>	<u>-</u>	<u>(14,159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(809,550)</u>	<u>58,000</u>	<u>(14,159)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
182,874	151	-	(23,616)	-	-	2,630
<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>\$ 619,513</u>	<u>\$ 1,205</u>	<u>\$ 1,603,500</u>	<u>\$ 76,002</u>	<u>\$ -</u>	<u>\$ 1,145</u>	<u>\$ 42,416</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, 2010**

	<u>Community Development Home Grant</u>	<u>Lead Hazard Control</u>	<u>Brownfield Assessment Grant - 2008</u>	<u>Byrne / JAG Program Grant</u>
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	392,789	667,611	106,360	294,346
Charges for services	-	-	-	-
Investment income	-	71	-	-
Miscellaneous	(1)	54	-	-
	<u>392,788</u>	<u>667,736</u>	<u>106,360</u>	<u>294,346</u>
Total revenues				
<b>Expenditures</b>				
Current:				
Public safety	-	-	-	294,346
Public works	-	-	106,360	-
Culture and recreation	-	-	-	-
Community enrichment and development	392,788	667,736	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest expense	-	-	-	-
	<u>392,788</u>	<u>667,736</u>	<u>106,360</u>	<u>294,346</u>
Total expenditures				
Revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>
Total other financing sources (uses)				
Net change in fund balances	-	-	-	-
Fund balances, beginning of year	-	-	-	-
<b>Fund balances, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Waterfront Redevelopment</u>	<u>Recreation Millage</u>	<u>Cops Hiring Recovery Program</u>	<u>Neighborhood Stabilization Grant</u>	<u>2008 Brownfield Revolving Loan</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,164,060
-	-	168,159	539,885	3,800	2,257,349
-	248,895	-	-	-	1,364,602
-	19	-	-	-	25,914
-	-	-	-	-	174,209
-	248,914	168,159	539,885	3,800	4,986,134
-	-	168,159	-	-	1,122,069
-	-	-	-	3,800	1,086,867
-	229,150	-	-	-	1,124,425
-	-	-	539,885	-	1,226,810
-	-	-	-	-	48,411
-	-	-	-	-	20,000
-	-	-	-	-	2,362
-	229,150	168,159	539,885	3,800	4,630,944
-	19,764	-	-	-	355,190
-	-	-	-	-	475
-	-	-	-	-	741,328
-	-	-	-	-	(845,952)
-	-	-	-	-	(104,149)
-	19,764	-	-	-	251,041
21	949	-	-	-	2,201,645
<u>\$ 21</u>	<u>\$ 20,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,452,686</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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 545,480	\$ 552,987	\$ 7,507	\$ 563,165
Miscellaneous	10,428	10,428	-	-
Total revenues	<u>555,908</u>	<u>563,415</u>	<u>7,507</u>	<u>563,165</u>
<b>Expenditures</b>				
Current - public works:				
Street construction	70,000	82,870	12,870	82,310
Street maintenance	835,573	820,500	(15,073)	844,594
Traffic services	18,833	20,004	1,171	18,858
Winter maintenance	130,678	128,296	(2,382)	168,946
Reimbursements	(49,000)	(71,163)	(22,163)	-
Total expenditures	<u>1,006,084</u>	<u>980,507</u>	<u>(25,577)</u>	<u>1,114,708</u>
Revenues under expenditures	<u>(450,176)</u>	<u>(417,092)</u>	<u>33,084</u>	<u>(551,543)</u>
<b>Other financing sources (uses)</b>				
Transfers in	527,700	511,706	(15,994)	521,233
Transfers out	(22,225)	(22,243)	(18)	(22,302)
Total other financing sources (uses)	<u>505,475</u>	<u>489,463</u>	<u>(16,012)</u>	<u>498,931</u>
Net change in fund balance	55,299	72,371	17,072	(52,612)
Fund balance, beginning of year	<u>6,187</u>	<u>6,187</u>	<u>-</u>	<u>58,799</u>
<b>Fund balance, end of year</b>	<u><u>\$ 61,486</u></u>	<u><u>\$ 78,558</u></u>	<u><u>\$ 17,072</u></u>	<u><u>\$ 6,187</u></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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 587,500	\$ 526,653	\$ (60,847)	\$ 546,702
Investment income	110	110	-	-
Miscellaneous	16,770	16,770	-	-
Total revenues	<u>604,380</u>	<u>543,533</u>	<u>(60,847)</u>	<u>546,702</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	417,000	408,086	(8,914)	439,268
Materials and supplies	191,550	181,548	(10,002)	208,132
Contractual and other services	86,656	74,122	(12,534)	86,380
Capital outlay	-	-	-	7,210
Total expenditures	<u>695,206</u>	<u>663,756</u>	<u>(31,450)</u>	<u>740,990</u>
Revenues under expenditures	<u>(90,826)</u>	<u>(120,223)</u>	<u>(29,397)</u>	<u>(194,288)</u>
<b>Other financing sources</b>				
Transfers in	<u>97,650</u>	<u>118,822</u>	<u>21,172</u>	<u>188,440</u>
Net change in fund balance	6,824	(1,401)	(8,225)	(5,848)
Fund balance, beginning of year	<u>9,326</u>	<u>9,326</u>	<u>-</u>	<u>15,174</u>
<b>Fund balance, end of year</b>	<u><u>\$ 16,150</u></u>	<u><u>\$ 7,925</u></u>	<u><u>\$ (8,225)</u></u>	<u><u>\$ 9,326</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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ -	\$ 95
<b>Expenditures</b>				
Capital outlay	50,000	48,411	(1,589)	54,493
Revenues over (under) expenditures	(50,000)	(48,411)	1,589	(54,398)
<b>Other financing sources</b>				
Transfers in	50,000	50,000	-	36,250
Net change in fund balance	-	1,589	1,589	(18,148)
Fund balance, beginning of year	46	46	-	18,194
<b>Fund balance, end of year</b>	<b>\$ 46</b>	<b>\$ 1,635</b>	<b>\$ 1,589</b>	<b>\$ 46</b>

**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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Investment income	\$ -	\$ -	\$ -	\$ 16
<b>Expenditures</b>				
Current - community enrichment and development	7,529	6,596	(933)	9,438
Revenues over (under) expenditures	(7,529)	(6,596)	933	(9,422)
<b>Other financing sources</b>				
Proceeds from sale of capital assets	-	475	475	12,559
Transfers in	4,155	2,800	(1,355)	-
Net change in fund balance	(3,374)	(3,321)	53	3,137
Fund balance, beginning of year	3,374	3,374	-	237
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 53</b>	<b>\$ 53</b>	<b>\$ 3,374</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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Property taxes	\$ 1,145,461	\$ 1,164,060	\$ 18,599	\$ 1,192,407
Investment income	16,000	10,416	(5,584)	29,261
Total revenues	<u>1,161,461</u>	<u>1,174,476</u>	<u>13,015</u>	<u>1,221,668</u>
<b>Expenditures</b>				
Current - community enrichment and development	162,886	159,690	(3,196)	131,350
Debt service:				
Principal retirement	20,000	20,000	-	105,000
Interest	2,363	2,362	(1)	3,676
Total expenditures	<u>185,249</u>	<u>182,052</u>	<u>(3,197)</u>	<u>240,026</u>
Revenues over (under) expenditures	976,212	992,424	16,212	981,642
<b>Other financing uses</b>				
Transfers out	<u>(875,985)</u>	<u>(809,550)</u>	<u>66,435</u>	<u>(978,920)</u>
Net change in fund balance	100,227	182,874	82,647	2,722
Fund balance, beginning of year	<u>436,639</u>	<u>436,639</u>	<u>-</u>	<u>433,917</u>
<b>Fund balance, end of year</b>	<u><u>\$ 536,866</u></u>	<u><u>\$ 619,513</u></u>	<u><u>\$ 82,647</u></u>	<u><u>\$ 436,639</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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 356,821	\$ 360,159	\$ 3,338	\$ 320,751
<b>Expenditures</b>				
Current - public safety:				
Personal services	339,341	336,841	(2,500)	330,339
Materials and supplies	8,655	8,071	(584)	10,462
Inspection services	66,280	42,175	(24,105)	43,720
Contractual and other services	63,015	30,921	(32,094)	55,791
Total expenditures	477,291	418,008	(59,283)	440,312
Revenues over (under) expenditures	(120,470)	(57,849)	62,621	(119,561)
<b>Other financing sources</b>				
Transfers in	119,416	58,000	(61,416)	120,000
Net change in fund balance	(1,054)	151	1,205	439
Fund balance, beginning of year	1,054	1,054	-	615
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 1,205</b>	<b>\$ 1,205</b>	<b>\$ 1,054</b>

**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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Investment income	\$ 16,000	\$ 14,159	\$ (1,841)	\$ 38,343
<b>Other financing uses</b>				
Transfers out	(16,000)	(14,159)	1,841	(38,343)
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	1,603,500	1,603,500	-	1,603,500
<b>Fund balance, end of year</b>	<b>\$ 1,603,500</b>	<b>\$ 1,603,500</b>	<b>\$ -</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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Investment income	\$ 1,235	\$ 830	\$ (405)	\$ 1,862
Miscellaneous:				
Sale of property	6,800	905	(5,895)	15,693
Other	69,806	60,742	(9,064)	151,954
Total revenues	<u>77,841</u>	<u>62,477</u>	<u>(15,364)</u>	<u>169,509</u>
<b>Expenditures</b>				
Current - public safety:				
Materials and supplies	2,811	190	(2,621)	5,203
Contractual and other services	95,809	85,903	(9,906)	92,158
Total expenditures	<u>98,620</u>	<u>86,093</u>	<u>(12,527)</u>	<u>97,361</u>
Net change in fund balance	(20,779)	(23,616)	(2,837)	72,148
Fund balance, beginning of year	<u>99,618</u>	<u>99,618</u>	<u>-</u>	<u>27,470</u>
<b>Fund balance, end of year</b>	<u><u>\$ 78,839</u></u>	<u><u>\$ 76,002</u></u>	<u><u>\$ (2,837)</u></u>	<u><u>\$ 99,618</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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009</b> <b>Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 57,510	\$ 26,992	\$ (30,518)	\$ 46,251
<b>Expenditures</b>				
Current - public safety:				
Personal services	51,804	26,992	(24,812)	45,664
Contractual and other services	5,706	-	(5,706)	587
Total expenditures	57,510	26,992	(30,518)	46,251
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**  
**LAWNET Grant Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 48,105	\$ 48,105	\$ -	\$ 34,447
Miscellaneous	84,617	80,366	(4,251)	86,637
Total revenues	<u>132,722</u>	<u>128,471</u>	<u>(4,251)</u>	<u>121,084</u>
<b>Expenditures :</b>				
Current - public safety:				
Personal services	129,041	126,006	(3,035)	120,596
Contractual and other services	3,681	2,465	(1,216)	487
Total expenditures	<u>132,722</u>	<u>128,471</u>	<u>(4,251)</u>	<u>121,083</u>
Net change in fund balance	-	-	-	1
Fund balance, beginning of year	<u>1,145</u>	<u>1,145</u>	-	<u>1,144</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,145</u></u>	<u><u>\$ 1,145</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,145</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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 245,800	\$ 228,895	\$ (16,905)	\$ 221,085
Investment income	2,000	309	(1,691)	807
Miscellaneous	4,945	4,945	-	-
Total revenues	<u>252,745</u>	<u>234,149</u>	<u>(18,596)</u>	<u>221,892</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	130,397	113,757	(16,640)	110,094
Materials and supplies	41,000	38,208	(2,792)	33,329
Contractual and other services	<u>80,400</u>	<u>79,554</u>	<u>(846)</u>	<u>71,856</u>
Total expenditures	<u>251,797</u>	<u>231,519</u>	<u>(20,278)</u>	<u>215,279</u>
Net change in fund balances	948	2,630	1,682	6,613
Fund balance, beginning of year	<u>39,786</u>	<u>39,786</u>	<u>-</u>	<u>33,173</u>
<b>Fund balance, end of year</b>	<u><u>\$ 40,734</u></u>	<u><u>\$ 42,416</u></u>	<u><u>\$ 1,682</u></u>	<u><u>\$ 39,786</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, 2010**

