



# **CITY OF JACKSON, MICHIGAN**

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## **Comprehensive Annual Financial Report**

**For The Fiscal Year Ended June 30, 2011**

**Including  
Single Audit Act Compliance**

**Prepared by:**

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

**City of Jackson, Michigan  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2011**

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# **INTRODUCTORY SECTION**



## CITY MANAGER

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

December 21, 2011

**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, 2011.

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, 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, 2011 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, 2011 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 33,445 based on the 2010 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 2010 and into 2011 despite the sluggishness of the State's economy. Overall successes show that the area created 45 new jobs, retained 95, and generated \$9 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 U.S. EPA Assessment Grant and LSRRF dollars continues to support both private sector developers and public sector projects. In late 2008 the City was awarded a \$1 million revolving loan fund by the U.S. EPA, the majority of which 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 57% since fiscal year 2002 to over \$768 million. The City has experienced, as have other communities in Michigan as well as across the country, a decline in the past three fiscal years to approximately \$692 million. State equalized values (50% of estimated true market values) have also declined – for the fourth year in a row – to \$744 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 has maintained the same distribution level of sales tax for fiscal year 2011 as that received by the City in 2010. However, future distribution levels of the statutory portion of sales tax – about \$2.2 million - beginning with fiscal year 2012, have been eliminated and the City's ability to recover any of these funds will be dependent on compliance with recently enacted legislation associated with the Governor's Economic Vitality Incentive Program (EVIP). This Program involves meeting criteria relating to accountability and transparency, service sharing and consolidation, and employee compensation best practices. The City can, under these incentive programs, retain approximately two-thirds of the statutory portion of revenue sharing that has been eliminated, or approximately \$1.45 million, if compliance is met in all three areas. One of the City's major revenue categories – income taxes – are showing slow but sustained growth after declining over \$1.1 million in fiscal year 2010. It may take several years, however, to reach the level attained in fiscal year 2009. Another continuing financial challenge for the City is the escalating costs of insurance – particularly for employees and retirees but also for property and liability. Greater revenue growth together with cost containment measures will continue to be necessary to mitigate future stress on City finances. Together, these two issues continue to impose increasing burdens on the City's fiscal structure and therefore affect the long-term stability of City finances.

**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 previous fiscal year and efforts to extend that merger to all park operations will be reviewed 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 (e.g., road salt) 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 become effective in May, 2011. This joint department has allowed the City and County to share in the costs of a Personnel Director as well as reduce other staffing costs and office expenses. Currently the City is looking at utilizing the County's Information Technology Department for the sharing of services as well as a conversion of radio and communications platforms in the coming months that could also result in improved efficiencies and cost savings. 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, 2010. This was the twentieth 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.

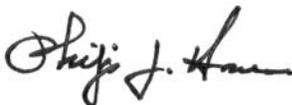
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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,

A handwritten signature in cursive script that reads "Laurence Shaffer".

Laurence Shaffer, City Manager

A handwritten signature in cursive script that reads "Philip J. Hones".

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, 2010

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

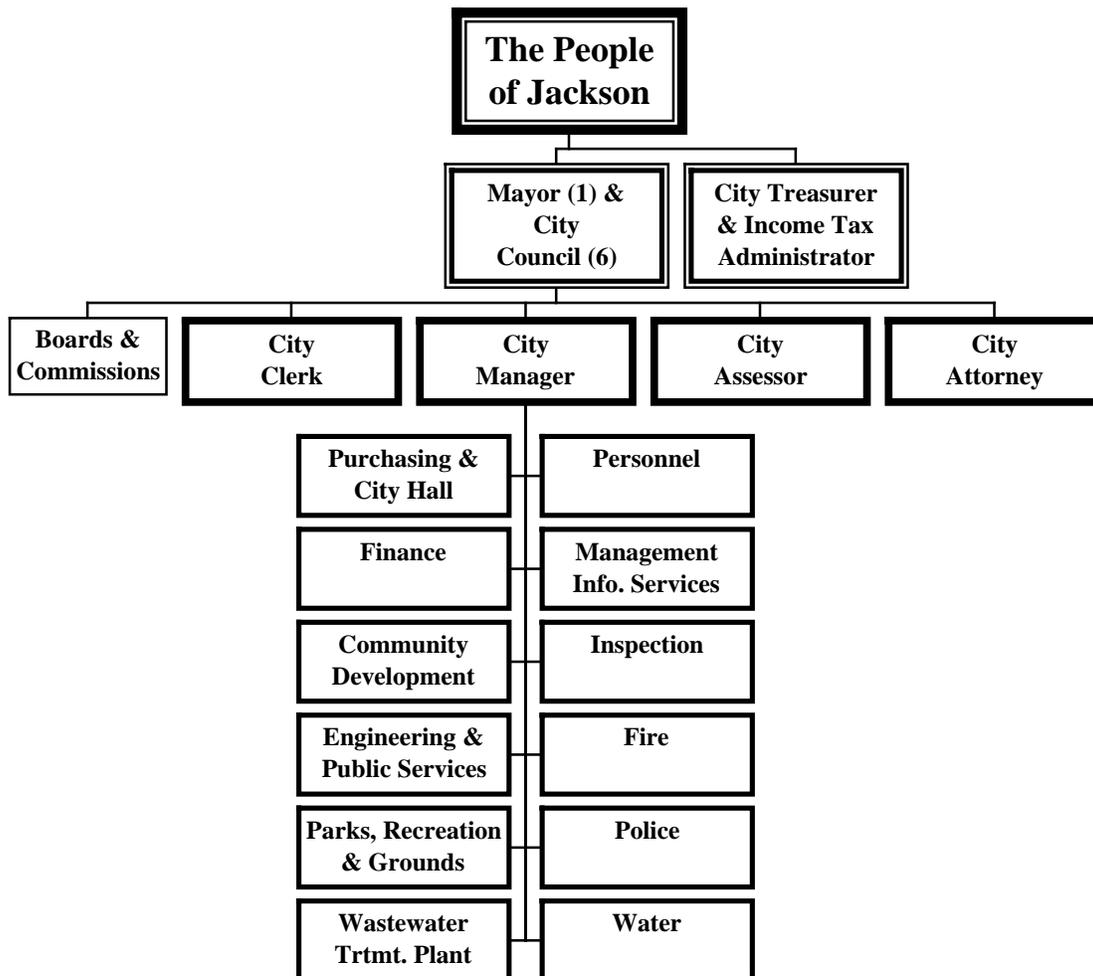


President

Executive Director



# City of Jackson, Michigan Organizational Chart



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



**CITY COUNCIL**

**Karen F. Dunigan, Mayor**

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

**CITY OFFICIALS**

**Laurence R. Shaffer, City Manager**

<b>Patrick H. Burtch</b>	<b>Deputy City Manager/Community Development Director</b>
<b>Crystal Dixon (County)</b>	<b>Director of Human Resources</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>Todd S. Knepper</b>	<b>Utilities Director</b>
<b>Brandon Ransom (County)</b>	<b>Director of Parks, Recreation &amp; Grounds</b>
<b>David Taylor</b>	<b>City Assessor</b>
<b>David D. Wooden</b>	<b>Deputy Fire Chief</b>
<b>Andrew J. Wrozek, Jr.</b>	<b>City Treasurer/Income Tax Administrator</b>

# **FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

December 21, 2011

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, 2011, 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, 2011, 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, 2011, 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 3-13 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 an opinion 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.

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

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

## Management's Discussion and Analysis

As management of the *City of Jackson, Michigan*, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2011. 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 \$102,654,330 (*net assets*). Of this amount, \$13,695,227 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$1,465,257.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,960,664, an increase of \$705,465 in comparison with the prior year. Approximately 18 percent of this total amount, or \$1,265,614, is *available for spending* at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,160,928, or 10.4 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$1,690,000 during the current fiscal year; there was no new debt issued or debt defeased and existing debt of \$1,690,000 was retired.

### Overview of the Financial Statements

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

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

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include legislative, general government, public safety, public works, culture and recreation and community enrichment and development. The business-type activities of the City include the golf practice center, parking system, storm water utility 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 14-16 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 31 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 Street and Special Assessment Capital Projects funds, each of which are considered to be major funds. Data from the other 27 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 17-24 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sewage, 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 25-28 of this report.

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

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 31-62 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 67-108 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 \$102,654,330 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$14,401,594	\$14,161,360	\$19,670,617	\$17,855,001	\$ 34,072,211	\$ 32,016,361
Capital assets, net	70,458,340	70,558,669	57,648,839	58,193,459	128,107,179	128,752,128
Total assets	<u>84,859,934</u>	<u>84,720,029</u>	<u>77,319,456</u>	<u>76,048,460</u>	<u>162,179,390</u>	<u>160,768,489</u>
Long-term liabilities outstanding	44,824,132	46,703,459	1,324,628	1,992,407	46,148,760	48,695,866
Other liabilities	12,165,461	10,104,938	1,210,839	778,612	13,376,300	10,883,550
Total liabilities	<u>56,989,593</u>	<u>56,808,397</u>	<u>2,535,467</u>	<u>2,771,019</u>	<u>59,525,060</u>	<u>59,579,416</u>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	27,905,286	26,205,595	56,651,540	56,517,510	84,556,826	82,723,105
Restricted	4,234,677	5,954,460	167,600	160,100	4,402,277	6,114,560
Unrestricted (deficit)	(4,269,622)	(4,248,423)	17,964,849	16,599,831	13,695,227	12,351,408
<b>Total Net Assets</b>	<b><u>\$27,870,341</u></b>	<b><u>\$27,911,632</u></b>	<b><u>\$74,783,989</u></b>	<b><u>\$73,277,441</u></b>	<b><u>\$102,654,330</u></b>	<b><u>\$101,189,073</u></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, except for governmental activities unrestricted net assets.

The government's net assets increased by \$1,465,257 during the current fiscal year. Governmental activities decreased \$41,291 while business-type activities increased \$1,506,548. The decrease in the governmental activities is drastically smaller than the decrease from a year ago of \$ \$4,469,891 and reflects the effort of the government to reduce expenses in virtually every expense category by nearly \$4.4 million. The increase in net assets in the business-type activities reflects revenue increases of over \$1.7 million while expenses increased a modest \$320,530, or 2.8 percent. Included in the expense increase are expenses related to the new stormwater utility enterprise fund of \$88,861.

## City of Jackson's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
<b>Revenue:</b>						
Program revenues:						
Charges for services	\$ 4,996,781	\$ 4,729,249	\$12,738,380	\$10,969,737	\$17,735,161	\$15,698,986
Operating grants and contributions	6,800,210	7,238,196	-	17,165	6,800,210	7,255,361
Capital grants and contributions	2,363,474	2,130,328	-	-	2,363,474	2,130,328
General revenues:						
Property taxes	9,826,762	10,305,545	-	-	9,826,762	10,305,545
Income taxes	6,977,923	6,519,574	-	-	6,977,923	6,519,574
Grants and contributions not restricted to specific programs	4,750,419	4,785,181	292,290	285,961	5,042,709	5,071,142
Other	99,733	119,276	101,871	138,932	201,604	258,208
<b>Total revenues</b>	<b>35,815,302</b>	<b>35,827,349</b>	<b>13,132,541</b>	<b>11,411,795</b>	<b>48,947,843</b>	<b>47,239,144</b>
<b>Expenses:</b>						
Legislative	78,998	81,455	-	-	78,998	81,455
General government	4,672,731	5,193,157	-	-	4,672,731	5,193,157
Public safety	16,182,495	18,480,322	-	-	16,182,495	18,480,322
Public works	6,604,418	6,815,307	-	-	6,604,418	6,815,307
Culture and recreation	2,891,768	3,074,451	-	-	2,891,768	3,074,451
Community enrichment	3,764,313	4,808,286	-	-	3,764,313	4,808,286
Interest on long-term debt	1,634,370	1,761,960	-	-	1,634,370	1,761,959
Sewer	-	-	5,165,228	5,221,872	5,165,228	5,221,872
Water	-	-	5,718,144	5,360,557	5,718,144	5,360,557
Stormwater utilities	-	-	88,861	-	88,861	-
Parking system	-	-	623,946	688,921	623,946	688,921
Golf practice center	-	-	57,314	61,613	57,314	61,613
<b>Total expenses</b>	<b>35,829,093</b>	<b>40,214,938</b>	<b>11,653,493</b>	<b>11,332,963</b>	<b>47,482,586</b>	<b>51,547,901</b>
Change in net assets before transfers	(13,791)	(4,387,589)	1,479,048	78,832	1,465,257	(4,308,756)
Transfers	(27,500)	(82,302)	27,500	82,302	-	-
<b>Change in net assets</b>	<b>(41,291)</b>	<b>(4,469,891)</b>	<b>1,506,548</b>	<b>161,134</b>	<b>1,465,257</b>	<b>(4,308,756)</b>
Net assets, beginning of year, as restated	27,911,632	32,381,522	73,277,441	73,116,307	101,189,073	105,497,829
<b>Net assets, end of year</b>	<b>\$27,870,341</b>	<b>\$27,911,631</b>	<b>\$74,783,989</b>	<b>\$73,277,441</b>	<b>\$102,654,330</b>	<b>\$101,189,073</b>

**Governmental activities.** Governmental activities decreased the City's net assets by \$41,291 during fiscal year 2011. As indicated earlier, this decrease is significantly smaller than the decrease of a year ago of \$4,469,891. Overall expenses decreased \$4,385,845, or 10.9 percent, as the government began taking steps to reduce expenses in response to declining revenues through department consolidations as well as program and staffing reductions. Other elements of this decrease are as follows:

- Operating grants and contributions decreased \$437,986 largely due to the completion of a Lead Hazard Control Grant in the prior year and to a lesser extent a decrease in the Neighborhood Stabilization Grant from the prior year of \$206,106. Other smaller grant increases from the prior year offset this decrease.
- Capital grants and contributions increased \$233,146 in comparison with the prior year largely from the increased street construction grant funds in the Major Street Fund (special revenue fund) which made up nearly \$204,000 of that increase.
- Property taxes declined over \$478,000 as total taxable value declined for the third year in a row and the actuarial requirement for the governments police and fire pension – funded with a dedicated tax levy – also declined from the prior year.
- After declining over \$1.1 million in the prior year, income taxes have shown modest but steady growth during fiscal year 2011 increasing slightly over 7 percent. The City is optimistic that income tax revenues have reached their low point and will continue to grow, although at a slower pace than experienced in past years.
- Grants and contributions not restricted to specific purposes as well as other revenues reflected minimal changes in total from the prior fiscal year.

**Business-type activities.** Business-type activities increased the City's net assets by \$1,506,548 during fiscal year 2011. This increase resulted from an increase in the Sewage Fund totaling \$197,198 and the Water Fund of \$1,292,286 offset by a decrease in the Parking Deck Fund of \$178,028. The nonmajor enterprise funds in total reflected an increase in net assets of \$195,092 which included the net assets of the newly-established Stormwater Utility Fund increasing \$264,278 and offset by smaller increases and decreases in the other nonmajor enterprises funds.

Key elements of this increase are as follows:

- During the fiscal year sewer and water rates increased approximately 10 percent for a typical water and sewer user. This rate increase followed a period of five years – since July 1, 2004 – that rates had remained unchanged. The Sewer Fund charges for services increased over \$607,000 (13.2 percent) from the previous fiscal year due largely to this rate as well as increases in the volume.
- Water charges for services increased \$858,760, or 14.9 percent, also as a result of the rate increase noted above as well as an increase in volume of over 9.1 percent from the prior fiscal year. The Water Fund continued to show modest increases in its customers during fiscal year 2011.

- The Stormwater Utility Fund, a nonmajor enterprise fund, began operations April 1, 2011. The increase in net assets for this fund will likely decline in future years as the fund experiences a full year of operations and rates are adjusted to more closely meet expenses.

## **Financial Analysis of the Government's Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,960,664, an increase of \$705,465 in comparison with the prior year. Approximately 18% of this total amount, or \$1,265,614, is *available for spending* at the government's discretion (*unassigned fund balance*). The remainder of fund balance is 1) *nonspendable* to indicate that it is not available for new spending because it must be maintained intact for inventories (\$72,131), prepaid expenditures (\$420,517), funds advanced on a long term basis (\$140,000), cemetery perpetual care (\$1,846,025) and endowments related to Ella Sharp Park and facilities (\$1,083,001), 2) *restricted* to indicate limitations on its use imposed by grants or legislation, which total \$2,005,904 and 3) *committed* which indicate funds that have self-imposed limitations, which total \$127,472. A summary of the nonspendable, restricted and committed components of fund balance can be found in the Notes to Financial Statements section (Note 4-G) of this report.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,160,928, while total fund balance was \$2,630,245. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 10.7 percent of total General Fund expenditures while total fund balance represents 12.6 percent of total General Fund expenditures.

The fund balance of the City's General Fund increased by \$367,071 during the current fiscal year. The City continues to experience declines in property taxes, however, the government is seeing some improvement in income taxes revenues as noted in a previous section regarding governmental activities. Total expenses have been reduced \$1,546,133, or 6.9 percent, from the prior fiscal year in an effort to match budgeted expenses with revenues and reduce the use of fund surplus to balance the budget each year.

The Community Development Block Grant Fund had a small decrease of \$15,667 in fund balance for the current year resulting in an ending total of \$346,114. This entire ending fund balance is restricted for the City's Residential Property Rehabilitation Programs.

The Major Street Fund's fund balance increased \$363,839 from the prior fiscal year leaving a total surplus of \$563,368 at fiscal year-end. Street construction and maintenance showed declines from the previous year while there were increased levels of activity in traffic services, winter maintenance, trunkline maintenance and 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, increased the amount of its fund deficit by \$51,268. This fund, which has a deficit by its nature, recorded \$306,226 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$254,958.

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

Unrestricted net assets of the Sewage Fund and Water Fund at the end of the year amounted to \$9,291,231 and \$7,385,385, respectively. The Sewage Fund had an increase in net assets for the year of \$197,198, whereas the Water Fund had an increase of \$1,292,286. 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 increase in income taxes over that initially projected as well as the carryover of intergovernmental (ARRA and FEMA) federal grant funds from the previous fiscal year related to public safety initiatives.

Expenditures were favorable when compared to budget in total by \$769,321. Those General Fund activity budgets that were exceeded were, in most instances, due to unanticipated year-end expenditures. The actual increase in fund balance of \$367,071 exceeded the anticipated budgeted increase of \$101,992 by \$265,079, or 1.3 percent 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, 2011, amounted to \$128,107,179 (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 \$644,949 or 0.5 percent (a 0.1 percent decrease for governmental activities and a 0.9 percent decrease for business type activities).

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

- Infrastructure improvements of approximately \$3.0 million comprised largely of street and bridge construction.

- Various water and sewer system improvements totaling approximately \$1.4 million, including water distribution mains of \$861,000 and sewer line replacements of approximately \$509,000.

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

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 2,423,583	\$ 2,440,383	\$ 8,956,886	\$ 8,956,886	\$ 11,380,469	\$ 11,397,269
Systems	-	-	34,755,314	35,041,740	34,755,314	35,041,740
Land improvements	13,558,427	13,873,690	1,586,862	1,632,511	15,145,289	15,506,201
Infrastructure	36,711,378	36,100,537	-	-	36,711,378	36,100,537
Buildings and improvements	11,530,358	11,859,458	10,031,547	10,304,674	21,561,905	22,164,132
Park and recreation facilities	4,103,476	4,151,943	-	-	4,103,476	4,151,943
Machinery and equipment	2,131,118	2,132,658	2,013,951	2,257,648	4,145,069	4,390,306
Construction in progress	-	-	304,279	-	304,279	-
<b>Total</b>	<b>\$70,458,340</b>	<b>\$70,558,669</b>	<b>\$57,648,839</b>	<b>\$58,193,459</b>	<b>\$128,107,179</b>	<b>\$128,752,128</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 \$43,462,577. Of this amount, \$42,448,577 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	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 42,448,577	\$ 44,138,577	\$ -	\$ -	\$ 42,448,577	\$ 44,138,577
Revenue bonds	-	-	1,014,000	1,601,000	1,014,000	1,601,000
<b>Total</b>	<b>\$ 42,448,577</b>	<b>\$ 44,138,577</b>	<b>\$ 1,014,000</b>	<b>\$ 1,601,000</b>	<b>\$ 43,462,577</b>	<b>\$ 45,739,577</b>

The City's total bonded debt decreased by \$2,277,000 (5.0 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 \$74,359,325, which is significantly in excess of the City's outstanding general obligation debt of \$42,448,577.

Additional information on the City's long-term debt can be found in note 3-F on pages 49-51 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following factors were considered in preparing the City's budget for the 2011/12 fiscal year:

- The unemployment rate for the City is currently 12.2 percent (10/11), which is a decrease from a rate of 16.9 percent a year ago (10/10). While this compares unfavorably to the state's average unemployment rate of 9.2 percent and the national average rate of 8.5 percent, this decline in the government's 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 4.6 percent over the prior fiscal year. It is expected that these values will continue to decline at a similar pace at least for the next year or two.
- Inflationary trends in the region compare favorably to national indices.