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 1,376,420	\$ 392,789	\$ (983,631)	\$ 305,866
Miscellaneous	12,039	(1)	(12,040)	12,041
<b>Total revenues</b>	<u>1,388,459</u>	<u>392,788</u>	<u>(995,671)</u>	<u>317,907</u>
<b>Expenditures</b>				
Current - community enrichment and development:				
Rehabilitation assistance	994,695	181,325	(813,370)	175,264
Rental rehabilitation	-	-	-	-
Community housing development organizations	363,764	181,463	(182,301)	84,168
Administration and other	30,000	30,000	-	58,475
<b>Total expenditures</b>	<u>1,388,459</u>	<u>392,788</u>	<u>(995,671)</u>	<u>317,907</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**  
**Lead Hazard Control Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009</b> <b>Actual</b>
	<b>Amended</b> <b>Budget</b>	<b>Actual</b>	<b>Actual</b> <b>Over (Under)</b> <b>Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 667,610	\$ 667,611	\$ 1	\$ 570,466
Investment income	-	71	71	-
Miscellaneous	54	54	-	-
Total revenues	<u>667,664</u>	<u>667,736</u>	<u>72</u>	<u>570,466</u>
<b>Expenditures</b>				
Current - community enrichment and development - Community housing development organizations	<u>667,664</u>	<u>667,736</u>	<u>72</u>	<u>570,466</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**  
**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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 168,664	\$ 106,360	\$ (62,304)	\$ 128,802
<b>Expenditures</b>				
Current - public works:				
Personal services	2,523	15	(2,508)	117
Materials and supplies	76,131	33,776	(42,355)	121,508
Contractual and other services	90,010	72,569	(17,441)	7,177
Total expenditures	<u>168,664</u>	<u>106,360</u>	<u>(62,304)</u>	<u>128,802</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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 348,270	\$ 294,346	\$ (53,924)	\$ 44,423
<b>Expenditures :</b>				
Current - public safety:				
Personal services	280,412	243,583	(36,829)	-
Contractual and other services	67,858	50,763	(17,095)	44,423
	<u>348,270</u>	<u>294,346</u>	<u>(53,924)</u>	<u>44,423</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>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 277,000	\$ -	\$ (277,000)	\$ 2,000
Investment income	-	-	-	1
Total revenues	<u>277,000</u>	<u>-</u>	<u>(277,000)</u>	<u>2,001</u>
<b>Expenditures</b>				
Current - public works:				
Contractual and other services	<u>277,021</u>	<u>-</u>	<u>(277,021)</u>	<u>2,000</u>
Net change in fund balance	(21)	-	21	1
Fund balance, beginning of year	<u>21</u>	<u>21</u>	<u>-</u>	<u>20</u>
<b>Fund balance, end of year</b>	<u><u>\$ -</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 21</u></u>	<u><u>\$ 21</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, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Charges for services	\$ 248,000	\$ 248,895	\$ 895	\$ 252,735
Investment income	-	19	19	-
Total revenues	<u>248,000</u>	<u>248,914</u>	<u>914</u>	<u>252,735</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	155,958	156,840	882	161,474
Materials and supplies	63,367	58,997	(4,370)	79,606
Contractual and other services	<u>24,000</u>	<u>13,313</u>	<u>(10,687)</u>	<u>12,303</u>
Total expenditures	<u>243,325</u>	<u>229,150</u>	<u>(14,175)</u>	<u>253,383</u>
Net change in fund balance	4,675	19,764	15,089	(648)
Fund balance, beginning of year	<u>949</u>	<u>949</u>	<u>-</u>	<u>1,597</u>
<b>Fund balance, end of year</b>	<u><u>\$ 5,624</u></u>	<u><u>\$ 20,713</u></u>	<u><u>\$ 15,089</u></u>	<u><u>\$ 949</u></u>

**City of Jackson, Michigan**  
**Cops Hiring Recovery Program**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 177,576	\$ 168,159	\$ (9,417)	\$ -
<b>Expenditures</b>				
Current - public safety - Personal services	177,576	168,159	(9,417)	-
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**  
**Neighborhood Stabilization Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>			<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental revenue	\$ 602,675	\$ 539,885	\$ (62,790)	\$ -
<b>Expenditures</b>				
Current - culture and recreation:				
Community housing	602,675	539,885	(62,790)	-
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**  
**2008 Brownfield Revolving Loan**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2010**  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2009

	<b>2010</b>		<b>Actual Over (Under) Final Budget</b>	<b>2009 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 100,000	\$ 3,800	\$ (96,200)	\$ -
<b>Expenditures</b>				
Current - public works -				
Personal services	5,500	-	(5,500)	-
Contractual and other services	94,500	3,800	(90,700)	-
Total expenditures	<u>100,000</u>	<u>3,800</u>	<u>(96,200)</u>	<u>-</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>

## Nonmajor Debt Service Funds

---

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

---

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

**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 Fund** - 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, 2010**

---

	2003 City Hall Construction	Michigan Urban Land Assembly Loan	2003 MTF Bond	2007 Brownfield Refunding	Building Authority
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ 2,180	\$ -	\$ 7	\$ 100	\$ 3,351
Due from other funds	5,166	-	-	-	-
<b>Total assets</b>	<b>\$ 7,346</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 100</b>	<b>\$ 3,351</b>
 <b><u>FUND BALANCES</u></b>					
<b>Unreserved, undesignated</b>	<b>\$ 7,346</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 100</b>	<b>\$ 3,351</b>

---

<u>2001</u> <u>DDA TIF</u>	<u>2002</u> <u>BRA TIF</u>	<u>Section 108</u> <u>Loan</u>	<u>Totals</u>
\$ 637	\$ 2,273	\$ -	\$ 8,548
<u>-</u>	<u>-</u>	<u>-</u>	<u>5,166</u>
<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 13,714</u>
<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 13,714</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, 2010**

	2003 City Hall Construction	Michigan Urban Land Assembly Loan	2003 MTF Bond	2007 Brownfield Refunding	Building Authority
<b>Revenues</b>					
Property taxes	\$ 586,926	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	448,929	128,934
Investment income	764	-	-	-	-
Total revenues	<u>587,690</u>	<u>-</u>	<u>-</u>	<u>448,929</u>	<u>128,934</u>
<b>Expenditures</b>					
Debt service:					
Principal retirement	200,000	144,000	250,000	30,000	95,000
Interest and fiscal charges	416,937	-	28,040	418,929	33,934
Total expenditures	<u>616,937</u>	<u>144,000</u>	<u>278,040</u>	<u>448,929</u>	<u>128,934</u>
Revenues over (under) expenditures	(29,247)	(144,000)	(278,040)	-	-
<b>Other financing sources</b>					
Transfers in	-	144,000	278,040	-	-
Net change in fund balances	(29,247)	-	-	-	-
Fund balances, beginning of year	<u>36,593</u>	<u>-</u>	<u>7</u>	<u>100</u>	<u>3,351</u>
<b>Fund balances, end of year</b>	<u>\$ 7,346</u>	<u>\$ -</u>	<u>\$ 7</u>	<u>\$ 100</u>	<u>\$ 3,351</u>

<u>2001</u> <u>DDA TIF</u>	<u>2002</u> <u>BRA TIF</u>	<u>Section 108</u> <u>Loan</u>	<u>Totals</u>
\$ -	\$ -	\$ -	\$ 586,926
-	590,848	65,000	1,233,711
-	-	-	764
-	590,848	65,000	1,821,401
765,000	130,000	65,000	1,679,000
374,263	460,848	-	1,732,951
1,139,263	590,848	65,000	3,411,951
(1,139,263)	-	-	(1,590,550)
1,139,263	-	-	1,561,303
-	-	-	(29,247)
637	2,273	-	42,961
\$ 637	\$ 2,273	\$ -	\$ 13,714

## **Nonmajor Capital Projects Funds**

---

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

---

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

**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, 2010**

	<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	\$ 79,700	\$ 320,836	\$ 400,536
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Deferred revenue	\$ 34,416	\$ -	\$ 34,416
<b>Fund balances</b>			
Unreserved, undesignated	45,284	320,836	366,120
<b>Total liabilities and fund balances</b>	<u>\$ 79,700</u>	<u>\$ 320,836</u>	<u>\$ 400,536</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, 2010**

	<b>Capital Projects</b>	<b>Downtown Development Authority Project</b>	<b>Totals</b>
<b>Revenues</b>			
Property taxes	\$ -	\$ 984,502	\$ 984,502
Investment income	675	4,387	5,062
Donations	2,700	2,350	5,050
	<u>3,375</u>	<u>991,239</u>	<u>994,614</u>
<b>Expenditures</b>			
Capital outlay:			
Community enrichment & development	69,614	44,546	114,160
	<u>(66,239)</u>	<u>946,693</u>	<u>880,454</u>
Revenues over (under) expenditures			
	<u>(66,239)</u>	<u>946,693</u>	<u>880,454</u>
<b>Other financing sources (uses)</b>			
Transfers in	49,478	-	49,478
Transfers out	-	(1,316,065)	(1,316,065)
	<u>49,478</u>	<u>(1,316,065)</u>	<u>(1,266,587)</u>
Total other financing sources (uses)			
	<u>49,478</u>	<u>(1,316,065)</u>	<u>(1,266,587)</u>
Net change in fund balances	(16,761)	(369,372)	(386,133)
Fund balances, beginning of year	62,045	690,208	752,253
	<u>62,045</u>	<u>690,208</u>	<u>752,253</u>
<b>Fund balances, end of year</b>	<u>\$ 45,284</u>	<u>\$ 320,836</u>	<u>\$ 366,120</u>

## Nonmajor Permanent Funds

---

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

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

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Permanent Funds**  
**June 30, 2010**

	<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	\$ 1,094,142	\$ 1,800,347	\$ 2,894,489
Interest receivable	-	20,415	20,415
Long-term advance to other funds	100,000	-	100,000
<b>Total assets</b>	<b>\$ 1,194,142</b>	<b>\$ 1,820,762</b>	<b>\$ 3,014,904</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Due to other funds	\$ 25,072	\$ -	\$ 25,072
<b>Fund balances</b>			
Reserved for:			
Perpetual care	-	1,820,762	1,820,762
Endowment - nonexpendable	1,069,070	-	1,069,070
Advances	100,000	-	100,000
<b>Total fund balances</b>	<b>1,169,070</b>	<b>1,820,762</b>	<b>2,989,832</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,194,142</b>	<b>\$ 1,820,762</b>	<b>\$ 3,014,904</b>

**City of Jackson, Michigan**  
**Combining Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Nonmajor Permanent Funds**  
**For the Fiscal Year Ended June 30, 2010**

	<b>Ella W. Sharp Park Endowment</b>	<b>Cemetery Perpetual Maintenance</b>	<b>Totals</b>
<b>Revenues</b>			
Charges for services	\$ -	\$ 33,163	\$ 33,163
Investment income	80,513	80,883	161,396
Total revenues	80,513	114,046	194,559
<b>Expenditures</b>			
	-	8,857	8,857
Revenues over expenditures	80,513	105,189	185,702
<b>Other financing uses</b>			
Transfers out	(40,822)	(50,570)	(91,392)
Net change in fund balances	39,691	54,619	94,310
Fund balances, beginning of year	1,129,379	1,766,143	2,895,522
<b>Fund balances, end of year</b>	<b>\$ 1,169,070</b>	<b>\$ 1,820,762</b>	<b>\$ 2,989,832</b>

## Nonmajor Enterprise Funds

---

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

---

**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, 2010**

	<u>Ella W. Sharp Park Golf Practice Center</u>	<u>Automobile Parking System</u>	<u>Parking Assessment</u>	<u>Totals</u>
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 16,666	\$ 67,470	\$ 152,388	\$ 236,524
Accounts receivable	-	-	1,500	1,500
Total current assets	<u>16,666</u>	<u>67,470</u>	<u>153,888</u>	<u>238,024</u>
Noncurrent assets:				
Capital assets not being depreciated	-	1,682,727	-	1,682,727
Capital assets being depreciated, net	89,178	164,297	-	253,475
Total noncurrent assets	<u>89,178</u>	<u>1,847,024</u>	<u>-</u>	<u>1,936,202</u>
<b>Total assets</b>	<u>105,844</u>	<u>1,914,494</u>	<u>153,888</u>	<u>2,174,226</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	2,900	-	4,097	6,997
Accrued payroll	2,403	392	1,626	4,421
Installment purchase contract payable	-	100,000	-	100,000
Total current liabilities	<u>5,303</u>	<u>100,392</u>	<u>5,723</u>	<u>111,418</u>
Noncurrent liabilities:				
Long term advance from other funds	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>100,000</u>
<b>Total liabilities</b>	<u>105,303</u>	<u>100,392</u>	<u>5,723</u>	<u>211,418</u>
<b>Net assets</b>				
Invested in capital assets, net of related debt	89,178	1,747,024	-	1,836,202
Unrestricted (deficit)	<u>(88,637)</u>	<u>67,078</u>	<u>148,165</u>	<u>126,606</u>
<b>Total net assets</b>	<u>\$ 541</u>	<u>\$ 1,814,102</u>	<u>\$ 148,165</u>	<u>\$ 1,962,808</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, 2010**

	<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	\$ 49,291	\$ 76,145	\$ 55,178	\$ 180,614
<b>Operating expenses</b>				
Personal services	32,999	16,375	61,498	110,872
Materials and supplies	956	2,279	-	3,235
Contractual and other services	7,072	15,921	145,980	168,973
Depreciation	17,836	6,085	-	23,921
Total operating expenses	58,863	40,660	207,478	307,001
Operating income (loss)	(9,572)	35,485	(152,300)	(126,387)
<b>Nonoperating revenues (expenses)</b>				
Investment income	38	512	2,000	2,550
Interest and fiscal charges	(2,750)	(7,022)	-	(9,772)
Total nonoperating revenues (expenses)	(2,712)	(6,510)	2,000	(7,222)
Income (loss) before transfers	(12,284)	28,975	(150,300)	(133,609)
<b>Transfers in</b>	12,750	32,802	36,750	82,302
Change in net assets	466	61,777	(113,550)	(51,307)
Net assets, beginning of year	75	1,752,325	261,715	2,014,115
<b>Net assets, end of year</b>	<u>\$ 541</u>	<u>\$ 1,814,102</u>	<u>\$ 148,165</u>	<u>\$ 1,962,808</u>