During the 2011 fiscal year, unassigned fund balance in the General Fund increased to \$2,160,928. The City has currently appropriated \$123,150 of this amount for spending in the 2011/12 fiscal year budget. It is projected that this appropriation will not be necessary as the government continues to make reductions in operating costs 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, 2011**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Assets</b>					
Pooled cash and investments	\$ 3,678,075	\$ 16,210,838	\$ 19,888,913	\$ 3,051,719	\$ 288,549
Restricted cash:					
Cash on hand with agents	215,646	-	215,646	-	-
Pooled cash and investments	2,940,605	167,600	3,108,205	-	-
Receivables, net	6,801,095	3,101,972	9,903,067	-	-
Interfund balances	90,000	(90,000)	-	-	-
Prepays and other assets	676,173	280,207	956,380	-	-
Capital assets not being depreciated	2,423,583	9,261,165	11,684,748	-	-
Capital assets being depreciated, net	68,034,757	48,387,674	116,422,431	-	-
	<u>84,859,934</u>	<u>77,319,456</u>	<u>162,179,390</u>	<u>3,051,719</u>	<u>288,549</u>
Total assets					
<b>Liabilities</b>					
Accounts payable and accrued liabilities	2,198,694	1,085,839	3,284,533	2,904	4,245
Accrued interest payable	163,682	-	163,682	-	-
Unearned revenue	43,620	125,000	168,620	-	-
Long-term debt:					
Due within one year	3,998,971	633,461	4,632,432	-	-
Due in more than one year	40,825,161	691,167	41,516,328	-	-
Other noncurrent liability due in more than one year - net other postemployment benefit obligation	9,759,465	-	9,759,465	-	-
	<u>56,989,593</u>	<u>2,535,467</u>	<u>59,525,060</u>	<u>2,904</u>	<u>4,245</u>
Total liabilities					
<b>Net assets</b>					
Invested in capital assets, net of related debt	27,905,286	56,651,540	84,556,826	-	-
Restricted for:					
Debt service	14,887	167,600	182,487	-	-
Endowments	3,019,026	-	3,019,026	-	-
Public improvement and recreation	854,650	-	854,650	-	-
Rehabilitation programs	346,114	-	346,114	-	-
Unrestricted (deficit)	(4,269,622)	17,964,849	13,695,227	3,048,815	284,304
	<u>\$ 27,870,341</u>	<u>\$ 74,783,989</u>	<u>\$ 102,654,330</u>	<u>\$ 3,048,815</u>	<u>\$ 284,304</u>
Total net assets					

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, 2011**

Functions/Programs	Expenses	Program Revenue		Net Revenue (Expense)	
		Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 78,998	\$ -	\$ -	\$ -	\$ (78,998)
General government	4,672,731	2,371,696	341,128	-	(1,959,907)
Public safety	16,182,495	970,345	869,905	-	(14,342,245)
Public works	6,604,418	607,038	2,848,636	2,317,340	(831,404)
Culture and recreation	2,891,768	909,292	56,762	-	(1,925,714)
Community enrichment and development	3,764,313	73,410	2,683,779	46,134	(960,990)
Interest on long-term debt	1,634,370	65,000	-	-	(1,569,370)
Total governmental activities	<u>35,829,093</u>	<u>4,996,781</u>	<u>6,800,210</u>	<u>2,363,474</u>	<u>(21,668,628)</u>
Business-type activities:					
Sewer	5,165,228	5,199,409	-	-	34,181
Water	5,718,144	6,787,508	-	-	1,069,364
Stormwater utilities	88,861	352,999	-	-	264,138
Parking system	623,946	351,609	-	-	(272,337)
Golf practice center	57,314	46,855	-	-	(10,459)
Total business-type activities	<u>11,653,493</u>	<u>12,738,380</u>	<u>-</u>	<u>-</u>	<u>1,084,887</u>
Total primary government	<u>\$ 47,482,586</u>	<u>\$ 17,735,161</u>	<u>\$ 6,800,210</u>	<u>\$ 2,363,474</u>	<u>\$ (20,583,741)</u>
<b>Component units</b>					
Brownfield redevelopment	\$ 1,348,220	\$ -	\$ -	\$ -	\$ (1,348,220)
Downtown development	142,438	32,635	25,000	-	(84,803)
Total component units	<u>\$ 1,490,658</u>	<u>\$ 32,635</u>	<u>\$ 25,000</u>	<u>\$ -</u>	<u>\$ (1,433,023)</u>

Continued....

**City of Jackson, Michigan**  
**Statement of Activities (Concluded)**  
**For the Fiscal Year Ended June 30, 2011**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Net revenue (expense)</b>	\$ (21,668,628)	\$ 1,084,887	\$ (20,583,741)	\$ (1,348,220)	\$ (84,803)
<b>General revenues</b>					
Property taxes	9,826,762	-	9,826,762	1,311,990	97,182
Income taxes	6,977,923	-	6,977,923	-	-
Grants and contributions not restricted to specific purposes	4,750,419	292,290	5,042,709	-	8,772
Unrestricted interest earnings	99,733	101,871	201,604	15,599	2,012
<b>Transfers - internal activities</b>	<u>(27,500)</u>	<u>27,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total general revenues and transfers	<u>21,627,337</u>	<u>421,661</u>	<u>22,048,998</u>	<u>1,327,589</u>	<u>107,966</u>
Change in net assets	(41,291)	1,506,548	1,465,257	(20,631)	23,163
<b>Net assets</b>					
Beginning 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>
End of year	<u>\$ 27,870,341</u>	<u>\$ 74,783,989</u>	<u>\$ 102,654,330</u>	<u>\$ 3,048,815</u>	<u>\$ 284,304</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, 2011**

	<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	\$ -	\$ 252,215	\$ 155,076	\$ -	\$ 4,149,491	\$ 4,556,782
Accounts receivables, net	208,777	61	114,679	-	177,267	500,784
Taxes receivable	1,883,997	-	-	-	-	1,883,997
Other receivables	-	-	-	843,501	19,395	862,896
Due from other governments	1,529,431	149,929	296,853	-	446,230	2,422,443
Due from other funds	-	10,438	-	-	33,791	44,229
Inventories	-	-	62,067	-	10,064	72,131
Prepaid expenditures	419,317	-	-	-	1,200	420,517
Restricted assets - cash and cash equivalents	-	191,237	-	-	-	191,237
Loans receivable	-	964,625	-	-	-	964,625
Long-term advances to other funds	50,000	-	-	-	90,000	140,000
<b>Total assets</b>	<b>\$ 4,091,522</b>	<b>\$ 1,568,505</b>	<b>\$ 628,675</b>	<b>\$ 843,501</b>	<b>\$ 4,927,438</b>	<b>\$ 12,059,641</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>						
<b>Liabilities</b>						
Accounts payable	\$ 304,323	\$ 175,439	\$ 41,710	\$ -	\$ 274,991	\$ 796,463
Accrued payroll	533,052	32,327	23,597	-	73,453	662,429
Other liabilities	36,140	-	-	-	-	36,140
Due to other funds	3,022	-	-	3,769	37,438	44,229
Interfund payable	544,222	-	-	-	279,821	824,043
Deferred revenue	40,518	964,625	-	843,501	3,102	1,851,746
Long-term advances from other funds	-	50,000	-	833,927	-	883,927
<b>Total liabilities</b>	<b>1,461,277</b>	<b>1,222,391</b>	<b>65,307</b>	<b>1,681,197</b>	<b>668,805</b>	<b>5,098,977</b>
<b>Fund balances</b>						
Nonspendable	469,317	-	62,067	-	3,030,290	3,561,674
Restricted	-	346,114	501,301	-	1,158,489	2,005,904
Committed	-	-	-	-	127,472	127,472
Unassigned (deficit)	2,160,928	-	-	(837,696)	(57,618)	1,265,614
<b>Total fund balances (deficit)</b>	<b>2,630,245</b>	<b>346,114</b>	<b>563,368</b>	<b>(837,696)</b>	<b>4,258,633</b>	<b>6,960,664</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,091,522</b>	<b>\$ 1,568,505</b>	<b>\$ 628,675</b>	<b>\$ 843,501</b>	<b>\$ 4,927,438</b>	<b>\$ 12,059,641</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, 2011**

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Fund balances - total governmental funds \$ 6,960,664

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	175,928,880
Subtract - accumulated depreciation	(106,501,254)

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	964,625
Add - deferred special assessments	843,501

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	4,237,679
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Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.

Add - unamortized bond discount	177,954
Add - unamortized bond issuance costs	183,525
Subtract - bonds, contracts and loans payable	(42,731,008)
Subtract - other postemployment benefit obligation	(9,759,465)
Subtract - compensated absences	(2,271,078)
Subtract - accrued interest on long-term liabilities	(163,682)

Net assets of governmental activities	\$ 27,870,341
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The accompanying notes are an integral part of these financial statements.

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2011**

	General	Community Development Block Grant	Major Streets	Special Assessment Capital Projects	Nonmajor Funds	Totals
<b>Revenues</b>						
Property taxes	\$ 7,016,183	\$ -	\$ -	\$ -	\$ 2,759,311	\$ 9,775,494
Income taxes	6,977,923	-	-	-	-	6,977,923
Licenses and permits	270,214	-	-	-	-	270,214
Intergovernmental	4,835,891	1,865,111	4,144,865	-	1,881,293	12,727,160
Charges for services	1,202,033	-	-	-	2,696,355	3,898,388
Fines and forfeits	224,881	-	-	-	-	224,881
Special assessments	-	-	-	254,958	-	254,958
Investment income	28,179	2,133	-	-	97,447	127,759
Miscellaneous	730,797	71,751	468,814	-	247,539	1,518,901
<b>Total revenues</b>	<b>21,286,101</b>	<b>1,938,995</b>	<b>4,613,679</b>	<b>254,958</b>	<b>7,681,945</b>	<b>35,775,678</b>
<b>Expenditures</b>						
Current:						
Legislative	78,998	-	-	-	-	78,998
General government	4,156,263	-	-	-	-	4,156,263
Public safety	14,037,609	516,379	-	-	999,046	15,553,034
Public works	659,843	-	4,352,385	-	1,076,256	6,088,484
Culture and recreation	1,725,123	-	-	-	1,114,872	2,839,995
Community enrichment and developmen	189,356	1,438,283	-	-	986,479	2,614,118
Capital outlay	-	-	-	-	210,309	210,309
Debt service:						
Principal retirement	-	-	-	-	1,832,000	1,832,000
Interest and fiscal charges	-	-	-	-	1,669,512	1,669,512
<b>Total expenditures</b>	<b>20,847,192</b>	<b>1,954,662</b>	<b>4,352,385</b>	<b>-</b>	<b>7,888,474</b>	<b>35,042,713</b>
Revenues over (under) expenditures	438,909	(15,667)	261,294	254,958	(206,529)	732,965
<b>Other financing sources (uses)</b>						
Transfers in	95,662	-	760,996	-	2,350,892	3,207,550
Transfers out	(167,500)	-	(658,451)	(306,226)	(2,102,873)	(3,235,050)
<b>Total other financing sources (uses)</b>	<b>(71,838)</b>	<b>-</b>	<b>102,545</b>	<b>(306,226)</b>	<b>248,019</b>	<b>(27,500)</b>
Net change in fund balances	367,071	(15,667)	363,839	(51,268)	41,490	705,465
Fund balances (deficit), beginning of year,	2,263,174	361,781	199,529	(786,428)	4,217,143	6,255,199
<b>Fund balances (deficit), end of year</b>	<b>\$ 2,630,245</b>	<b>\$ 346,114</b>	<b>\$ 563,368</b>	<b>\$ (837,696)</b>	<b>\$ 4,258,633</b>	<b>\$ 6,960,664</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, 2011**

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Net change in fund balances - total governmental funds \$ 705,465

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	3,541,070
Subtract - loss on disposal of capital assets	(6,360)
Subtract - depreciation expense	(3,443,317)

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.

Add: current year special assessment revenue earned greater than receipts	51,268
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	1,832,000
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add - decrease in accrued interest payable on bonds	77,918
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	(2,297,046)
Add - decrease in the accrual of compensated absences	79,307

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	69,108
Subtract - net operating loss from governmental activities accounted for in internal service funds	<u>(527,178)</u>

Change in net assets of governmental activities	<u><u>\$ (41,291)</u></u>
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The accompanying notes are an integral part of these financial statements.