**City of Jackson, Michigan**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Totals
<b>Cash flows from operating activities</b>				
Payments to employees	\$ (32,999)	\$ (16,375)	\$ (61,498)	\$(110,872)
Payments to vendors and claimants	(15,893)	(18,354)	(143,162)	(177,409)
Receipts from customers and users	49,291	76,145	54,503	179,939
Net cash provided by (used in) operating activities	399	41,416	(150,157)	(108,342)
<b>Cash flows from capital and related financing activities</b>				
Principal paid on long-term debt	-	(100,000)	-	(100,000)
Interest paid on long-term debt	(2,750)	(7,022)	-	(9,772)
Net cash used in capital and related financing activities	(2,750)	(107,022)	-	(109,772)
<b>Cash flows from noncapital financing activities</b>				
Transfer in	12,750	32,802	36,750	82,302
<b>Cash flows from investing activities</b>				
Interest received on investments	38	512	2,000	2,550
Net change in cash and cash equivalents	10,437	(32,292)	(111,407)	(133,262)
Cash and cash equivalents, beginning of year	6,229	99,762	263,795	369,786
<b>Cash and cash equivalents, end of year</b>	<u>\$ 16,666</u>	<u>\$ 67,470</u>	<u>\$ 152,388</u>	<u>\$ 236,524</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>				
Operating income (loss)	\$ (9,572)	\$ 35,485	\$ (152,300)	\$(126,387)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	17,836	6,085	-	23,921
Increase (decrease) in:				
Accounts payable	2,900	-	3,462	6,362
Accrued payroll	(765)	(154)	(644)	(1,563)
Advance from other funds	(10,000)	-	-	(10,000)
Net cash provided by (used in) operating activities	<u>\$ 399</u>	<u>\$ 41,416</u>	<u>\$ (150,157)</u>	<u>\$(108,342)</u>

## Internal Service Funds

---

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

---

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

**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, 2010**

	<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	\$ 1,072,646	\$ 837,973	\$ 22,720	\$ 394,183	\$ 141,403	\$ 162,424	\$ 539,455	\$ 3,170,804
Accounts receivable	-	-	-	17,825	107,042	-	-	124,867
Restricted cash - Cash on hand with agents	46,000	-	169,646	-	-	-	-	215,646
<b>Total current assets</b>	<u>1,118,646</u>	<u>837,973</u>	<u>192,366</u>	<u>412,008</u>	<u>248,445</u>	<u>162,424</u>	<u>539,455</u>	<u>3,511,317</u>
Noncurrent assets:								
Long-term advances from other funds	826,419	-	-	-	-	-	-	826,419
Capital assets being depreciated, net	-	1,222,436	-	-	-	-	-	1,222,436
<b>Total noncurrent assets</b>	<u>826,419</u>	<u>1,222,436</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,048,855</u>
<b>Total assets</b>	<u>1,945,065</u>	<u>2,060,409</u>	<u>192,366</u>	<u>412,008</u>	<u>248,445</u>	<u>162,424</u>	<u>539,455</u>	<u>5,560,172</u>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	7,565	15,985	58,719	17,067	11,532	775	-	111,643
Accrued payroll	-	14,895	-	-	18,127	10,904	-	43,926
Current portion of estimated claims payable	331,659	-	-	-	-	-	-	331,659
<b>Total current liabilities</b>	<u>339,224</u>	<u>30,880</u>	<u>58,719</u>	<u>17,067</u>	<u>29,659</u>	<u>11,679</u>	<u>-</u>	<u>487,228</u>
Noncurrent liabilities:								
Long-term advance from other funds	-	45,536	-	-	-	-	-	45,536
Estimated claims payable	331,659	-	-	-	-	-	-	331,659
<b>Total noncurrent liabilities</b>	<u>331,659</u>	<u>45,536</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>377,195</u>
<b>Total liabilities</b>	<u>670,883</u>	<u>76,416</u>	<u>58,719</u>	<u>17,067</u>	<u>29,659</u>	<u>11,679</u>	<u>-</u>	<u>864,423</u>
<b>Net assets</b>								
Investment in capital assets	-	1,222,436	-	-	-	-	-	1,222,436
Unrestricted	1,274,182	761,557	133,647	394,941	218,786	150,745	539,455	3,473,313
<b>Total net assets</b>	<u>\$ 1,274,182</u>	<u>\$ 1,983,993</u>	<u>\$ 133,647</u>	<u>\$ 394,941</u>	<u>\$ 218,786</u>	<u>\$ 150,745</u>	<u>\$ 539,455</u>	<u>\$ 4,695,749</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, 2010**

	<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	\$ 239,596	\$ 283,867	\$ 743,550	\$ 270,535	\$ 582,215	\$ 374,846	\$ 186,324	\$ 2,680,933
Miscellaneous	8,947	1,031,285	20,113	-	10,213	7,881	-	1,078,439
Total operating revenues	<u>248,543</u>	<u>1,315,152</u>	<u>763,663</u>	<u>270,535</u>	<u>592,428</u>	<u>382,727</u>	<u>186,324</u>	<u>3,759,372</u>
<b>Operating expenses</b>								
Personal services	-	450,156	-	-	505,190	257,010	1	1,212,357
Administration	-	-	-	-	63,551	65,845	5,712	135,108
Materials and supplies	-	344,663	-	-	-	-	-	344,663
Contractual and other services	511,396	361,841	844,515	266,237	-	-	-	1,983,989
Benefit payments:								
Claims	129,191	-	-	-	-	-	-	129,191
Fees and reinsurance	51,570	-	-	-	-	-	-	51,570
Depreciation	-	391,168	-	-	-	-	-	391,168
Total operating expenses	<u>692,157</u>	<u>1,547,828</u>	<u>844,515</u>	<u>266,237</u>	<u>568,741</u>	<u>322,855</u>	<u>5,713</u>	<u>4,248,046</u>
Operating income (loss)	(443,614)	(232,676)	(80,852)	4,298	23,687	59,872	180,611	(488,674)
<b>Nonoperating revenues</b>								
Investment income	55,487	8,420	367	1,836	6,585	1,765	3,287	77,747
Change in net assets	(388,127)	(224,256)	(80,485)	6,134	30,272	61,637	183,898	(410,927)
<b>Net assets, beginning 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>
<b>Net assets, end of year</b>	<u>\$ 1,274,182</u>	<u>\$ 1,983,993</u>	<u>\$ 133,647</u>	<u>\$ 394,941</u>	<u>\$ 218,786</u>	<u>\$ 150,745</u>	<u>\$ 539,455</u>	<u>\$ 4,695,749</u>

**City of Jackson, Michigan**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2010**

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Healthcare Insurance Deductible	Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
<b>Cash flows from operating activities</b>								
Payments to employees	\$ -	\$ (448,920)	\$ -	\$ -	\$ (501,445)	\$ (251,115)	\$ -	\$ (1,201,480)
Payments to vendors and claimants	(675,059)	(741,064)	(854,789)	(304,346)	(60,470)	(66,059)	(7,913)	(2,709,700)
Receipts for interfund services provided	248,543	1,320,367	933,309	270,535	555,784	386,639	186,324	3,901,501
Net cash provided by (used in) operating activities	(426,516)	130,383	78,520	(33,811)	(6,131)	69,465	178,411	(9,679)
<b>Cash flows from capital and related financing activities</b>								
Purchase of capital assets	-	(115,003)	-	-	-	-	-	(115,003)
Principal and interest received on advances	188,938	-	-	-	-	-	-	188,938
Interfund advances received	-	(71,558)	-	-	-	-	-	(71,558)
Net cash provided by (used in) capital and related financing activities	188,938	(186,561)	-	-	-	-	-	2,377
<b>Cash flows from investing activities</b>								
Interest received on investments	55,487	8,420	367	1,836	6,585	1,765	3,287	77,747
Net increase (decrease) in cash and cash equivalents	(182,091)	(47,758)	78,887	(31,975)	454	71,230	181,698	70,445
Cash and cash equivalents, beginning of year	1,300,737	885,731	113,479	426,158	140,949	91,194	357,757	3,316,005
<b>Cash and cash equivalents, end of year</b>	<b>\$ 1,118,646</b>	<b>\$ 837,973</b>	<b>\$ 192,366</b>	<b>\$ 394,183</b>	<b>\$ 141,403</b>	<b>\$ 162,424</b>	<b>\$ 539,455</b>	<b>\$ 3,386,450</b>
<b>Statement of net assets classification of cash</b>								
Cash and cash equivalents	1,072,646	837,973	22,720	394,183	141,403	162,424	539,455	3,170,804
Restricted cash and cash equivalents	46,000	-	169,646	-	-	-	-	215,646
	<b>\$ 1,118,646</b>	<b>\$ 837,973</b>	<b>\$ 192,366</b>	<b>\$ 394,183</b>	<b>\$ 141,403</b>	<b>\$ 162,424</b>	<b>\$ 539,455</b>	<b>\$ 3,386,450</b>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>								
Operating income (loss)	\$ (443,614)	\$ (232,676)	\$ (80,852)	\$ 4,298	\$ 23,687	\$ 59,872	\$ 180,611	\$ (488,674)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	391,168	-	-	-	-	-	391,168
(Increase) decrease in:								
Accounts receivable	-	54	169,646	-	(36,644)	3,912	-	136,968
Interfund receivable	-	5,161	-	-	-	-	-	5,161
Prepaid items	46,000	-	-	-	-	-	-	46,000
Increase (decrease) in:								
Accounts payable	(28,902)	(34,560)	(10,274)	(38,109)	3,081	(214)	(2,200)	(111,178)
Accrued payroll	-	1,236	-	-	3,745	5,895	-	10,876
Net cash provided by (used in) operating activities	<b>\$ (426,516)</b>	<b>\$ 130,383</b>	<b>\$ 78,520</b>	<b>\$ (33,811)</b>	<b>\$ (6,131)</b>	<b>\$ 69,465</b>	<b>\$ 178,411</b>	<b>\$ (9,679)</b>

# Agency Funds

---

**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.**

---

**Payroll Clearing Fund** - 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, 2010**

	<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	\$ 73,645	\$ 2,409	\$ 16,226	\$ -	\$ 16,123	\$ 30,350	\$ 38,982	\$ 177,735
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 16,123	\$ -	\$ -	\$ 16,123
Due to other governments	-	2,409	16,226	-	-	-	-	18,635
Other liabilities	73,645	-	-	-	-	30,350	38,982	142,977
Total liabilities	<u>\$ 73,645</u>	<u>\$ 2,409</u>	<u>\$ 16,226</u>	<u>\$ -</u>	<u>\$ 16,123</u>	<u>\$ 30,350</u>	<u>\$ 38,982</u>	<u>\$ 177,735</u>

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2010**

	<u>Balance June 30, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>
<b>Payroll Clearing Account</b>				
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 14,275,023	\$ 14,201,378	\$ 73,645
<b>Liabilities</b>				
Other liabilities	\$ -	\$ 14,275,023	\$ 14,201,378	\$ 73,645
<b>Jeopardy Tax Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 2,409	\$ -	\$ -	\$ 2,409
<b>Liabilities</b>				
Due to other governmental units	\$ 2,409	\$ -	\$ -	\$ 2,409
<b>County &amp; School Tax Collection Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 13,901	\$ 30,330,300	\$ 30,327,975	\$ 16,226
Taxes receivable - real	-	33,381,600	33,381,600	-
	<u>\$ 13,901</u>	<u>\$ 63,711,900</u>	<u>\$ 63,709,575</u>	<u>\$ 16,226</u>
<b>Liabilities</b>				
Due to other governmental units	\$ 13,901	\$ 9,291,159	\$ 9,288,834	\$ 16,226
Undistributed tax collections:				
Jackson County	-	4,225,110	4,225,110	-
Jackson Public Schools	-	70,007,436	70,007,436	-
Northwest Schools	-	28,329	28,329	-
Michigan Center Schools	-	50,328	50,328	-
East Jackson Schools	-	5,179	5,179	-
Jackson Intermediate School District	-	4,600,781	4,600,781	-
Jackson Community College	-	672,058	672,058	-
Jackson Transportation Authority	-	572,199	572,199	-
State of Michigan - State Education Tax	-	3,357,223	3,357,223	-
	<u>\$ 13,901</u>	<u>\$ 92,809,802</u>	<u>\$ 92,807,477</u>	<u>\$ 16,226</u>
<b>Employee Bond Savings Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 200	\$ 4,820	\$ 5,020	\$ -
<b>Liabilities</b>				
Employees' bond deductions payable	\$ 200	\$ 4,820	\$ 5,020	\$ -

Continued...

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2010**  
(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	\$ 18,798	\$ 6,135	\$ 8,810	\$ 16,123
<b>Liabilities</b>				
Accounts payable	\$ 18,798	\$ 6,135	\$ 8,810	\$ 16,123
<b>Act 495 Fire Trust Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 28,719	\$ 37,598	\$ 35,967	\$ 30,350
<b>Liabilities</b>				
Insurance deposits	\$ 28,719	\$ 37,598	\$ 35,967	\$ 30,350
<b>Cafeteria Reimbursement Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 30,760	\$ 126,037	\$ 117,815	\$ 38,982
<b>Liabilities</b>				
Accounts payable	\$ 16,337	\$ 101,388	\$ 117,725	\$ -
Employees' contributions	14,423	126,037	101,478	38,982
	\$ 30,760	\$ 227,425	\$ 219,203	\$ 38,982
<b>Totals</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 94,787	\$ 44,779,913	\$ 44,696,965	\$ 177,735
Taxes receivable - real	-	33,381,600	33,381,600	-
	\$ 94,787	\$ 78,161,513	\$ 78,078,565	\$ 177,735
<b>Liabilities</b>				
Accounts payable	\$ 35,135	\$ 107,523	\$ 126,535	\$ 16,123
Due to other governmental units	16,310	9,291,159	9,288,834	18,635
Undistributed tax collections	-	83,518,643	83,518,643	-
Other liabilities	43,342	14,443,478	14,343,843	142,977
	\$ 94,787	\$ 107,360,803	\$ 107,277,855	\$ 177,735

**City of Jackson, Michigan**  
**Balance Sheet / Statement of Net Assets**  
**Brownfield Redevelopment Authority Component Unit**  
**June 30, 2010**

	<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	\$ 3,090,258	\$ -	\$ 3,090,258
<b>Liabilities</b>			
Accounts payable	\$ 18,151	-	18,151
Salaries payable	2,661	-	2,661
Total liabilities	20,812	-	20,812
<b>Fund balances</b>			
Unreserved - undesignated	3,069,446	(3,069,446)	-
Total liabilities and fund balance	\$ 3,090,258		
<b>Net assets - unrestricted</b>		<u>\$ 3,069,446</u>	<u>\$ 3,069,446</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, 2010**

	<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	\$ 1,393,402	\$ -	\$ 1,393,402
Interest revenue	24,611	-	24,611
Total revenue	1,418,013	-	1,418,013
<b>Expenditures/Expenses</b>			
Community enrichment	1,365,955	-	1,365,955
Excess of revenues over expenditures	52,058	-	-
Change in net assets	-	-	52,058
Fund balances / net assets, beginning of year	3,017,388	-	3,017,388
<b>Fund balances / net assets, end of year</b>	<u>\$ 3,069,446</u>	<u>\$ -</u>	<u>\$ 3,069,446</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)	116
<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)	123
<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)	127
<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)	130
<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)	132
<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.

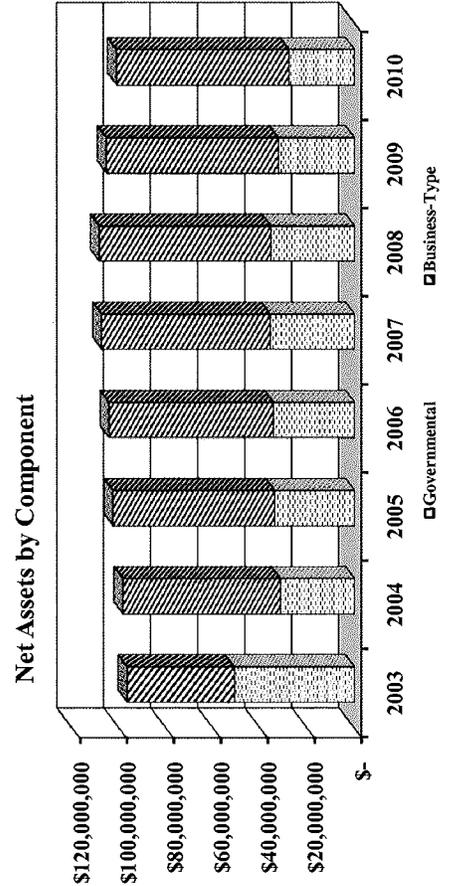
City of Jackson Michigan  
Net Assets by Component

Last Eight Years (A)  
(accrual basis of accounting)

	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 26,205,595
Restricted	6,530,504	5,785,257	7,566,923	6,220,922	5,261,929	5,250,943	6,084,912	5,954,460
Unrestricted (Deficit)	5,579,873	8,461,304	6,890,748	7,794,846	7,158,068	7,433,449	1,004,573	(4,248,423)
Total governmental activities net assets	\$ 51,154,391	\$ 31,493,085	\$ 33,935,230	\$ 34,436,608	\$ 35,832,901	\$ 35,594,012	\$ 32,381,522	\$ 27,911,632
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 32,241,403	\$ 52,374,586	\$ 52,754,671	\$ 53,240,973	\$ 53,809,620	\$ 55,168,398	\$ 57,102,607	\$ 56,517,510
Restricted	1,490,472	1,447,009	1,447,009	1,447,009	1,447,009	1,447,009	167,600	160,100
Unrestricted	11,785,040	13,143,279	14,565,296	15,288,589	16,417,163	16,368,542	15,846,100	16,599,831
Total business-type activities net assets	\$ 45,516,915	\$ 66,964,874	\$ 68,766,976	\$ 69,976,571	\$ 71,673,792	\$ 72,983,949	\$ 73,116,307	\$ 73,277,441
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 71,285,417	\$ 69,621,110	\$ 72,232,230	\$ 73,661,813	\$ 77,222,524	\$ 78,078,018	\$ 82,394,644	\$ 82,723,105
Restricted	8,020,976	7,232,266	9,013,932	7,667,931	6,708,938	6,697,952	6,252,512	6,114,560
Unrestricted	17,364,913	21,604,583	21,456,044	23,083,435	23,575,231	23,801,991	16,850,673	12,351,408
Total primary government net assets	\$ 96,671,306	\$ 98,457,959	\$ 102,702,206	\$ 104,413,179	\$ 107,506,693	\$ 108,577,961	\$ 105,497,829	\$ 101,189,073

(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 Eight Years (A)**  
*(accrual basis of accounting)*

Schedule 2  
**UNAUDITED**

	2003	2004	2005	2006	2007	2008	2009	2010
<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	\$ 4,729,249
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	7,238,196
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	2,130,328
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	10,305,545
Income taxes	6,602,493	6,984,060	7,300,012	7,249,113	7,822,180	7,946,837	7,645,706	6,519,574
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	4,785,181
Other	522,960	359,894	344,903	614,799	626,456	613,778	210,499	36,974
<b>Total governmental activities revenues</b>	<b>33,700,112</b>	<b>31,505,357</b>	<b>35,334,842</b>	<b>36,765,769</b>	<b>38,499,925</b>	<b>36,312,671</b>	<b>36,029,915</b>	<b>35,745,047</b>
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	10,969,737
Operating grants and contributions	-	-	-	-	-	-	-	17,165
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	285,961
Other	209,785	141,311	249,120	500,427	703,383	781,190	446,863	221,234
<b>Total business-type activities revenues</b>	<b>11,362,055</b>	<b>12,522,576</b>	<b>11,997,863</b>	<b>12,000,024</b>	<b>12,976,256</b>	<b>13,296,457</b>	<b>12,413,644</b>	<b>11,494,097</b>
<b>Total primary government revenues</b>	<b>45,062,167</b>	<b>44,027,933</b>	<b>47,332,705</b>	<b>48,765,793</b>	<b>51,476,181</b>	<b>49,609,128</b>	<b>48,443,559</b>	<b>47,239,144</b>
<b>Expenses:</b>								
Governmental activities:								
Legislative	76,713	76,344	70,428	79,904	79,944	100,856	84,987	81,455
General government	4,365,163	4,213,894	4,162,208	4,750,801	5,227,643	5,106,778	5,590,322	5,193,157
Public safety	13,722,166	14,135,744	15,211,748	16,110,222	16,865,859	16,474,297	18,514,730	18,480,322
Public works	4,582,298	5,793,948	5,602,686	6,391,700	6,112,674	6,363,857	6,982,096	6,815,307
Culture and recreation	3,284,568	2,267,890	2,638,497	2,766,612	2,746,767	2,484,262	2,823,240	3,074,451
Community enrichment/development	3,414,818	5,133,149	2,977,181	4,031,540	3,951,962	3,836,177	4,276,212	4,808,286
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	1,761,959
<b>Total governmental activities expenses</b>	<b>31,122,599</b>	<b>33,536,994</b>	<b>32,788,106</b>	<b>36,156,665</b>	<b>36,980,506</b>	<b>36,133,534</b>	<b>40,094,871</b>	<b>40,214,937</b>
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	5,221,872
Water	5,339,940	5,130,173	5,048,903	5,437,488	5,448,272	5,896,097	6,315,543	5,360,557
Parking system	225,109	589,578	638,752	597,889	627,579	743,253	708,936	688,921
Golf Practice Center	74,292	80,487	67,222	72,501	68,705	71,092	70,528	61,613
<b>Total business-type activities expenses</b>	<b>10,276,866</b>	<b>10,134,755</b>	<b>10,300,352</b>	<b>10,898,155</b>	<b>11,402,161</b>	<b>12,115,636</b>	<b>12,281,286</b>	<b>11,332,963</b>
<b>Total primary government expenses</b>	<b>41,399,465</b>	<b>43,671,749</b>	<b>43,088,458</b>	<b>47,054,820</b>	<b>48,382,667</b>	<b>48,249,170</b>	<b>52,376,157</b>	<b>51,547,900</b>
<b>Change in net assets before transfers</b>	<b>3,662,702</b>	<b>356,184</b>	<b>4,244,247</b>	<b>1,710,973</b>	<b>3,093,514</b>	<b>1,359,958</b>	<b>(3,932,598)</b>	<b>(4,308,756)</b>
Net assets - beginning of year, as restated	93,008,603	96,671,305	98,457,959	102,702,206	104,413,179	107,506,693	108,577,961	105,497,829
Other restatements at June 30	-	1,430,470	-	-	-	(288,690)	852,466	-
<b>Net assets - end of year</b>	<b>\$ 96,671,305</b>	<b>\$ 98,457,959</b>	<b>\$ 102,702,206</b>	<b>\$ 104,413,179</b>	<b>\$ 107,506,693</b>	<b>\$ 108,577,961</b>	<b>\$ 105,497,829</b>	<b>\$ 101,189,073</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**  
**Fund Balances - Governmental Funds**  
**Last Eight Years (A)**  
*(modified accrual basis of accounting)*

**Schedule 3**  
**UNAUDITED**

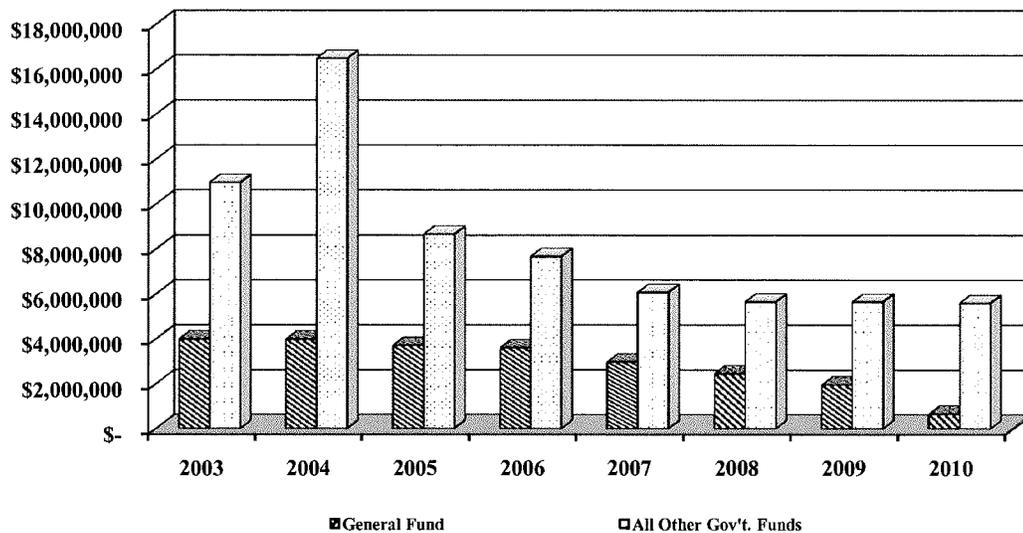
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General fund</b>								
Reserved	\$ 135,874	\$ 989,309	\$ 576,699	\$ 1,007,649	\$ 311,967	\$ 379,213	\$ 249,169	\$ 76,177
Unreserved	3,854,814	2,998,657	3,129,904	2,596,377	2,656,966	2,078,521	1,707,278	581,788
<b>Total general fund</b>	<b>\$ 3,990,688</b>	<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>\$ 1,956,447</b>	<b>\$ 657,965</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	\$ 3,518,347
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	2,485,481
Debt service funds	1,258,212	1,474,422	30,986	35,044	43,361	54,908	42,961	13,714
Capital projects funds	4,187,765	9,604,507	1,860,542	731,542	230,953	(17,189)	(146,010)	(420,308)
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>	<b>\$ 5,597,234</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)*