**City of Jackson, Michigan**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2011**

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

	2011				
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	2010 Actual
<b>Revenues</b>					
Property taxes	\$ 7,016,817	\$ 7,011,317	\$ 7,016,183	\$ 4,866	\$ 7,681,891
Income taxes	6,900,000	7,100,000	6,977,923	(122,077)	6,519,574
Licenses and permits	253,950	254,725	270,214	15,489	250,602
Intergovernmental	4,410,887	5,022,098	4,835,891	(186,207)	4,579,549
Charges for services	1,539,126	1,261,248	1,202,033	(59,215)	1,282,471
Fines and forfeits	258,060	233,845	224,881	(8,964)	261,677
Investment income	110,000	48,500	28,179	(20,321)	23,086
Miscellaneous	652,652	699,415	730,797	31,382	544,266
Total revenues	<u>21,141,492</u>	<u>21,631,148</u>	<u>21,286,101</u>	<u>(345,047)</u>	<u>21,143,116</u>
<b>Expenditures</b>					
Current:					
Legislative - City Council	<u>81,472</u>	<u>80,665</u>	<u>78,998</u>	<u>(1,667)</u>	<u>81,455</u>
General government:					
City Manager	258,765	227,561	237,682	10,121	160,547
City Clerk - Elections	134,401	148,579	151,668	3,089	111,171
Finance	403,965	379,657	379,593	(64)	392,541
City Assessor	306,843	310,610	298,967	(11,643)	386,138
City Attorney	373,659	393,686	377,447	(16,239)	479,684
City Clerk	186,360	185,657	186,066	409	210,263
Personnel	262,782	227,356	224,932	(2,424)	285,687
Purchasing	86,167	89,611	81,336	(8,275)	119,452
City Treasurer	268,927	268,927	261,773	(7,154)	311,982
City Income Tax Administration	202,486	202,486	177,272	(25,214)	182,261
Management Information Services	313,183	333,191	332,854	(337)	310,680
City Hall and Grounds	325,386	339,754	327,800	(11,954)	332,777
Cemeteries	427,079	432,440	403,213	(29,227)	436,616
Hearing Bureau	22,851	22,851	20,215	(2,636)	24,467
Unallocated	582,029	699,125	695,445	(3,680)	696,175
Total general government	<u>4,154,883</u>	<u>4,261,491</u>	<u>4,156,263</u>	<u>(105,228)</u>	<u>4,440,441</u>
Public safety:					
Police:					
General	7,801,119	7,419,609	7,328,951	(90,658)	8,067,938
Youth Services Unit	289,234	246,968	233,960	(13,008)	296,031
STEP Grant	-	3,333	-	(3,333)	13,334
JCCAE Grant	-	17,313	10,756	(6,557)	7,310
Homeland Security Grant	-	183,098	172,380	(10,718)	55,778
MCOLES Training	-	34,039	24,653	(9,386)	27,513
In-Service Training	12,363	16,499	10,169	(6,330)	10,959
Consortium Training	18,403	47,280	13,344	(33,936)	15,008
Fire:					
Administration	274,262	-	-	-	320,688
Suppression	4,145,181	4,658,770	4,637,980	(20,790)	4,468,516
Prevention	12,136	-	-	-	9,552
Training	189,466	-	-	-	117,602
Police and Fire - Unallocated	1,751,129	1,535,350	1,543,203	7,853	1,673,129
Emergency Measures	64,315	64,761	62,213	(2,548)	60,087
Total public safety	<u>14,557,608</u>	<u>14,227,020</u>	<u>14,037,609</u>	<u>(189,411)</u>	<u>15,143,445</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, 2011**

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

	2011				2010 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Expenditures (concluded)</b>					
Current (concluded):					
Public works:					
Tax Property Maintenance	\$ 8,000	\$ 8,000	\$ 6,821	\$ (1,179)	\$ 5,539
Civic Affairs	43,765	43,765	43,519	(246)	41,278
Drains at Large	60,000	60,000	42,787	(17,213)	48,618
Storm Drain Construction	24,400	23,400	9,513	(13,887)	7,532
Grounds Maintenance	42,600	42,600	41,279	(1,321)	37,997
Sidewalk Construction	40,000	101,006	35,650	(65,356)	50,509
Street Lighting	521,215	480,015	481,705	1,690	480,473
Weed Control	31,269	35,187	31,635	(3,552)	22,983
Reimbursements	-	(61,006)	(33,066)	27,940	(41,537)
Total public works	<u>771,249</u>	<u>732,967</u>	<u>659,843</u>	<u>(73,124)</u>	<u>653,392</u>
Culture and recreation:					
Parks and Recreation Administration	587,913	612,578	568,053	(44,525)	700,738
Parks and Facilities Maintenance	513,587	513,576	488,636	(24,940)	505,817
Forestry	491,297	491,769	487,203	(4,566)	512,147
Lt. Nixon Memorial Pool	131,735	131,735	131,565	(170)	123,685
Sharp Park Swimming Pool	94,877	94,877	89,248	(5,629)	89,330
Historical District	11,973	11,973	418	(11,555)	11,290
Reimbursements	(40,000)	(40,000)	(40,000)	-	(40,000)
Total culture and recreation	<u>1,791,382</u>	<u>1,816,508</u>	<u>1,725,123</u>	<u>(91,385)</u>	<u>1,903,007</u>
Community enrichment/development:					
Planning	116,029	116,029	104,410	(11,619)	103,108
DDA and Equity Grants	-	-	1,000	1,000	-
Land acquisition	50,000	50,000	39,933	(10,067)	-
Other	30,000	287,725	3,372	(284,353)	-
Human Relations	58,411	44,108	40,641	(3,467)	68,477
Total community enrichment and development	<u>254,440</u>	<u>497,862</u>	<u>189,356</u>	<u>(308,506)</u>	<u>171,585</u>
<b>Total expenditures</b>	<u>21,611,034</u>	<u>21,616,513</u>	<u>20,847,192</u>	<u>(769,321)</u>	<u>22,393,325</u>
<b>Revenues over (under) expenditures</b>	<u>(469,542)</u>	<u>14,635</u>	<u>438,909</u>	<u>424,274</u>	<u>(1,250,209)</u>
<b>Other financing sources (uses)</b>					
Proceeds from sale of capital assets	47,960	21,357	-	(21,357)	18,367
Transfers in	145,400	145,400	95,662	(49,738)	72,260
Transfers out	(53,900)	(79,400)	(167,500)	(88,100)	(138,900)
Total other financing (uses)	<u>139,460</u>	<u>87,357</u>	<u>(71,838)</u>	<u>(159,195)</u>	<u>(48,273)</u>
Net change in fund balances	(330,082)	101,992	367,071	265,079	(1,298,482)
Fund balance, beginning of year	<u>2,263,174</u>	<u>2,263,174</u>	<u>2,263,174</u>	<u>-</u>	<u>1,956,477</u>
<b>Fund balance, end of year</b>	<u>\$ 1,933,092</u>	<u>\$ 2,365,166</u>	<u>\$ 2,630,245</u>	<u>\$ 265,079</u>	<u>657,995</u>
Fund balances of fund reclassified to general fund					<u>1,605,179</u>
<b>Reclassified fund balance, end of year</b>					<u>\$ 2,263,174</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, 2011**

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

	2011				2010 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Intergovernmental	\$ 2,674,194	\$ 2,674,194	\$ 1,865,111	\$ (809,083)	\$ 1,737,714
Investment income	500	500	2,133	1,633	1,801
Miscellaneous	129,500	129,500	71,751	(57,749)	211,180
	<u>2,804,194</u>	<u>2,804,194</u>	<u>1,938,995</u>	<u>(865,199)</u>	<u>1,950,695</u>
<b>Total revenues</b>					
	<u>2,804,194</u>	<u>2,804,194</u>	<u>1,938,995</u>	<u>(865,199)</u>	<u>1,950,695</u>
<b>Expenditures</b>					
Current:					
Public safety -					
Code enforcement	628,689	628,689	516,379	(112,310)	504,795
Community enrichment and development:					
Rehabilitation	477,690	477,690	246,930	(230,760)	395,354
Rehabilitation loans	-	-	-	-	1,090
Public services	218,252	218,252	215,679	(2,573)	165,646
Administration	326,692	326,692	249,840	(76,852)	229,785
Economic development	50,000	50,000	-	(50,000)	100,000
Interim assistance	-	-	-	-	8,901
Street construction	1,020,112	1,020,112	416,666	(603,446)	71,162
Sidewalks and drives	61,006	61,006	33,066	(27,940)	43,947
Forestry	14,000	14,000	-	(14,000)	24,493
Public improvement	7,752	7,752	7,606	(146)	133,676
Homelessness prevention	304,839	304,839	268,496	(36,343)	264,102
	<u>3,109,033</u>	<u>3,109,033</u>	<u>1,954,662</u>	<u>(1,154,371)</u>	<u>1,942,951</u>
<b>Total expenditures</b>					
	<u>3,109,033</u>	<u>3,109,033</u>	<u>1,954,662</u>	<u>(1,154,371)</u>	<u>1,942,951</u>
<b>Net change in fund balance</b>	(304,839)	(304,839)	(15,667)	289,172	7,744
<b>Fund balance, beginning of year</b>	361,781	361,781	361,781	-	354,037
	<u>361,781</u>	<u>361,781</u>	<u>361,781</u>	<u>-</u>	<u>354,037</u>
<b>Fund balance, end of year</b>	<u>\$ 56,942</u>	<u>\$ 56,942</u>	<u>\$ 346,114</u>	<u>\$ 289,172</u>	<u>\$ 361,781</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**  
**Major Streets Fund**  
**For the Fiscal Year Ended June 30, 2011**

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

	2011				2010 Actual
	Original Budget	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Intergovernmental	\$ 3,678,373	\$ 4,794,925	\$ 4,144,865	\$ (650,060)	\$ 3,741,411
Miscellaneous	476,217	485,471	468,814	(16,657)	287,869
Total revenues	<u>4,154,590</u>	<u>5,280,396</u>	<u>4,613,679</u>	<u>(666,717)</u>	<u>4,029,280</u>
<b>Expenditures</b>					
Current - public works:					
Street construction	611,212	685,953	478,936	(207,017)	640,003
Street maintenance	623,048	690,433	646,294	(44,139)	715,834
Traffic services	583,300	531,326	506,984	(24,342)	494,067
Winter maintenance	402,740	371,659	279,125	(92,534)	235,139
Trunkline maintenance	215,816	209,341	270,339	60,998	85,392
State highway construction	2,153,296	3,180,865	2,195,756	(985,109)	2,133,821
Reimbursements	-	(30,000)	(25,049)	4,951	(120,950)
Total expenditures	<u>4,589,412</u>	<u>5,639,577</u>	<u>4,352,385</u>	<u>(1,287,192)</u>	<u>4,183,306</u>
Revenues over (under) expenditures	<u>(434,822)</u>	<u>(359,181)</u>	<u>261,294</u>	<u>620,475</u>	<u>(154,026)</u>
<b>Other financing sources (uses)</b>					
Transfers in	1,104,364	1,028,569	760,996	(267,573)	808,301
Transfers out	(658,451)	(658,451)	(658,451)	-	(755,797)
Total other financing sources (uses)	<u>445,913</u>	<u>370,118</u>	<u>102,545</u>	<u>(267,573)</u>	<u>52,504</u>
Net change in fund balance	11,091	10,937	363,839	352,902	(101,522)
Fund balance, beginning of year	<u>199,529</u>	<u>199,529</u>	<u>199,529</u>	<u>-</u>	<u>301,051</u>
<b>Fund balance, end of year</b>	<u><u>\$ 210,620</u></u>	<u><u>\$ 210,466</u></u>	<u><u>\$ 563,368</u></u>	<u><u>\$ 352,902</u></u>	<u><u>\$ 199,529</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, 2011**

	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	\$ 7,942,900	\$ 6,069,443	\$ 1,181,571	\$ 192,881	\$ 15,386,795	\$ 2,694,704
Accounts receivable, net	1,175,513	1,750,318	-	176,141	3,101,972	166,350
Interfund receivable	824,043	-	-	-	824,043	65,582
Inventories	-	269,348	-	-	269,348	-
Other assets	-	10,859	-	-	10,859	-
Restricted cash and cash equivalents:						
Cash on hand with agents	-	-	-	-	-	215,646
Bond reserve	62,500	105,100	-	-	167,600	-
Total current assets	<u>10,004,956</u>	<u>8,205,068</u>	<u>1,181,571</u>	<u>369,022</u>	<u>19,760,617</u>	<u>3,142,282</u>
<b>Noncurrent assets</b>						
Long-term advances	-	-	-	-	-	970,028
Capital assets not being depreciated	459,226	58,369	7,060,843	1,682,727	9,261,165	-
Capital assets being depreciated, net	16,052,716	21,061,800	11,043,603	229,555	48,387,674	1,030,714
Total noncurrent assets	<u>16,511,942</u>	<u>21,120,169</u>	<u>18,104,446</u>	<u>1,912,282</u>	<u>57,648,839</u>	<u>2,000,742</u>
<b>Total assets</b>	<u>26,516,898</u>	<u>29,325,237</u>	<u>19,286,017</u>	<u>2,281,304</u>	<u>77,409,456</u>	<u>5,143,024</u>
<b>Liabilities</b>						
<b>Current liabilities</b>						
Accounts payable	478,607	256,736	13,177	26,367	774,887	151,945
Accrued payroll	59,327	90,859	779	7,037	158,002	38,399
Interfund payable	-	-	-	-	-	65,582
Accrued compensated absences	94,712	197,749	-	-	292,461	-
Customer deposits	-	152,950	-	-	152,950	-
Unearned revenue	-	-	125,000	-	125,000	-
Current portion of:						
Estimated claims payable	-	-	-	-	-	256,659
Long-term debt	75,000	266,000	-	-	341,000	-
Total current liabilities	<u>707,646</u>	<u>964,294</u>	<u>138,956</u>	<u>33,404</u>	<u>1,844,300</u>	<u>512,585</u>
<b>Noncurrent liabilities</b>						
Long term advance from other funds	-	-	-	90,000	90,000	136,101
Estimated claims payable	-	-	-	-	-	256,659
Revenue bonds payable	400,000	256,299	-	-	656,299	-
Accrued compensated absences	18,579	16,289	-	-	34,868	-
Total noncurrent liabilities	<u>418,579</u>	<u>272,588</u>	<u>-</u>	<u>90,000</u>	<u>781,167</u>	<u>392,760</u>
<b>Total liabilities</b>	<u>1,126,225</u>	<u>1,236,882</u>	<u>138,956</u>	<u>123,404</u>	<u>2,625,467</u>	<u>905,345</u>
<b>Net assets</b>						
Invested in capital assets, net of related debt	16,036,942	20,597,870	18,104,446	1,912,282	56,651,540	1,030,714
Restricted for bond reserve	62,500	105,100	-	-	167,600	-
Unrestricted	9,291,231	7,385,385	1,042,615	245,618	17,964,849	3,206,965
<b>Total net assets</b>	<u>\$ 25,390,673</u>	<u>\$ 28,088,355</u>	<u>\$ 19,147,061</u>	<u>\$ 2,157,900</u>	<u>\$ 74,783,989</u>	<u>\$ 4,237,679</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, 2011**

	Enterprise Funds - Business-type Activities				Totals	Governmental
	Sewage	Water	Parking Deck	Nonmajor Funds		Internal Service
<b>Operating revenues</b>						
Charges for sales and services	\$ 5,199,409	\$ 6,603,187	\$ 252,999	\$ 498,464	\$ 12,554,059	\$ 2,478,978
Administrative fees	-	182,978	-	-	182,978	-
Other	105,808	187,825	-	-	293,633	1,134,832
<b>Total operating revenues</b>	<b>5,305,217</b>	<b>6,973,990</b>	<b>252,999</b>	<b>498,464</b>	<b>13,030,670</b>	<b>3,613,810</b>
<b>Operating expenses</b>						
Personal services	1,493,036	2,281,874	40,552	97,088	3,912,550	1,184,589
Administration	-	-	-	-	-	142,099
Materials and supplies	249,093	402,772	-	3,606	655,471	328,732
Contractual and other services	2,176,845	2,255,499	134,133	203,066	4,769,543	2,104,604
Benefit payments	-	-	-	-	-	45,870
Depreciation	1,219,310	738,910	262,943	23,921	2,245,084	335,094
<b>Total operating expenses</b>	<b>5,138,284</b>	<b>5,679,055</b>	<b>437,628</b>	<b>327,681</b>	<b>11,582,648</b>	<b>4,140,988</b>
<b>Operating income (loss)</b>	<b>166,933</b>	<b>1,294,935</b>	<b>(184,629)</b>	<b>170,783</b>	<b>1,448,022</b>	<b>(527,178)</b>
<b>Nonoperating revenues (expenses)</b>						
Investment income	57,209	36,440	6,601	1,621	101,871	69,108
Interest and fiscal charges	(26,944)	(39,089)	-	(4,812)	(70,845)	-
<b>Total nonoperating revenues (expenses)</b>	<b>30,265</b>	<b>(2,649)</b>	<b>6,601</b>	<b>(3,191)</b>	<b>31,026</b>	<b>69,108</b>
<b>Income (loss) before transfers</b>	<b>197,198</b>	<b>1,292,286</b>	<b>(178,028)</b>	<b>167,592</b>	<b>1,479,048</b>	<b>(458,070)</b>
<b>Transfers in</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,500</b>	<b>27,500</b>	<b>-</b>
<b>Change in net assets</b>	<b>197,198</b>	<b>1,292,286</b>	<b>(178,028)</b>	<b>195,092</b>	<b>1,506,548</b>	<b>(458,070)</b>
<b>Net assets, beginning of year</b>	<b>25,193,475</b>	<b>26,796,069</b>	<b>19,325,089</b>	<b>1,962,808</b>	<b>73,277,441</b>	<b>4,695,749</b>
<b>Net assets, end of year</b>	<b>\$ 25,390,673</b>	<b>\$ 28,088,355</b>	<b>\$ 19,147,061</b>	<b>\$ 2,157,900</b>	<b>\$ 74,783,989</b>	<b>\$ 4,237,679</b>

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

**City of Jackson, Michigan**  
**Statement of Cash Flows - Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2011**

	Enterprise Funds - Business-type Activities					Governmental
	Sewage	Water	Parking Deck	Nonmajor Funds	Totals	Internal Service
<b>Cash flows from operating activities</b>						
Payments to employees	\$ (1,477,850)	\$ (2,267,612)	\$ (40,383)	\$ (97,088)	\$ (3,882,933)	\$ (1,190,116)
Payments to vendors and claimants	(2,198,432)	(2,641,701)	(121,914)	(194,687)	(5,156,734)	(2,685,003)
Receipts from customers and users	5,347,279	6,746,464	252,999	323,823	12,670,565	-
Receipts for interfund services provided	-	-	-	-	-	3,741,973
Net cash provided by (used in) operating activities	1,670,997	1,837,151	90,702	32,048	3,630,898	(133,146)
<b>Cash flows from capital and related financing activities</b>						
Purchase of capital assets	(813,656)	(886,808)	-	-	(1,700,464)	(143,372)
Principal and interest received on interfund advance:	-	-	-	-	-	(143,609)
Principal and interest paid on long-term debt	(101,944)	(542,739)	-	(104,812)	(749,495)	-
Interfund advances received	-	-	-	-	-	90,565
Net cash used in capital and related financing activities	(915,600)	(1,429,547)	-	(104,812)	(2,449,959)	(196,416)
<b>Cash flows from noncapital financing activities</b>						
Transfers in	-	-	-	27,500	27,500	-
<b>Cash flows from investing activities</b>						
Interest received on investments	57,209	36,440	6,601	1,621	101,871	69,108
Net change in cash and cash equivalents	812,606	444,044	97,303	(43,643)	1,310,310	(260,454)
Cash and cash equivalents, beginning of year	7,192,794	5,730,499	1,084,268	236,524	14,244,085	3,170,804
<b>Cash and cash equivalents, end of year</b>	<u>\$ 8,005,400</u>	<u>\$ 6,174,543</u>	<u>1,181,571</u>	<u>\$ 192,881</u>	<u>\$ 15,554,395</u>	<u>\$ 2,910,350</u>
<b>Statement of net assets classification of cash</b>						
Cash and cash equivalents	\$ 7,942,900	\$ 6,069,443	1,181,571	\$ 192,881	\$ 15,386,795	\$ 2,694,704
Restricted cash and cash equivalents	62,500	105,100	-	-	167,600	215,646
	<u>\$ 8,005,400</u>	<u>\$ 6,174,543</u>	<u>1,181,571</u>	<u>\$ 192,881</u>	<u>\$ 15,554,395</u>	<u>\$ 2,910,350</u>

Continued...

**City of Jackson, Michigan**  
**Statement of Cash Flows - Proprietary Funds (Concluded)**  
**For the Fiscal Year Ended June 30, 2011**

	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)	\$ 166,933	\$ 1,294,935	(184,629)	\$ 170,783	\$ 1,448,022	\$ (527,178)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	1,219,310	738,910	262,943	23,921	2,245,084	335,094
(Increase) decrease in:						
Accounts receivable	42,062	(252,873)	-	-	(210,811)	128,163
Interfund receivable	(127,227)	-	-	(174,641)	(301,868)	(65,582)
Inventories	-	11,944	-	-	11,944	-
Prepaid items	-	-	-	-	-	46,000
Other assets	-	5,430	-	-	5,430	-
Increase (decrease) in:						
Accounts payable	354,733	(804)	12,219	19,370	385,518	40,302
Accrued payroll	1,805	16,772	169	2,615	21,361	(5,527)
Accrued compensated absences	13,381	(2,510)	-	-	10,871	-
Advance from other funds	-	-	-	(10,000)	(10,000)	-
Customer deposits	-	25,347	-	-	25,347	-
Interfund payable	-	-	-	-	-	65,582
Estimated claims payable	-	-	-	-	-	(150,000)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,670,997</u>	<u>\$ 1,837,151</u>	<u>90,702</u>	<u>\$ 32,048</u>	<u>\$ 3,630,898</u>	<u>\$ (133,146)</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, 2011**

	<b>Pension and Other Employee Benefit Trust Funds</b>	<b>Agency Funds</b>
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Pooled cash and investments	\$ -	\$ 163,949
Investments, at fair value:		
U.S. treasuries	1,167,492	-
U.S. agencies	575,043	-
Mortgage backed securities	323,854	
Corporate bonds:		
Domestic	8,765,030	-
Domestic mutual funds	10,747,466	-
International	384,398	-
Equities:		
Domestic stocks	30,485,200	-
Domestic mutual funds	13,107,359	-
International stocks	995,694	-
International mutual funds	4,773,081	-
Money market accounts	1,735,827	-
Receivables:		
Interest and dividends receivable	79,296	-
Other	329,615	-
	<u>73,469,355</u>	<u>\$ 163,949</u>
<b>Liabilities</b>		
Accounts payable	-	\$ 2,206
Due to other governments	-	31,781
Refunds payable and other liabilities	699,470	129,962
	<u>699,470</u>	<u>\$ 163,949</u>
<b>Net assets</b>		
Held in trust for pension and other employee benefits	<u>\$ 72,769,885</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, 2011**

**Additions**

Contributions:		
Employer		\$ 4,600,171
Plan members		<u>1,284,397</u>
Total contributions		<u>5,884,568</u>
Investment income:		
Net appreciation in fair value of investments		13,300,314
Interest		398,065
Dividends		<u>631,582</u>
Total investment income		14,329,961
Less investment expense		<u>334,637</u>
Net investment income		<u>13,995,324</u>
Total additions		<u>19,879,892</u>

**Deductions**

Benefits		9,580,771
Refunds of contributions		446,622
Administrative expense		<u>225,779</u>
Total deductions		<u>10,253,172</u>
Net increase in net assets		9,626,720

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

Beginning of year		<u>63,143,165</u>
<b>End of year</b>		<u><u>\$ 72,769,885</u></u>

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

## **NOTES to the FINANCIAL STATEMENTS**

# City of Jackson, Michigan

## Notes to Financial Statements

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# City of Jackson, Michigan

## Notes To Financial Statements

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### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

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

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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### 1-B. Basis of Presentation

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

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

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

The City reports the following major governmental funds:

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

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

*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

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Additionally, the City reports the following fund types:

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

The *debt service funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

The *internal service funds* account for insurance benefits and major vehicle and equipment purchases and maintenance provided to other departments of the City on a cost reimbursement basis.