	2001	2002	2003	2004
<b>Revenues</b>				
Taxes	\$ 13,702,763	\$ 13,372,157	\$ 13,466,902	\$ 14,879,726
Licenses and permits	486,357	542,190	218,273	216,538
Intergovernmental	16,474,679	11,894,532	14,305,787	11,534,408
Charges for services	2,107,313	2,381,975	2,882,738	2,875,007
Fines and forfeits	344,046	276,971	250,233	264,746
Special assessments	368,804	383,620	266,702	478,716
Investment income	709,183	606,470	606,189	253,453
Miscellaneous	1,275,535	807,545	1,475,169	1,454,100
<b>Total revenues</b>	<b>35,468,680</b>	<b>30,265,460</b>	<b>33,471,993</b>	<b>31,956,694</b>
<b>Expenditures</b>				
Legislative	61,317	75,940	76,713	76,344
General government	4,008,933	4,289,336	4,432,218	4,366,698
Public safety	14,123,279	13,353,931	13,816,626	14,282,280
Public works	8,489,758	5,587,490	9,323,432	6,179,742
Culture and recreation	2,098,837	2,432,546	2,555,559	2,463,750
Community enrichment and development	4,281,114	2,168,430	16,208,105	2,644,390
Capital outlay	13,323,432	2,187,506	947,770	4,048,998
Debt service:				
Principal	571,690	658,157	674,884	903,679
Interest and fiscal charges	193,541	793,440	1,781,623	1,659,899
Other	-	-	-	-
<b>Total expenditures</b>	<b>47,151,901</b>	<b>31,546,776</b>	<b>49,816,930</b>	<b>36,625,780</b>
<b>Revenues over (under) expenditures</b>	<b>(11,683,221)</b>	<b>(1,281,316)</b>	<b>(16,344,937)</b>	<b>(4,669,086)</b>
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets	-	-	172,092	84,105
Proceeds from the issuance of debt	19,548,967	200,000	1,750,000	10,370,000
Discount on bonds	-	-	-	(155,531)
Payment to escrow agent	-	-	-	-
Transfers in	4,168,206	2,895,287	3,374,678	4,628,187
Transfers (out)	(4,227,272)	(2,995,009)	(3,491,773)	(4,733,622)
<b>Total other financing sources (uses)</b>	<b>19,489,901</b>	<b>100,278</b>	<b>1,804,997</b>	<b>10,193,139</b>
<b>Net changes in fund balances</b>	<b>\$ 7,806,680</b>	<b>\$ (1,181,038)</b>	<b>\$ (14,539,940)</b>	<b>\$ 5,524,053</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>2.8%</b>	<b>6.4%</b>	<b>8.3%</b>	<b>8.1%</b>

Source: City of Jackson Finance Department

**Schedule 4  
UNAUDITED**

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
\$	16,325,697	\$ 16,806,838	\$ 18,716,042	\$ 18,589,716	\$ 18,249,873	\$ 16,936,953
	254,973	231,377	231,486	228,671	247,399	250,602
	12,845,112	12,846,052	13,180,443	11,274,670	11,885,926	12,316,023
	2,832,829	3,853,103	4,051,135	3,848,682	3,870,877	3,913,947
	258,178	212,690	203,086	221,869	224,967	261,677
	249,531	378,339	306,739	467,981	384,602	278,701
	311,614	457,942	697,179	767,926	406,345	218,023
	2,135,528	1,843,723	571,129	785,300	998,231	1,222,574
	<b>35,213,462</b>	<b>36,630,064</b>	<b>37,957,239</b>	<b>36,184,815</b>	<b>36,268,220</b>	<b>35,398,500</b>
	70,428	79,904	79,944	100,856	84,987	81,455
	4,481,144	4,460,003	4,814,896	4,687,386	4,778,604	4,440,441
	15,252,256	16,555,647	17,460,830	16,945,032	17,398,422	16,770,309
	7,860,861	6,528,508	8,480,193	5,954,413	5,974,822	6,435,712
	2,432,741	2,592,558	2,727,397	2,668,948	2,758,877	2,503,995
	1,816,545	2,873,782	2,581,143	2,589,998	2,543,682	2,856,698
	8,094,359	1,456,073	731,251	506,321	625,907	162,571
	1,039,000	1,064,000	1,219,000	1,479,000	1,604,000	1,699,000
	2,243,834	2,021,976	1,994,884	1,773,561	1,789,183	1,735,313
	-	-	-	215,913	-	-
	<b>43,291,168</b>	<b>37,632,451</b>	<b>40,089,538</b>	<b>36,921,428</b>	<b>37,558,484</b>	<b>36,685,494</b>
	<b>(8,077,706)</b>	<b>(1,002,387)</b>	<b>(2,132,299)</b>	<b>(736,613)</b>	<b>(1,290,264)</b>	<b>(1,286,994)</b>
	72,079	26,795	20,984	11,452	22,538	18,842
	-	-	-	9,905,000	-	-
	-	-	-	(94,062)	-	-
	-	-	-	(9,599,786)	-	-
	4,399,406	2,158,544	2,969,637	2,635,156	3,552,312	3,232,670
	(4,503,997)	(2,266,270)	(3,092,763)	(2,764,492)	(3,642,036)	(3,314,972)
	<b>(32,512)</b>	<b>(80,931)</b>	<b>(102,142)</b>	<b>93,268</b>	<b>(67,186)</b>	<b>(63,460)</b>
<b>\$</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>\$ (1,350,454)</b>
	<b>10.5%</b>	<b>9.2%</b>	<b>9.2%</b>	<b>9.4%</b>	<b>9.7%</b>	<b>10.2%</b>

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

	2001	2002	2003	2004
<b>Revenues</b>				
Taxes	\$ 12,665,924	\$ 12,265,353	\$ 12,224,021	\$ 13,007,511
Licenses and permits	226,688	224,890	218,273	216,538
Intergovernmental	6,871,889	6,710,619	6,032,594	5,769,574
Charges for services	1,159,816	1,226,849	1,425,226	1,441,380
Fines and forfeits	344,046	276,971	250,233	264,746
Investment income	247,718	146,633	90,810	73,972
Miscellaneous	538,547	107,567	150,201	402,960
<b>Total revenues</b>	<b>22,054,628</b>	<b>20,958,882</b>	<b>20,391,358</b>	<b>21,176,681</b>
<b>Expenditures</b>				
Legislative	61,317	75,940	76,713	76,344
General government	4,002,020	4,283,723	4,432,218	4,366,698
Public safety	12,957,886	12,231,371	12,658,451	13,207,314
Public works	1,594,535	1,661,154	1,592,589	1,690,189
Culture and recreation	1,203,127	1,481,886	1,588,412	1,547,153
Community enrichment and development	258,803	219,345	314,437	254,780
<b>Total expenditures</b>	<b>20,077,688</b>	<b>19,953,419</b>	<b>20,662,820</b>	<b>21,142,478</b>
<b>Revenues over (under) expenditures</b>	<b>1,976,940</b>	<b>1,005,463</b>	<b>(271,462)</b>	<b>34,203</b>
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets (A)	-	-	131,309	10,624
Transfers in	338,514	278,402	214,393	271,834
Transfers (out)	(480,659)	(374,170)	(269,144)	(319,383)
<b>Total other financing sources (uses)</b>	<b>(142,145)</b>	<b>(95,768)</b>	<b>76,558</b>	<b>(36,925)</b>
<b>Net changes in fund balances</b>	<b>\$ 1,834,795</b>	<b>\$ 909,695</b>	<b>\$ (194,904)</b>	<b>\$ (2,722)</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**

	2005	2006	2007	2008	2009	2010
\$	13,843,364	\$ 14,276,643	\$ 16,016,387	\$ 15,794,628	\$ 15,415,825	\$ 14,201,465
	254,973	231,377	231,486	228,671	247,399	250,602
	5,581,910	5,925,153	5,572,841	5,204,759	5,474,154	4,579,549
	1,338,854	1,170,927	1,306,639	1,305,095	1,299,376	1,282,471
	258,178	212,690	203,086	221,869	224,967	261,677
	105,190	267,083	288,413	307,193	101,926	23,086
	1,392,079	1,404,473	130,031	151,284	370,730	544,266
	22,774,548	23,488,346	23,748,883	23,213,499	23,134,377	21,143,116
	70,428	79,904	79,944	100,856	84,987	81,455
	4,481,144	4,460,003	4,814,896	4,687,386	4,778,604	4,440,441
	14,010,760	15,229,963	16,292,286	15,745,929	16,165,588	15,143,445
	1,414,892	1,728,580	1,498,532	1,498,147	1,513,350	1,165,539
	1,508,574	1,385,593	1,465,900	1,466,462	1,549,225	1,379,570
	190,797	204,811	202,150	198,589	259,488	182,875
	21,676,595	23,088,854	24,353,708	23,697,369	24,351,242	22,393,325
	1,097,953	399,492	(604,825)	(483,870)	(1,216,865)	(1,250,209)
	17,809	13,379	20,984	11,452	9,979	18,367
	206,969	270,667	274,603	319,680	152,291	72,260
	(1,604,094)	(786,115)	(325,855)	(358,461)	(299,158)	(138,900)
	(1,379,316)	(502,069)	(30,268)	(27,329)	(136,888)	(48,273)
\$	(281,363)	\$ (102,577)	\$ (635,093)	\$ (511,199)	\$ (1,353,753)	\$ (1,298,482)

**City of Jackson Michigan**  
**Assessed and Actual Value of Taxable Property**  
**Last Ten Years**

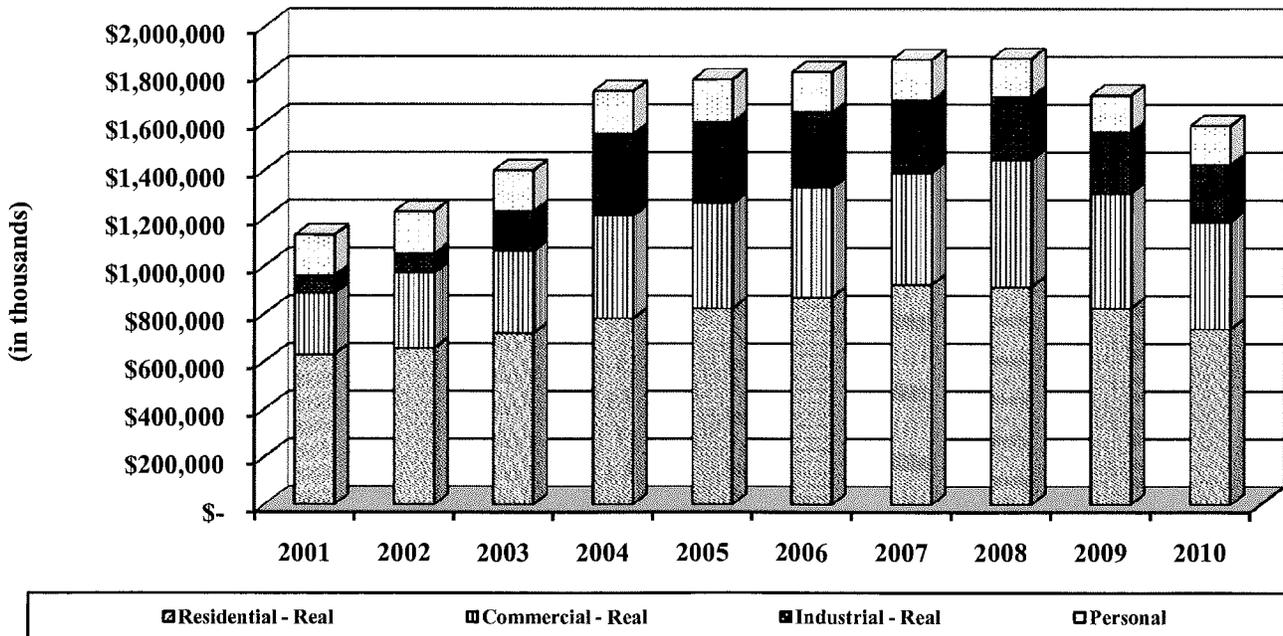
Schedule 6  
 UNAUDITED

Fiscal Year (2)	Real			Personal Property	Total Assessed and Actual Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property			
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
2010	736,829,500	449,075,100	238,429,400	162,361,800	1,586,695,800	14.8089

- (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, 2009 levy is for fiscal year 2010.
- (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**