The *pension and other employee benefit trust 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.

The *agency funds* account for assets held by the City as an agent for individuals, private organizations, other governments and/or other funds. Agency funds account for property tax collections, are custodial in nature (assets equal liabilities), and do not involve the measurement of results of operations.

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

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end, except for reimbursement-driven grants which use one year. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

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

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

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

#### **Deposits and Investments**

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

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

### **Receivables and Payables**

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

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

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

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

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

### **Capital Assets**

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

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

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

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

### Compensated Absences

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

### Long-term Obligations

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

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

### Fund Equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. A formal resolution of the City

# City of Jackson, Michigan

## Notes To Financial Statements

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Council is required to establish, modify, or rescind a fund balance commitment. The City Council can also give authority to management to assign fund balance but has not yet done so; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund.

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

### **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.

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

<u>Fund/Activity</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over Budget</u>
<b>General fund</b>			
General government:			
City manager	\$ 227,561	\$ 237,682	\$ 10,121
City clerk - elections	148,579	151,668	3,089
City clerk	185,657	186,066	409
Public safety -			
Police and fire - unallocated	1,535,350	1,543,203	7,853
Public works -			
Street lighting	480,015	481,705	1,690
Community enrichment -			
DDA and equity grants	-	1,000	1,000
Transfers out	79,400	167,500	88,100

### 2-C. Fund Deficit

At June 30, 2011, the special assessment capital projects fund had a fund deficit of \$837,696. This deficit will be eliminated as deferred special assessments become due. The Sharp Park golf practice center enterprise fund had a deficit of \$71,183 in ending unrestricted net assets.

Also, the Downtown Development Authority Project capital projects fund had a deficit fund balance of \$57,618 because a planned bond issue to fund these project costs did not occur until after year end (see the accompanying *Subsequent Events* note).

# 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, 2011:

	<u>Primary Government</u>	<u>Component Units</u>	<u>Total</u>
<b>Statement of net assets:</b>			
Pooled cash and investments	\$ 19,888,913	\$ 3,340,268	\$ 23,229,181
Restricted cash:			
Cash on hand with agents	215,646	-	215,646
Pooled cash and investments	3,108,205	-	3,108,205
<b>Statement of fiduciary net assets:</b>			
Pooled cash and investments	163,949	-	163,949
Investments – pension	<u>73,060,444</u>	<u>-</u>	<u>73,060,444</u>
<b>Total</b>	<b><u>\$ 96,437,157</u></b>	<b><u>\$ 3,340,268</u></b>	<b><u>\$ 99,777,425</u></b>

#### Deposits and Investments:

Bank deposits (checking accounts, savings accounts and certificates of deposit)	\$ 18,770,737
Investments in securities and mutual funds:	
Cash and investment pool	7,714,593
Pension trust funds	73,060,444
Cash on hand with agents	215,646
Cash on hand	<u>16,005</u>
<b>Total</b>	<b><u>\$ 99,777,425</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, 2011, \$16,670,353 of the City’s total bank balance of \$18,717,690 (total book balance was \$18,770,737) 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	\$ 1,127,797
U.S. agencies	572,880
Domestic equities	14,212
Money markets	<u>5,999,704</u>
<b>Total</b>	<b><u>\$ 7,714,593</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, 2011, 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, 2011, 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, 2011, 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, 2011, maturities of the City's debt securities were as follows:

	<u>Fair Value</u>	<u>Investment Maturities (fair value by years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
U.S. treasuries	\$ 1,127,797	\$ -	\$ 469,113	\$ 658,684	\$ -
U.S. agencies	<u>572,880</u>	<u>-</u>	<u>300,912</u>	<u>271,968</u>	<u>-</u>
	<b><u>\$ 1,700,677</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 770,025</u></b>	<b><u>\$ 930,652</u></b>	<b><u>\$ -</u></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

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

The City maintains three pension trust funds (*see Note 4-D*) and one other employee benefits trust fund (*see Note 4-E*) 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, 2011:

Investments at fair value, as determined	
by quoted market price:	
U.S. treasuries	\$ 1,167,492
U.S. agencies	575,043
Mortgage backed securities	323,854
Corporate bonds:	
Domestic	8,765,030
Domestic mutual funds	10,747,466
International	384,398
Equities:	
Domestic stocks	30,485,200
Domestic mutual funds	13,107,359
International stocks	995,694
International mutual funds	4,773,081
Money market accounts	<u>1,735,827</u>
<b>Total investments</b>	<b><u>\$ 73,060,444</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, 2011, 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	\$ 311,554
AA	909,565
A	2,724,459
BBB	2,950,793
BB	552,452
B	149,891
Not rated	<u>1,874,568</u>
	<b><u>\$ 9,473,282</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, 2011, 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, 2011, maturities of debt securities were as follows:

	Fair Value	Investment Maturities (fair value by years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 1,167,492	\$ -	\$ 771,367	\$ 120,275	\$ 275,850
U.S. agencies	575,043	-	285,328	212,230	77,485
Mortgage backed securities	323,854	-	17,643	29,417	276,794
Domestic corporate bonds:					
Callable	2,484,645	-	-	-	2,484,645
Non-callable	6,280,385	-	3,220,744	2,113,374	946,267
International debt securities	384,398	-	-	327,022	57,376
	<b><u>\$ 11,215,817</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,295,082</u></b>	<b><u>\$ 2,802,318</u></b>	<b><u>\$ 4,118,417</u></b>

The City assumes that its callable bonds totaling \$2,484,645 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 36 percent due from other governments, 10 percent accounts receivable, 27 percent income taxes, 12 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 \$964,625 in long-term loans due from local businesses related to economic development projects, which are 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)	\$ 843,501	\$ -	\$ 843,501
Long-term loan receivable	964,625	-	964,625
Other unearned	-	43,620	43,620
	<u>\$ 1,808,126</u>	<u>\$ 43,620</u>	<u>\$ 1,851,746</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, 2011, was as follows:

<u>Governmental Activities</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Reclassifications</u>	<u>Balance June 30, 2011</u>
<b>Capital assets not being depreciated</b>					
Land	\$ 2,440,383	\$ -	\$ 16,800	\$ -	\$ 2,423,583
<b>Capital assets being depreciated</b>					
Infrastructure	121,510,598	3,033,499	-	-	124,544,097
Land improvements	15,763,181	-	-	-	15,763,181
Buildings and improvements	16,659,418	134,350	-	(206,993)	16,586,775
Park and recreation facilities	8,906,757	73,822	-	-	8,980,579
Machinery and equipment	12,471,728	442,771	272,842	206,993	12,848,650
<b>Total capital assets being depreciated</b>	<u>175,311,682</u>	<u>3,684,442</u>	<u>272,842</u>	<u>-</u>	<u>178,723,282</u>
<b>Accumulated depreciation</b>					
Infrastructure	85,410,061	2,422,658	-	-	87,832,719
Land improvements	1,889,491	315,263	-	-	2,204,754
Buildings and improvements	4,799,960	298,365	-	(41,908)	5,056,417
Park and recreation facilities	4,754,814	122,289	-	-	4,877,103
Machinery and equipment	10,339,070	619,836	283,282	41,908	10,717,532
<b>Total accumulated depreciation</b>	<u>107,193,396</u>	<u>3,778,411</u>	<u>283,282</u>	<u>-</u>	<u>110,688,525</u>
<b>Total capital assets being depreciated, net</b>	<u>68,118,286</u>	<u>(93,969)</u>	<u>(10,440)</u>	<u>-</u>	<u>68,034,757</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 70,558,669</u>	<u>\$ (93,969)</u>	<u>\$ 6,360</u>	<u>\$ -</u>	<u>\$ 70,458,340</u>

# City of Jackson, Michigan

## Notes To Financial Statements

<u>Business-type activities</u>	<u>Balance July 1, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<b>Capital assets not being depreciated</b>				
Land	\$ 8,956,886	\$ -	\$ -	\$ 8,956,886
Construction in progress	-	304,279	-	304,279
<b>Total capital assets not being depreciated</b>	<u>8,956,886</u>	<u>304,279</u>	<u>-</u>	<u>9,261,165</u>
<b>Capital assets being depreciated</b>				
Systems	71,680,182	1,370,116	-	73,050,298
Land improvements	2,512,519	-	-	2,512,519
Buildings and improvements	12,899,447	-	-	12,899,447
Machinery and equipment	10,640,985	26,069	21,987	10,645,067
<b>Total capital assets being depreciated</b>	<u>97,733,133</u>	<u>1,396,185</u>	<u>21,987</u>	<u>99,107,331</u>
<b>Accumulated depreciation</b>				
Systems	36,638,442	1,656,542	-	38,294,984
Land improvements	880,008	45,649	-	925,657
Buildings and improvements	2,594,773	273,127	-	2,867,900
Machinery and equipment	8,383,337	269,766	21,987	8,631,116
<b>Total accumulated depreciation</b>	<u>48,496,560</u>	<u>2,245,084</u>	<u>21,987</u>	<u>50,719,657</u>
<b>Total capital assets being depreciated, net</b>	<u>49,236,573</u>	<u>(848,899)</u>	<u>-</u>	<u>48,387,674</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 58,193,459</u>	<u>\$ (544,620)</u>	<u>\$ -</u>	<u>\$ 57,648,839</u>

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

<b>Governmental activities:</b>	
General government	\$ 243,257
Public safety	191,852
Public works, including depreciation of general infrastructure assets	2,507,713
Culture and recreation	212,436
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>335,094</u>
<b>Total depreciation expense - governmental activities</b>	<b><u>\$ 3,778,411</u></b>

# City of Jackson, Michigan

## Notes To Financial Statements

**Business-type activities:**

Sewage	\$ 1,219,310
Water	738,910
Parking system	262,943
Golf practice center	<u>23,921</u>

**Total depreciation expense - business-type activities** \$ 2,245,084

**3-D. Payables**

Payables in the governmental activities are 43 percent vendors, 23 percent claims, 32 percent accrued payroll, and 2 percent other. Business-type activities payables are 72 percent vendors, 15 percent deposits and 13 percent accrued payroll.