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>City direct rates</b>										
Operating	6.8620	6.8057	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9605	1.9444	1.9197	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	0.7700
Act 345 Pension	4.2000	3.8500	3.7000	4.1500	4.5000	4.1200	5.1900	5.3000	5.2000	5.4000
<b>Total direct rate</b>	<b>13.0225</b>	<b>12.6001</b>	<b>12.3389</b>	<b>12.7889</b>	<b>13.8789</b>	<b>13.5089</b>	<b>14.5789</b>	<b>14.6789</b>	<b>14.5889</b>	<b>14.8089</b>
<b>Overlapping rates</b>										
Jackson County:										
Operating	5.4194	5.3559	5.2734	5.2022	5.1709	5.1471	5.1259	5.1187	5.1187	5.1187
Jail Debt	---	---	0.5000	0.4932	0.4902	0.4879	0.4858	0.4851	0.4851	0.4851
MCF	0.1482	0.1465	0.1442	0.1422	0.1413	0.1406	0.1400	0.1398	0.1398	0.1398
Senior Services	---	---	---	---	0.2500	0.2488	0.2477	0.2473	0.2473	0.2473
District Library	0.9102	0.8995	0.8856	0.8736	0.8682	0.8642	0.8606	0.8593	1.2593	1.2593
	6.4778	6.4019	6.8032	6.7112	6.9206	6.8886	6.8600	6.8502	7.2502	7.2502
Intermediate School District:										
Operating	0.3610	0.3580	0.3525	0.3477	0.3455	0.3439	0.3429	0.3422	0.3422	0.3422
Special & Vocational Education	8.2014	8.1348	7.0693	7.8730	7.8249	7.7895	7.7682	7.7541	7.7678	7.7678
	8.5624	8.4928	7.4218	8.2207	8.1704	8.1334	8.1111	8.0963	8.1100	8.1100
Jackson Community College:										
Operating	1.2131	1.1980	1.1798	1.1638	1.1565	1.1511	1.1463	1.1446	1.1446	1.1446
Debt Service	---	---	---	---	---	---	---	---	---	---
	1.2131	1.1980	1.1798	1.1638	1.1565	1.1511	1.1463	1.1446	1.1446	1.1446
Jackson Transit Auth.- Operating	0.9802	0.9721	0.9597	0.9597	0.9597	0.9597	0.9597	0.9597	1.0000	1.0000
Downtown Dev. Auth.-Operating	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996	1.9996
Jackson Public Schools:										
Operating	17.8114	17.6047	17.8820	17.8820	17.8820	17.8820	18.0000	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	1.9500	1.9500	1.9500	1.9500	2.4500	2.4000	2.4000	2.2500	2.2500	2.2500
Recreation	---	---	---	---	---	0.2000	0.2000	0.2000	0.2000	0.2000
	25.7614	25.5547	25.8320	24.8320	26.3320	26.4820	26.6000	26.4500	26.4500	26.4500
East Jackson Public Schools:										
Operating	17.8218	17.8146	17.1857	17.1530	17.1530	18.0000	18.0000	18.0000	18.0000	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	7.5000	7.5000	7.5000	7.4000	7.0000	6.2400	6.2000	5.8800	5.8400	5.9400
Extra voted	---	0.1854	0.8143	0.8470	0.8470	---	---	---	---	---
	31.3218	31.5000	31.5000	30.4000	31.0000	30.2400	30.2000	29.8800	29.8400	29.9400
Michigan Center Public Schools:										
Operating	17.7282	17.7282	17.8002	17.4068	17.3318	18.0000	17.3999	17.3999	18.0000	18.0000
State Education Tax (SET)	6.0000	---	6.0000	5.0000	6.0000	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	0.0000
	23.7282	17.7282	23.8002	25.9068	26.7922	27.4604	27.4014	27.4015	27.4015	24.0000
Northwest Public Schools:										
Operating	17.6490	17.6490	17.4024	17.2893	17.2893	16.9487	16.9487	16.9487	16.9487	16.9487
State Education Tax (SET)	6.0000	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	---	---	---	---	---	---	---	---	---	0.9173
Extra voted	0.4718	0.4285	0.3994	0.3776	0.3003	0.1165	1.0513	1.0513	1.0513	1.0513
	24.1208	24.0775	23.8018	22.6669	23.5896	23.0652	24.0000	24.0000	24.0000	24.9173

**Note:** Levy shown is as of July 1. The July 1, 2009 levy is for the current fiscal year ending June 30, 2010.

Source: City of Jackson Finance Department

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

**Schedule 8**  
**UNAUDITED**

Taxpayer	2010			2001		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Kinder Morgan Michigan/Alphagen (1)	\$ 89,281,450	1	12.31%	\$ -	-	-
Consumers Energy	51,673,104	2	7.13%	22,896,875	1	4.70%
Wolverine Technologies/Certainteed	11,076,650	3	1.53%	6,326,789	3	1.30%
Ramco (Jackson Crossing/Jackson West)	8,841,737	4	1.22%	6,819,741	2	1.40%
Allegiance Health/Health Center	7,589,323	5	1.05%	-	-	-
Alro Steel Corporation	6,592,198	6	0.91%	4,424,558	5	0.91%
Home Depot/HD Development of Maryland	5,505,300	7	0.76%	-	-	-
Jackson Iron & Metal/Omnisource	5,483,208	8	0.76%	-	-	-
Aeroquip (Eaton Corp.)	3,716,807	9	0.51%	2,818,043	8	0.58%
Merchant's Crossing (Kroger Complex)	3,376,500	10	0.47%	-	-	-
Jackson Automotive Group	-	-	-	5,587,217	4	1.15%
GIP M/U/M LLC	-	-	-	3,870,000	6	0.79%
Alpine Lake Apartments, LLC	-	-	-	2,837,509	7	0.58%
Sears	-	-	-	2,620,530	9	0.54%
Flagstar Bank	-	-	-	2,565,390	10	0.53%
	<u>\$ 193,136,277</u>		<u>25.66%</u>	<u>\$ 60,766,652</u>		<u>13.18%</u>

(1) Total Ad Valorem Taxable Valuation as of June 30, 2010 = \$ 725,204,838 (valuation for fiscal year 2011).

Total Ad Valorem Taxable Valuation as of June 30, 2001 = \$487,494,917 (valuation for fiscal year 2002).

(2) Kinder Morgan Energy (KME), an electric power generation company, has the largest taxable value of \$ 89,281,450, or 12.31% of the 2010 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.

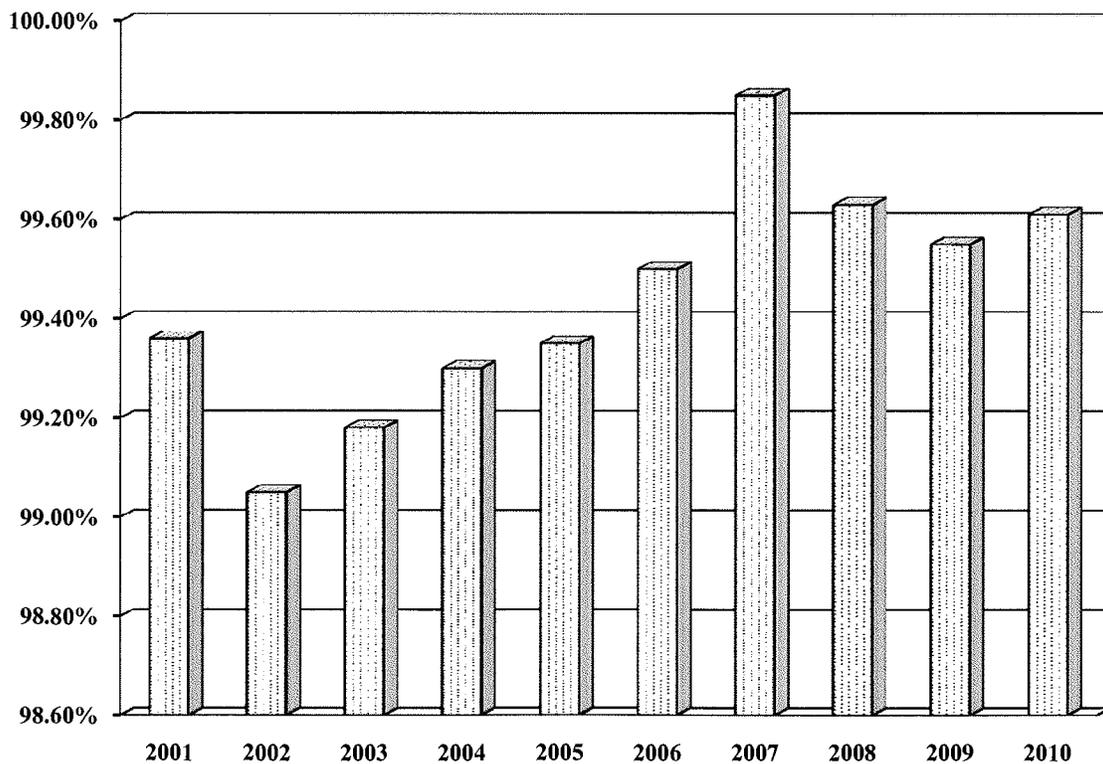
Source: City of Jackson Assessor Department.

**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
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%
2010	2009	9,942,692	9,006,808	90.59%	897,485	9,904,293	99.61%

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



Source: City of Jackson Finance Department

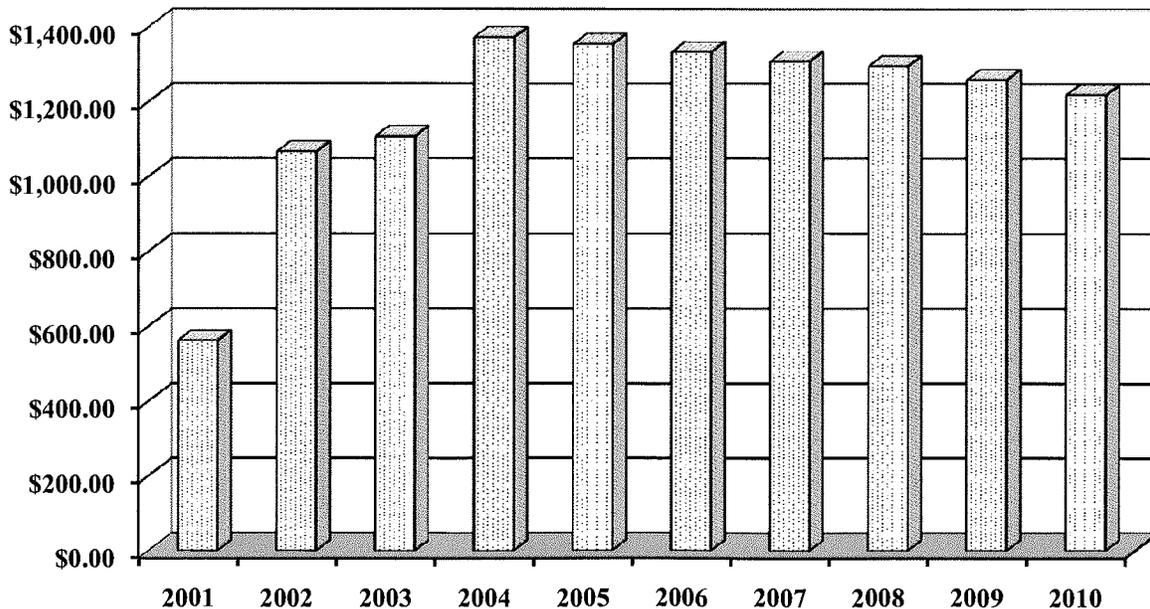
**City of Jackson, Michigan**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

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			
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	4.29%	2.66%	1,259.28
2010	44,138,577	-	44,138,577	n/a	2.78%	1,218.69

Source: City of Jackson Finance Department & Bureau of Economic Analysis  
 Personal Income statistics not available for 2010.

**General Bonded Debt Per Capita**



**City of Jackson, Michigan**  
**Computation of Net Direct and Overlapping Debt**  
**As of June 30, 2010**

**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	\$ 9,205,000	\$ -	\$ 9,205,000
Limited Tax General Obligation Debt:			
Downtown Development Authority Bonds	14,778,577	14,778,577	-
Brownfield Redevelopment Authority Bonds	9,000,000	9,000,000	-
Brownfield Redevelopment Authority Refunding Bonds	9,755,000	9,755,000	-
Building Authority Bonds	590,000	-	590,000
Michigan Transportation Fund Bonds	810,000	810,000	-
Installment Purchase Contracts	125,000	-	125,000
Revenue Bonds:			
Water Revenue Bonds	1,051,000	1,051,000	-
Sewer Revenue Bonds	550,000	550,000	-
Other:			
Michigan Urban Land Assembly Loan	52,000	52,000	-
Section 108 Loan (HUD)	700,000	700,000	-
Net direct debt	<u>\$ 46,616,577</u>	<u>\$ 36,696,577</u>	<u>9,920,000</u>
	<u>Gross</u>	<u>City Share</u>	
<b>Overlapping debt</b>			
School Districts:			
Jackson School District	\$ 52,520,000	53.98%	28,350,296
East Jackson School District	14,205,000	0.10%	14,205
Northwest School District	6,180,000	0.31%	19,158
Michigan Center School District	-	2.89%	-
			<u>28,383,659</u>
Jackson County at Large	31,060,000	16.60%	5,155,960
Jackson Community College	41,085,000	16.60%	6,820,110
Jackson County Intermediate School District	965,000	16.26%	156,909
Net overlapping debt			<u>40,516,638</u>
<b>Net direct and overlapping debt</b>			<u>\$ 50,436,638</u>
<b>Per Capita Debt: (36,218 population):</b>			
	Gross Direct Debt		\$ 1,287.11
	Net Direct Debt		273.90
	Net Overlapping Debt		1,118.69
	Total Net Direct & Overlapping Debt		1,392.58
<b>Percent of Taxable Valuation: (\$ 725,204,838 Ad Valorem Taxable Valuation at 6/30/10):</b>			
	Net Direct Debt		1.37%
	Net Overlapping Debt		5.59%
	Total Net Debt		<u>6.96%</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**

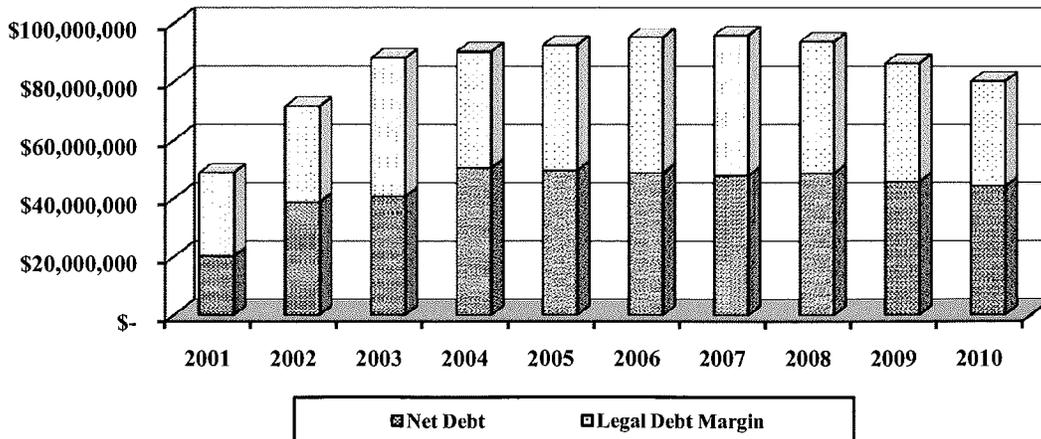
**Legal Debt Margin - 2010**

State Equalized Value as of December 31, 2009 (for taxes levied by the City on July 1, 2010)	\$	802,382,200
Debt limit (10% of state equalized value)	\$	80,238,220
Total Debt - (See Schedule 11)	\$	46,616,577
Less Excluded Debt:		
Michigan Transportation Fund Bonds	(810,000)	
Revenue Bonds	(1,601,000)	44,205,577
<b>Legal debt margin</b>	<b>\$</b>	<b>36,032,643</b>

For Taxes Levied July 1	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Total Net Debt Applicable to Limit As % of Debt Limit
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%
2010	80,238,220	44,205,577	36,032,643	55.09%

Source: City of Jackson Finance Department

**Components of Debt Limit**



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

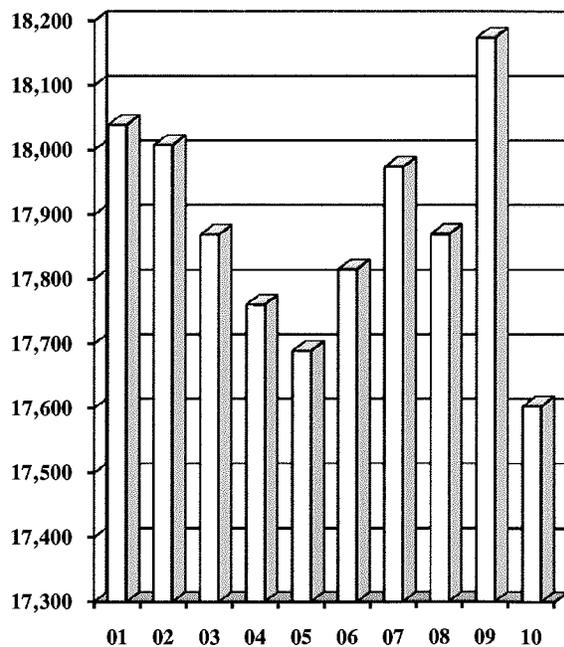
Schedule 13  
 UNAUDITED

Fiscal Year	(1) Population	(2)		(2) Unemployment	(2) Unemployment Rate	(3)	
		Labor Force	Employment			Total Personal Income	Per Capita Income
2001	36,218	18,039	16,630	1,409	7.8 %	\$900,196,684	\$24,855
2002	36,218	18,008	16,189	1,819	10.1 %	919,632,814	25,392
2003	36,218	17,869	15,585	2,284	12.8 %	937,137,520	25,875
2004	36,218	17,761	15,750	2,011	11.3 %	952,255,530	26,292
2005	36,218	17,689	15,909	1,780	10.1 %	985,681,450	27,215
2006	36,218	17,816	15,951	1,865	10.5 %	1,013,032,829	27,970
2007	36,218	17,974	15,907	2,067	11.5 %	1,029,007,146	28,411
2008	36,218	17,870	15,687	2,183	12.2 %	1,062,491,818	29,336
2009	36,218	18,174	14,563	3,611	19.9 %	1,062,744,774	29,343
2010	36,218	17,603	14,330	3,273	18.6 %	n/a	n/a

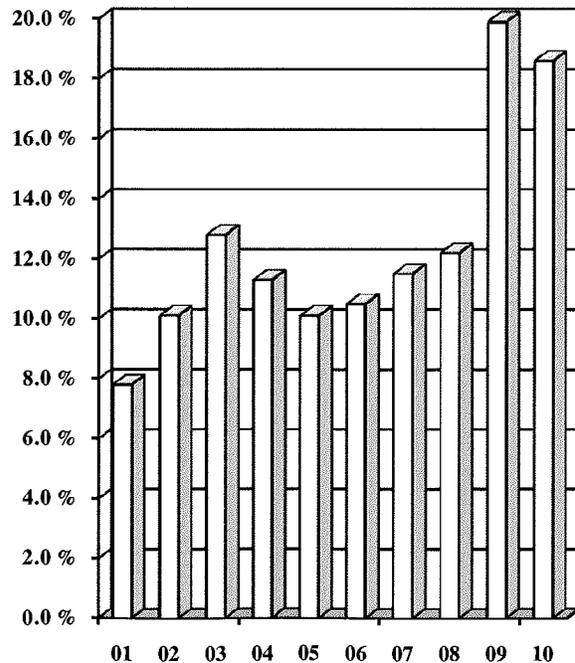
All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2010 represents June, 2010.

- (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 2010.

**Labor Force**



**Unemployment Rate**



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

Schedule 14  
UNAUDITED

Employer	2010			2001		
	Total (2) Employees	Rank	% of Total City Labor Force	Total (2) Employees	Rank	% of Total City Labor Force
Allegiance Health System	3,500 (a)	1	17.04%	2,590 (a)	1	13.86%
Consumers Energy	2,400 (b)	2	7.39%	2,025 (b)	2	7.21%
Local Government	870	3	4.94%	955	3	5.29%
Jackson Public Schools	782	4	4.44%	790	4	4.38%
Eaton Corporation	650 (c)	5	3.69%	585 (c)	5	1.66%
Great Lakes Home Health /Hospice	471	6	2.68%	-	-	-
Anesthesia Business Consultants	284	7	1.61%	-	-	-
Alro Steel Corporation	271	8	1.54%	196	10	1.09%
Way Bakeries	152	9	0.86%	230	9	1.28%
Certainteed /Wolverine Vinyl Siding	147	10	0.84%	350	7	1.94%
Edscha (Jackson Automotive Group)	-		-	450	6	2.49%
Worthington Steel / Specialties	-		-	258	8	1.43%
	<u>9,527</u>		<u>45.03%</u>	<u>8,429</u>		<u>40.63%</u>

(1) Data for 2000 (ten 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 2010 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 2010 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	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government:										
City Manager	5	5	5	4	3	4	4	2	2	2
Finance	5	5	5	5	5	5	5	5	5	4
City Assessor	4	5	5	5	5	4	5	5	5	3
City Attorney	5	4	5	5	5	5	5	5	5	3
City Clerk/Elections	2	3	4	4	4	4	4	4	4	3
Personnel	4	4	4	3	4	4	4	3	4	3
Purchasing/City Hall	3	3	3	3	3	3	3	3	2	2
City Treasurer / Income Tax	7	7	7	7	7	7	7	7	6	4
Mgt. Information Services	3	3	3	3	1	2	2	3	3	3
Public Safety:										
Police-Civilian	24	25	24	24	23	22	20	20	18	14
Police-Enforcement	67	70	70	70	68	66	64	64	64	60
Fire-Civilian	4	2	3	2	2	2	2	2	2	2
Fire-Protection	46	45	46	43	43	43	43	42	36	33
Building Inspection	7	7	6	7	6	7	5	5	4	4
Emergency Measures	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public Works	32	34	35	33	29	31	29	31	28	26
Engineering	14	14	14	14	13	13	13	12	11	11
Culture & Recreation:										
Parks, Recreation & Grounds	23	25	25	24	24	25	24	24	24	22
Community Development:										
Public Safety / Community Enrichment & Development	14	13	12	10	10	10	11	11	11	11
Enterprise Funds:										
Sewer	17	18	18	18	18	19	19	19	17	19
Water	35	35	34	35	34	34	33	34	30	26
<b>Total</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>	<b>256</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>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>2010</b>
<b>Public safety</b>										
Police:										
Physical arrests	4,013	3,651	3,511	3,513	3,628	3,562	3,206	3,314	3,660	3,523
Traffic violations	16,705	17,388	15,567	15,812	14,165	11,003	9,796	7,666	7,815	8,649
Parking violations	2,500	2,254	4,572	5,782	4,741	3,722	3,668	3,410	3,476	2,605
Fire:										
Calls answered	4,458	4,438	4,158	4,105	4,072	4,419	4,521	4,685	4,454	4,469
Inspections conducted	225	225	325	325	594	762	341	452	450	178
<b>Sewer system</b>										
Service connections	12,838	12,843	12,609	12,426	12,802	12,755	12,758	12,758	12,844	12,800
Daily average treatment (mg)	14.0	13.6	12.6	12.9	13.2	12.5	13.6	13.6	12.8	12.1
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	14,987	15,255	15,327	15,352	15,327	15,324	15,509	15,697	15,709	15,726
Daily average consumption (mg)	5.73	5.61	6.91	5.53	5.41	5.49	5.43	5.43	5.22	5.49
Maximum daily capacity (mg)	24	24	24	24	24	24	24	24	24	24

mg = million gallons

Source: Various City Department

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

**Schedule 17**  
**UNAUDITED**

<b>Function/Program</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>2010</b>
<b>Public Safety</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	39	40	41	41	39	38	36	36	37
Fire:										
Stations	3	3	3	3	3	3	3	3	3	3
Response vehicles	9	9	9	9	9	10	10	10	10	10
<b>Culture and recreation</b>										
Parks:										
Number	23	23	23	23	23	24	26	26	27	27
Acreage	636	636	636	636	636	636	637	637	638	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	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	165	165	165	165	165	165	171	171	171	171
Street lights	2,335	2,335	2,335	2,335	2,365	2,440	2,458	2,458	2,458	2,697
<b>Sewer system</b>										
Miles of sanitary sewers	161	161	160	160	160	160	160	165	165	165
Miles of storm sewers	109	109	108	108	108	108	108	110	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
<b>Water system</b>										
Miles of water mains	218	234	231	232	232	244	244	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	1,918	2,026	2,029	2,030	2,030	2,064	2,064	2,111	2,111	2,111

Source: City of Jackson Finance Department

**City of Jackson, Michigan**  
**Schedule of Insurance**  
**As of June 30, 2010**

**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>	7/1/09-6/30/10	\$ 119,912	All risk coverage on buildings and contents. \$165,199,066 limit with \$2,500 deductible per occurrence.
<b><u>Automobile</u></b> <i>Michigan Municipal Liability and Property Pool</i>	7/1/09-6/30/10	\$ 90,483	\$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>	7/1/09-6/30/10	\$ 243,454	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$2,500 deductible.
<b><u>Crime/Bonds</u></b> <i>Michigan Municipal Liability and Property Pool</i>	7/1/09-6/30/10	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>	9/1/09-9/01/10 9/1/09-9/01/10	\$ 21,315 \$ 15,010	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, 2007 Through 2011**

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)
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
2009	2010	2011	802,382,200	725,204,838	730,006,181

Per Capita 2010 Ad Valorem Taxable Valuation is \$ 20,023 and Per Capita 2010 Total Taxable Valuation is \$ 20,156 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				
	2006	2007	2008	2009	2010
<b>Use:</b>					
Commercial	28.63%	27.57%	29.53%	29.21%	30.34%
Industrial	25.77%	27.12%	23.36%	24.64%	24.18%
Residential	45.60%	45.31%	47.11%	46.15%	45.48%
	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Class:</b>					
Real	88.54%	89.36%	89.67%	88.76%	87.92%
Personal	11.46%	10.64%	10.33%	11.24%	12.08%
	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

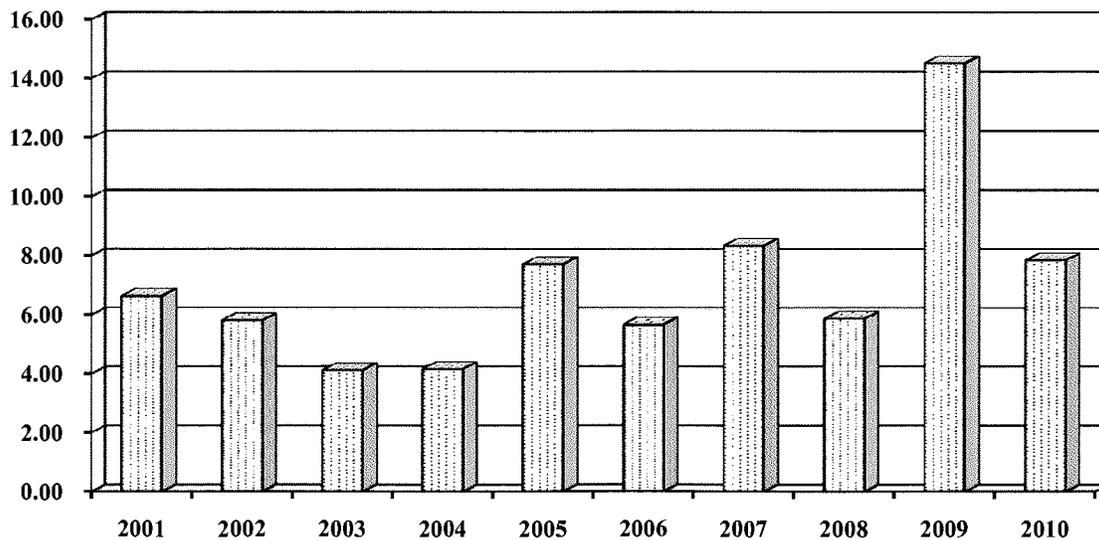
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2001	\$ 4,737,832	\$ 2,814,061	\$ 1,923,771	\$ 200,000	\$ 89,853	\$ 289,853	6.64
2002	4,957,422	3,072,897	1,884,525	220,000	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
2010	4,763,799	3,933,923	829,876	75,000	30,851	105,851	7.84