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

At June 30, 2011, amounts due from and due to other funds were as follows:

Receivable Funds	Payable Funds			Total
	General Fund	Special Assessment Capital Projects	Nonmajor Governmental Funds	
CDBG special revenue	\$ 205	\$ 3,769	\$ 6,464	\$ 10,438
Nonmajor governmental funds	<u>2,817</u>	<u>-</u>	<u>30,974</u>	<u>33,791</u>
	<u><u>\$ 3,022</u></u>	<u><u>\$ 3,769</u></u>	<u><u>\$ 37,438</u></u>	<u><u>\$ 44,229</u></u>

At June 30, 2011, the following interfund receivables and payables were reported for funds with negative equity in pooled cash and investments:

Receivable Fund	Payable Funds		Total
	General Fund	Nonmajor Governmental Funds	
Sewage enterprise fund	<u><u>\$ 544,222</u></u>	<u><u>\$ 279,821</u></u>	<u><u>\$ 824,043</u></u>

# City of Jackson, Michigan

## Notes To Financial Statements

At June 30, 2011, interfund advances were as follows:

<u>Receivable Funds</u>	<u>Payable Funds</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	-	-	90,000	-	90,000
Internal service funds	-	833,927	-	136,101	970,028
	<u>\$ 50,000</u>	<u>\$ 833,927</u>	<u>\$ 90,000</u>	<u>\$ 136,101</u>	<u>\$ 1,110,028</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, 2011, 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	\$ -	\$ -	\$ 167,500	\$ -	\$ 167,500
Major street fund	-	-	658,451	-	658,451
Special assessment capital projects fund	-	-	278,726	27,500	306,226
Nonmajor governmental funds	95,662	760,996	1,246,215	-	2,102,873
	<u>\$ 95,662</u>	<u>\$ 760,996</u>	<u>\$ 2,350,892</u>	<u>\$ 27,500</u>	<u>\$ 3,235,050</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%	\$ 155,000
1999 building authority limited tax	2019	5.25%	335,000
2001 downtown development	2026	3.70%-5.75%	13,868,577
2002 brownfield redevelopment	2030	4.00%-5.38%	8,835,000
2003 general obligation unlimited tax	2027	2.00%-5.25%	7,420,000
2003 general obligation unlimited tax (B)	2027	3.00%-4.70%	1,560,000
2003 transportation fund	2013	2.00%-3.20%	550,000
2007 brownfield refunding	2030	4.00%-4.375%	9,725,000
			<u><u>\$ 42,448,577</u></u>

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
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	1,829,125	2,195,197
2017-2021	11,607,892	11,966,684
2022-2026	14,111,560	13,431,825
2027-2030	6,700,000	605,553
	<u><u>\$ 42,448,577</u></u>	<u><u>\$ 33,970,807</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%	\$ 475,000
2008 water refunding	2014	2.75%-3.40%	539,000
			<b>\$ 1,014,000</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>
2012	\$ 341,000	\$ 44,481
2013	373,000	31,980
2014	100,000	17,841
2015	100,000	7,975
2016	100,000	2,675
	<b>\$ 1,014,000</b>	<b>\$ 104,952</b>

*Installment Obligations.* The government has entered into a long-term loan outstanding at year-end as follows:

<b>Purpose</b>	<b>Fiscal Year Matures</b>	<b>Interest Rates</b>	<b>Amount</b>
<b>Governmental activities</b>			
Section 108 loan – economic development	2021	3.66% - 6.62%	<b>\$ 635,000</b>

# City of Jackson, Michigan

## Notes To Financial Statements

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

Year	Governmental Activities	
	Principal	Interest
2012	\$ 65,000	\$ -
2013	65,000	-
2014	65,000	-
2015	65,000	-
2016	65,000	-
2017-2021	310,000	-
	<b>\$ 635,000</b>	<b>\$ -</b>

*Changes in Long-Term Debt.* Long-term liability activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government</b>					
<b>Governmental activities</b>					
General obligation bonds	\$ 44,138,577	\$ -	\$ 1,690,000	\$ 42,448,577	\$ 1,890,000
Installment obligations	777,000	-	142,000	635,000	65,000
Compensated absences	2,350,385	1,900,500	1,979,807	2,271,078	2,043,971
Less deferred amounts for:					
Issuance discounts	(189,195)	-	(11,241)	(177,954)	-
Refunding loss	(373,308)	-	(20,739)	(352,569)	-
	<b>\$ 46,703,459</b>	<b>\$ 1,900,500</b>	<b>\$ 3,779,827</b>	<b>\$ 44,824,132</b>	<b>\$ 3,998,971</b>
<b>Business-type activities</b>					
Revenue bonds	\$ 1,601,000	\$ -	\$ 587,000	\$ 1,014,000	\$ 341,000
Installment obligations	100,000	-	100,000	-	-
Compensated absences	316,458	295,871	285,000	327,329	292,461
Less deferred amounts for -					
Refunding loss	(25,051)	-	(8,350)	(16,701)	-
	<b>\$ 1,992,407</b>	<b>\$ 295,871</b>	<b>\$ 963,650</b>	<b>\$ 1,324,628</b>	<b>\$ 633,461</b>

For the governmental activities, compensated absences, net pension obligation and other postemployment benefit obligation, if any, are generally liquidated by the general fund.

# City of Jackson, Michigan

## Notes To Financial Statements

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### 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, 2011, the net appreciation on investments of donor-restricted endowments was \$3,931. 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 \$1,173,001.

*Cemetery Perpetual Maintenance Permanent Trust Fund.* For the year ended June 30, 2011, the net appreciation on investments of donor-restricted endowments was \$25,263. 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 \$1,846,025.

## 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 \$513,318 reported in the workers' compensation internal service fund at June 30, 2011 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, 2011, \$256,659 of the total amount is considered to be due within one year.

# City of Jackson, Michigan

## Notes To Financial Statements

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

	<u>2011</u>	<u>2010</u>
Claims liability at beginning of fiscal year	\$ 663,318	\$ 663,318
Claims and changes in estimates	(143,107)	129,191
Claims payments	<u>(6,893)</u>	<u>(129,191)</u>
<b>Claims liability at June 30</b>	<b><u>\$ 513,318</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.

### 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, 2010 levy was assessed and valued at approximately \$619 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, 4.85 for Act 345 Pension, 0.87 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.

# City of Jackson, Michigan

## Notes To Financial Statements

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.

#### 4-D. 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, 2010, the date of the latest actuarial valuations:

	<u>Employees’ Retirement System</u>	<u>Policemen’s and Firemen’s Pension Fund</u>	<u>Policemen’s and Firemen’s Pension - Act 345 Fund</u>
Retirees and beneficiaries receiving benefits	155	36	144
Terminated plan members entitled to, but not yet receiving benefits	16	-	4
Active plan members	<u>203</u>	<u>-</u>	<u>101</u>
<b>TOTAL</b>	<b><u>374</u></b>	<b><u>36</u></b>	<b><u>249</u></b>

# City of Jackson, Michigan

## Notes To Financial Statements

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### **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 Actuarial requirements, members contribute 7.39%, with the City contributing 8.54%. Accumulated member contributions are annually credited with interest at 0.29%. 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, 2010 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 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, 2010 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, 2010 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:

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

### THREE-YEAR TREND INFORMATION

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Annual Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
<b><u>Employees’ Retirement System</u></b>				
6/30/09	\$ 742,407	\$ 742,407	100%	\$ -0-
6/30/10	750,439	750,439	100%	-0-
6/30/11	751,981	751,981	100%	-0-
<b><u>Policemen’s and Firemen’s Pension</u></b>				
6/30/09	641,212	641,212	100%	-0-
6/30/10	722,537	722,537	100%	-0-
6/30/11	500,000	500,000	100%	-0-
<b><u>Policemen’s and Firemen’s Pension – Act 345</u></b>				
6/30/09	3,191,716	3,191,716	100%	-0-
6/30/10	3,256,531	3,256,531	100%	-0-
6/30/11	2,772,800	2,772,800	100%	-0-

The funded status of each plan as of June 30, 2010, 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	\$ 34,124	\$ 43,283	\$ 9,159	78.8%	\$ 8,968	102.1%
FPF	4,029	9,464	5,435	42.6%	n/a	n/a
Act 345	35,632	62,211	26,579	57.3%	6,236	426.2%

# City of Jackson, Michigan

## Notes To Financial Statements

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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.

### **4-E. 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-D*). 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 158 retirees currently receiving benefits and 286 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, 2011, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2009. 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 16.8% of annual covered payroll.

# City of Jackson, Michigan

## Notes To Financial Statements

*Annual OPEB Cost and Net OPEB Obligation.* For fiscal year 2011, 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	\$ 2,971,206
Interest on net OPEB obligation	298,497
Adjustment to annual required contribution	<u>(417,707)</u>
Annual OPEB cost (expense)	2,851,996
Payment of current costs	<u>(554,950)</u>
Increase in net OPEB obligation	2,297,046
Net OPEB obligation, beginning of year	<u>7,462,419</u>
 Net OPEB obligation, end of year	 <u><u>\$ 9,759,465</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding two years 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
6/30/11	2,851,996	19.5%	9,759,465

*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)	\$ 36,872,463
Actuarial value of plan assets	<u>360,691</u>
Unfunded actuarial accrued liability (UAAL)	<u><u>\$ 36,511,772</u></u>
 Funded ratio	 1.0%
 Covered payroll (active plan members)	 \$ 14,340,080
 UAAL as a percentage of covered payroll	 254.6%

# City of Jackson, Michigan

## Notes To Financial Statements

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

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

Significant methods and assumptions were as follows:

Actuarial valuation date	6/30/09
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	9% in 2009, grading to 4.25% in 2018
Inflation rate	4.25%

# City of Jackson, Michigan

## Notes To Financial Statements

Stand alone financial reports have not been issued for the plans. GASB Statement 25 and 45 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, 2011

	<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>Total</u>
<b>Assets</b>					
Investments, at fair value:					
U.S. treasuries	\$ -	\$ 202,415	\$ 965,077	\$ -	\$ 1,167,492
U.S. agencies	-	50,774	524,269	-	575,043
Mortgage backed securities	-	-	323,854	-	323,854
Corporate bonds:					
Domestic	-	870,000	7,895,030	-	8,765,030
Domestic mutual funds	10,329,126	-	-	418,340	10,747,466
International	-	51,472	332,926	-	384,398
Equities:					
Domestic stocks	4,751,482	2,629,300	23,104,418	-	30,485,200
Domestic mutual funds	13,107,359	-	-	-	13,107,359
International stocks	-	-	995,694	-	995,694
International mutual funds	4,773,081	-	-	-	4,773,081
Money market accounts	675,280	105,178	769,101	186,268	1,735,827
Total investments	33,636,328	3,909,139	34,910,369	604,608	73,060,444
Receivables:					
Interest and dividends	374	7,528	71,394	-	79,296
Other	-	79,027	250,588	-	329,615
Total assets	33,636,702	3,995,694	35,232,351	604,608	73,469,355
<b>Liabilities</b>					
Refunds payable and other	58	77,510	605,402	16,500	699,470
<b>Net assets held in trust for pension and other employee benefits</b>	<u>\$ 33,636,644</u>	<u>\$ 3,918,184</u>	<u>\$ 34,626,949</u>	<u>\$ 588,108</u>	<u>\$ 72,769,885</u>