(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**  
**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	
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
2010	6,188,397	4,580,963	1,607,434	253,000	52,218	305,218	5.27

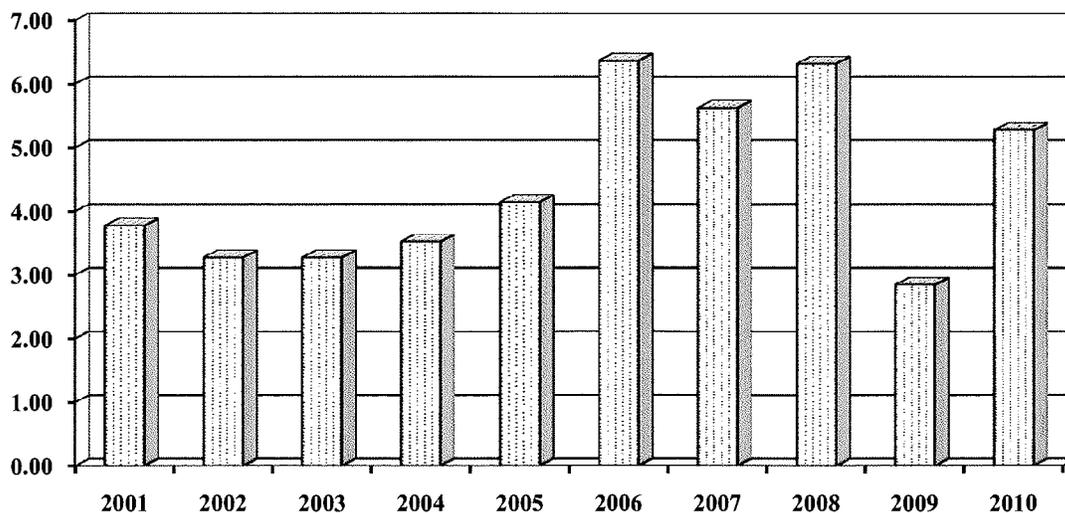
(1) Total revenues including interest.

(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.

(Note - the fiscal year 2010 principal requirement shown was, due to clerical error, not actually paid until fiscal year 2011).

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



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

Schedule 22  
 UNAUDITED

	Fiscal Year Ended June 30				
	2006	2007	2008	2009	2010
<b><u>Water Pumped vs. Water Sold: (in million gallons)</u></b>					
Pumped	2,399.6	2,388.2	2,607.0	2,572.2	2,361.4
Sold	2,002.6	1,982.2	2,401.4	2,375.6	2,002.1
Sold as a % of Pumped	83.46%	83.00%	92.11%	92.36%	84.78%
<b><u>Number of Customers:</u></b>					
Residential	13,172	13,234	12,317	12,354	12,370
Commercial	1,948	2,065	2,136	2,116	2,123
Industrial	204	210	258	257	249
Total	15,324	15,509	14,711	14,727	14,742
<b><u>Percent of Water Consumption by Category:</u></b>					
Residential	36.82%	36.25%	32.39%	31.60%	32.70%
Commercial	41.31%	38.44%	45.90%	47.30%	53.50%
Industrial	21.87%	25.31%	21.71%	21.10%	13.80%
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)	0.00%	0.00%	0.00%	0.00%	0.00%
<b><u>Water Supply System Annual Revenues:</u></b>					
Metered revenue	\$ 6,058,562	\$ 5,973,946	\$ 6,165,173	\$ 6,130,257	\$ 5,960,966
% Increase (Decrease)	0.66%	-1.40%	3.20%	-0.57%	-2.76%
<b><u>Water Supply System Revenues By User Class:</u></b>					
Residential	\$ 2,879,595	\$ 2,883,727	\$ 2,903,899	\$ 2,865,759	\$ 2,839,975
Commercial	2,444,043	2,328,429	2,470,359	2,605,723	2,572,903
Industrial	716,448	761,790	790,915	658,774	548,088
Sewer - Billing & Collection Charges	192,184	204,129	220,418	184,459	193,551
Total	\$ 6,232,270	\$ 6,178,075	\$ 6,385,591	\$ 6,314,715	\$ 6,154,517
<b><u>Water Supply Revenues By User Class as a % of Total Revenues:</u></b>					
Residential	46.20%	46.68%	45.48%	45.38%	46.14%
Commercial	39.22%	37.69%	38.69%	41.26%	41.81%
Industrial	11.50%	12.33%	12.39%	10.43%	8.91%
Sewer - Billing & Collection Charges	3.08%	3.30%	3.44%	2.93%	3.14%
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**

Schedule 23  
 UNAUDITED

**Ten Largest Water Customers - By Usage**  
**For the Fiscal Year Ended June 30, 2010**

---

<u>Customer</u>	<u>(1)</u> <u>Usage</u>	<u>(2)</u> <u>% of</u> <u>Total</u>	<u>Revenue</u>	<u>(3)</u> <u>% of</u> <u>Total</u>
* Michigan Department of Corrections	525,500	26.25%	\$ 334,360	5.43%
Kinder Morgan Michigan/Alphagen	145,700	7.28%	118,057	1.92%
Allegiance Health/Health Center	77,550	3.87%	182,088	2.96%
Certainteed/Wolverine Technologies	70,553	3.52%	80,043	1.30%
Eaton Aeroquip Corp.	30,930	1.54%	67,685	1.10%
Commonwealth Commerce Center	28,700	1.43%	31,425	0.51%
Jackson Tumble Finish	19,170	0.96%	40,804	0.66%
Libra Industries	18,740	0.94%	40,304	0.65%
Elm Plating	18,020	0.90%	37,945	0.62%
** Consumers Energy	27,209	1.36%	57,425	0.93%

(1) Unit = Hundred Cubic Feet (HCF)

(2) Based on June 30, 2010 total water consumption of 2,002,100 HCF.

(3) Based on June 30, 2010 Water Supply System Revenues By User Class (Schedule 22) of \$ 6,154,517.

\* Located outside of City limits.

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

Source: City Water 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
2010	984,502	1,139,263	-	32,802	(187,563)	0.86

(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
2010	1,161,198	1,039,777	-	121,421	1.12

(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
2010	2,366,767	284,480	8.32

(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, 2010**

Federal Grantor/ Pass-through Grantor/	Grant/ Agreement/ Account Number	Federal CFDA Number	Accrued (Deferred) Revenue July 1, 2009	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2010
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Direct Programs:						
Community Development Block Grant-Entitlement	B08MC260021	14.218	\$ 308,439	\$ 1,069,605	\$ 1,378,044	\$ -
Community Development Block Grant-Entitlement	B09MC260021	14.218	-	391,462	229,980	161,482
ARRA - Community Development Block Grant	B09MY260021	14.253	-	40,988	40,988	-
Homelessness Prevention & Rapid Re-Housing Program	S09MY260021	14.262	-	235,659	235,659	-
Home Investment Partnership Programs	M06MB260214	14.239	-	98,916	98,916	-
Home Investment Partnership Programs	M07MC260214	14.239	-	256,833	256,833	-
Home Investment Partnership Programs	M08MC260214	14.239	20,855	-	20,855	-
Home Investment Partnership Programs	M09MC260214	14.239	-	37,040	-	37,040
Lead Based Paint Hazard Prevention	MILHB0286-04	14.900	150,694	667,610	799,137	19,167
Passed-through Michigan State Housing Development Authority -						
Neighborhood Stabilization Program		14.218	-	539,885	458,790	81,095
Total U.S. Department of Housing and Urban Development			479,988	3,337,998	3,519,202	298,784
<b>U.S. DEPARTMENT OF THE INTERIOR</b>						
Passed-through Michigan State Historic Preservation Office -						
Historic Preservation Funds-Under the Oaks Signage		15.904	-	896	896	-
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Programs:						
Bulletproof Vest Partnership		16.607	3,296	6,302	7,716	1,882
ARRA - Byrne Grant	2009-SB-89-0134	16.804	-	170,261	92,445	77,816
ARRA - Byrne Grant	2009-DJ-BX-1482	16.804	-	35,818	32,276	3,542
Community Policing Services	2009RKWX0442	16.710	-	168,159	83,966	84,193
Passed-through Michigan Community Health Department -						
Byrne Formula Grant - LAWNET Enhancement Project	72239-5-10-B	16.580	-	48,105	-	48,105
ARRA - Byrne Grant - JNET Project	50073-1-09-B	16.803	-	88,267	53,260	35,007
Passed-through Detroit Community Justice Partnership -						
Anti-Gang Initiative		16.744	8,124	26,992	29,450	5,666
Total U.S. Department of Justice			11,420	543,904	299,113	256,211
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed-through Jackson Traffic Safety Program -						
Occupant Protection - Drive Michigan Safely:						
Safe Communities Traffic Programs		20.602	2,268	7,310	7,825	1,753
Selective Traffic Enforcement Program		20.602	-	10,000	10,000	-
Total U.S. Department of Transportation			2,268	17,310	17,825	1,753
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>						
Direct Programs:						
Brownfield Assessment		66.818	20,115	106,360	125,194	1,281
Brownfield Revolving Loan		66.818	-	3,800	2,942	858
Passed-through Michigan Department of Environmental Quality -						
Capitalized Grants for Drinking Water State Revolving Funds -						
Wellhead Protection Grant	761P8200682	66.468	-	3,690	3,690	-
Total U.S. Environmental Protection Agency			20,115	113,850	131,826	2,139

Continued...

**City of Jackson, Michigan**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

Federal Grantor/ Pass-through Grantor/	Grant/ Agreement/ Account Number	Federal CFDA Number	Accrued (Deferred) Revenue July 1, 2009	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue 6/30/2010
<b>U.S. DEPARTMENT OF ENERGY</b>						
Passed-through Michigan Department of Energy, Labor and Economic Growth -						
Energy Efficiency & Conservation Block Grant Program	BES-10-096	81.128	\$ -	\$ 411	\$ 411	\$ -
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>						
Passed-through Michigan Department of State -						
Voting Access for Individuals with Disabilities		93.617	-	2,700	2,700	-
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>						
Passed-through City of Lansing Emergency Management Division:						
Homeland Security Grant Program		97.067	-	17,165	17,165	-
Assistance to Firefighters		97.044	-	55,295	55,295	-
Total U.S. Department of Homeland Security			-	72,460	72,460	-
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>\$ 513,791</b>	<b>\$ 4,089,529</b>	<b>\$ 4,044,433</b>	<b>\$ 558,887</b>

See accompanying notes to schedule of expenditures of federal awards.

**City of Jackson, Michigan**

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

**For the Year Ended June 30, 2010**

---

**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 modified 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 \$700,000 at June 30, 2010.

**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 Subrecipient</u>
CDBG	14.218	\$ 282,447
HOME	14.239	194,090
Lead Hazard Control Program	14.900	213,209
Neighborhood Stabilization Program	14.218	14,929
Homelessness Prevention & Rapid Re-Housing Program	14.262	248,117
		<u>\$ 952,792</u>

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

December 21, 2010

To the City Council of  
the City of Jackson  
Jackson, Michigan

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Jackson, as of and for the year ended June 30, 2010, which collectively comprise the City's financial statements, and have issued our report thereon dated December 21, 2010. 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'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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 defined 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*.

In addition, we noted certain matters that we reported to management of the City in a separate letter dated December 21, 2010.

This report is intended solely for the information and use of management, the City Council, others within the entity, 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 THAT COULD HAVE A DIRECT AND MATERIAL  
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

December 21, 2010

To the City Council of  
the City of Jackson  
Jackson, Michigan

**Compliance**

We have audited the compliance of the City of Jackson with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the summary of auditor's 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's management. Our responsibility is to express an opinion on the City'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'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 of the City's compliance with those requirements.

In our opinion, the City of Jackson complied, in all material respects, with the requirements referred to above that could have a direct and material effect each of its major federal programs for the year ended June 30, 2010. 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 2010-1.

## **Internal Control Over Compliance**

Management of the City 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'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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance, which we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2010-1. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The City'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's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council, others within the entity, 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, 2010

---

### 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?

\_\_\_\_\_ 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?

  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, 2010

---

### SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218, 14.253 14.900	Community Development Block Grant 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*, states that estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

**Condition:** During the year ended June 30, 2010, the City made charges to the grants based on a predetermined budgeted percentage instead of actual hours worked.

**Cause:** The City was unaware that it was unable to charge payroll transactions based on a percentage to the grant.

# City of Jackson

## Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended June 30, 2010

---

**Effect/  
Questioned  
Costs:**

It was determined that the difference between the budgeted costs charged to the grants and the actual costs that should have been charged to the grant were insignificant and we therefore conclude that this constitutes immaterial noncompliance.

**Recommendation:**

We recommend the City implement procedures to ensure that actual hours are being charged by maintaining a time distribution spreadsheet throughout the fiscal year and adjusting to actual periodically.

**View of  
Responsible  
Officials:**

The City is in agreement with this finding. The Auditor's recommendations to maintain a time distribution spreadsheet throughout the fiscal year with periodic adjustments as necessary will be followed. Procedures to accomplish this recommendation have been established to ensure actual employee costs are charged to the various grants.

### SECTION IV – PRIOR YEAR FINDINGS

Finding 2009-1 regarding sufficient timekeeping records has been sufficiently resolved.

\* \* \* \* \*