# City of Jackson, Michigan

## Notes To Financial Statements

### Statement of Changes in Plan Net Assets - Year Ended June 30, 2011

	Employees' Retirement System	Policemen's and Firemen's Pension	Policemen's and Firemen's Pension - Act 345	Employee Health Care	Totals
<b>Additions</b>					
Contributions:					
Employer	\$ 751,981	\$ 500,000	\$ 2,772,800	\$ 575,390	\$ 4,600,171
Plan members	<u>596,033</u>	<u>-</u>	<u>688,364</u>	<u>-</u>	<u>1,284,397</u>
Total contributions	<u>1,348,014</u>	<u>500,000</u>	<u>3,461,164</u>	<u>575,390</u>	<u>5,884,568</u>
Investment income (loss):					
Net appreciation in fair value of investments	5,952,018	783,388	6,564,908	-	13,300,314
Interest	-	31,321	274,829	91,915	398,065
Dividends	<u>222,659</u>	<u>47,488</u>	<u>361,435</u>	<u>-</u>	<u>631,582</u>
Total investment income	<u>6,174,677</u>	<u>862,197</u>	<u>7,201,172</u>	<u>91,915</u>	<u>14,329,961</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>6,088,195</u>	<u>831,205</u>	<u>6,984,009</u>	<u>91,915</u>	<u>13,995,324</u>
Total additions	<u>7,436,209</u>	<u>1,331,205</u>	<u>10,445,173</u>	<u>667,305</u>	<u>19,879,892</u>
<b>Deductions</b>					
Benefits	2,893,949	1,058,335	5,153,097	475,390	9,580,771
Refunds of contributions	82,053	-	364,569	-	446,622
Administrative expense	<u>108,035</u>	<u>9,167</u>	<u>86,430</u>	<u>22,147</u>	<u>225,779</u>
Total deductions	<u>3,084,037</u>	<u>1,067,502</u>	<u>5,604,096</u>	<u>497,537</u>	<u>10,253,172</u>
<b>Net increase in net assets</b>	4,352,172	263,703	4,841,077	169,768	9,626,720
<b>Net assets held in trust for pension and other employee benefits</b>					
Beginning of year	<u>29,284,472</u>	<u>3,654,481</u>	<u>29,785,872</u>	<u>418,340</u>	<u>63,143,165</u>
<b>End of year</b>	<u>\$ 33,636,644</u>	<u>\$ 3,918,184</u>	<u>\$ 34,626,949</u>	<u>\$ 588,108</u>	<u>\$ 72,769,885</u>

#### 4-F. Subsequent Events

In September 2011, the government issued \$5,395,000 of downtown development refunding bonds.

# City of Jackson, Michigan

## Notes To Financial Statements

### 4-G. Components of Nonspendable, Restricted and Committed Fund Balances

Following is a summary of the components of nonspendable, restricted and committed fund balances as of June 30, 2011:

	<u>General</u>	<u>Community Development Block Grant</u>	<u>Major Streets</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Nonspendable</b>					
Inventories	\$ -	\$ -	\$ 62,067	\$ 10,064	\$ 72,131
Prepaid expenditures	419,317	-	-	1,200	420,517
Perpetual care	-	-	-	1,846,025	1,846,025
Endowment	-	-	-	1,083,001	1,083,001
Advances	50,000	-	-	90,000	140,000
	<u>\$ 469,317</u>	<u>\$ -</u>	<u>\$ 62,067</u>	<u>\$ 3,030,290</u>	<u>\$ 3,561,674</u>
<b>Restricted</b>					
Rehabilitation programs	\$ -	\$ 346,114	\$ -	\$ -	\$ 346,114
Highways and streets	-	-	501,301	178,028	679,329
Public improvements	-	-	-	854,650	854,650
Culture and recreation	-	-	-	27,655	27,655
Public safety	-	-	-	83,269	83,269
Debt service	-	-	-	14,887	14,887
	<u>\$ -</u>	<u>\$ 346,114</u>	<u>\$ 501,301</u>	<u>\$ 1,158,489</u>	<u>\$ 2,005,904</u>
<b>Committed</b>					
Culture and recreation	\$ -	\$ -	\$ -	\$ 64,097	\$ 64,097
Public safety	-	-	-	17,802	17,802
Capital projects	-	-	-	45,573	45,573
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,472</u>	<u>\$ 127,472</u>

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**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>						
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%
2010	34,124	43,283	9,159	78.8%	8,968,814	102.1%
<b><u>Policemen's and Firemen's Pension (attained age valuation method)</u></b>						
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
2010	4,029	9,464	5,435	42.6%	n/a	n/a
<b><u>Policemen's and Firemen's Pension - Act 345 (entry age valuation method)</u></b>						
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%
2010	35,632	62,211	26,579	57.3%	6,235,955	426.2%

**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>				
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%	803,042	803,042	100%
2009	7.7%	793,649	793,649	100%
2010	7.7%	750,439	750,439	100%
2011	8.5%	751,981	751,981	100%
<b><u>Policemen's and Firemen's Pension</u></b>				
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%
2011	n/a	500,000	500,000	100%
<b><u>Policemen's and Firemen's Pension - Act 345</u></b>				
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%
2011	37.7%	2,772,800	2,772,800	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, 2010	June 30, 2010	June 30, 2010
Actuarial Cost Method	Entry Age	Aggregate	Entry Age
Amortization Method	Level percent	Level dollar	Level percent
DROP amortization period	12 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	9 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**

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Funded Ratio</b>	<b>Unfunded AAL (UAAL)</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
06/30/07	\$ -	\$ 56,062,594	0.0%	\$ 56,062,594	\$ 17,393,970	322.3%
06/30/09	360,691	36,872,463	1.0%	36,511,772	14,340,080	254.6%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

<b>Year Ended</b>	<b>Annual Required Contribution</b>	<b>Actual Contribution</b>	<b>Percentage Contributed</b>
6/30/09	\$ 4,157,775	\$ 495,949	11.9%
6/30/10	4,334,480	475,390	11.0%
6/30/11	2,971,206	554,950	18.7%

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

**City of Jackson, Michigan**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2011**

	<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	\$ 1,091,971	\$ 12,070	\$ 104,845	2,940,605	\$ 4,149,491
Receivables:					
Accounts, net	177,267	-	-	-	177,267
Interest	-	-	-	19,395	19,395
Due from other governments	446,230	-	-	-	446,230
Due from other funds	30,974	2,817	-	-	33,791
Inventories	10,064	-	-	-	10,064
Prepaid expenditures	1,200	-	-	-	1,200
Long-term advance to other funds	-	-	-	90,000	90,000
<b>Total assets</b>	<b>\$ 1,757,706</b>	<b>\$ 14,887</b>	<b>\$ 104,845</b>	<b>\$ 3,050,000</b>	<b>\$ 4,927,438</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 161,203	\$ -	\$ 113,788	\$ -	\$ 274,991
Accrued payroll	73,453	-	-	-	73,453
Due to other funds	6,464	-	-	30,974	37,438
Interfund payables	279,821	-	-	-	279,821
Deferred revenue	-	-	3,102	-	3,102
<b>Total liabilities</b>	<b>520,941</b>	<b>-</b>	<b>116,890</b>	<b>30,974</b>	<b>668,805</b>
<b>Fund balances</b>					
Nonspendable for:					
Inventories	10,064	-	-	-	10,064
Prepaid expenditures	1,200	-	-	-	1,200
Perpetual care	-	-	-	1,846,025	1,846,025
Endowment	-	-	-	1,083,001	1,083,001
Advances	-	-	-	90,000	90,000
Restricted for:					
Highways and streets	178,028	-	-	-	178,028
Public improvements	854,650	-	-	-	854,650
Culture and recreation	27,655	-	-	-	27,655
Public safety	83,269	-	-	-	83,269
Debt service	-	14,887	-	-	14,887
Committed for:					
Culture and recreation	64,097	-	-	-	64,097
Public safety	17,802	-	-	-	17,802
Capital projects	-	-	45,573	-	45,573
Unassigned deficit	-	-	(57,618)	-	(57,618)
<b>Total fund balances</b>	<b>1,236,765</b>	<b>14,887</b>	<b>(12,045)</b>	<b>3,019,026</b>	<b>4,258,633</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,757,706</b>	<b>\$ 14,887</b>	<b>\$ 104,845</b>	<b>\$ 3,050,000</b>	<b>\$ 4,927,438</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, 2011**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Totals</u>
<b>Revenues</b>					
Property taxes	\$ 1,111,314	\$ 637,359	\$ 1,010,638	\$ -	\$ 2,759,311
Intergovernmental	1,881,293	-	-	-	1,881,293
Charges for services	1,397,180	1,261,680	-	37,495	2,696,355
Investment income	8,293	310	1,123	87,721	97,447
Miscellaneous	201,405	-	46,134	-	247,539
	<u>4,599,485</u>	<u>1,899,349</u>	<u>1,057,895</u>	<u>125,216</u>	<u>7,681,945</u>
Total revenues					
<b>Expenditures</b>					
Current:					
Public safety	999,046	-	-	-	999,046
Public works	1,076,256	-	-	-	1,076,256
Culture and recreation	1,114,872	-	-	-	1,114,872
Community enrichment and development	977,348	-	-	9,131	986,479
Capital outlay	-	-	210,309	-	210,309
Debt service:					
Principal retirement	25,000	1,807,000	-	-	1,832,000
Interest and fiscal charges	1,311	1,668,201	-	-	1,669,512
	<u>4,193,833</u>	<u>3,475,201</u>	<u>210,309</u>	<u>9,131</u>	<u>7,888,474</u>
Total expenditures					
Revenues over (under) expenditures	<u>405,652</u>	<u>(1,575,852)</u>	<u>847,586</u>	<u>116,085</u>	<u>(206,529)</u>
<b>Other financing sources (uses)</b>					
Transfers in	703,518	1,577,025	70,349	-	2,350,892
Transfers out	(719,882)	-	(1,296,100)	(86,891)	(2,102,873)
	<u>(16,364)</u>	<u>1,577,025</u>	<u>(1,225,751)</u>	<u>(86,891)</u>	<u>248,019</u>
Total other financing sources (uses)					
Net change in fund balances	389,288	1,173	(378,165)	29,194	41,490
Fund balances, beginning of year	<u>847,477</u>	<u>13,714</u>	<u>366,120</u>	<u>2,989,832</u>	<u>4,217,143</u>
<b>Fund balances (defecit), end of year</b>	<u><u>\$ 1,236,765</u></u>	<u><u>\$ 14,887</u></u>	<u><u>\$ (12,045)</u></u>	<u><u>\$ 3,019,026</u></u>	<u><u>\$ 4,258,633</u></u>

## Nonmajor Special Revenue Funds

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

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**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.

**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.

**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.

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

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

## Nonmajor Special Revenue Funds (Cont.)

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

**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, 2011**

	<u>Local Street</u>	<u>Ella W. Sharp Park Operating</u>	<u>Public Improvement</u>	<u>Building Department</u>	<u>Drug Law Enforcement</u>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ 64,475	\$ -	\$ 855,100	\$ -	\$ 82,122
Accounts receivables, net	55,528	17,240	-	104,499	-
Due from other governments	90,558	-	-	-	-
Due from other funds	-	30,974	-	-	-
Inventories	-	10,064	-	-	-
Prepaid expenditures	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 210,561</u></b>	<b><u>\$ 58,278</u></b>	<b><u>\$ 855,100</u></b>	<b><u>\$ 104,499</u></b>	<b><u>\$ 82,122</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>					
<b>Liabilities</b>					
Accounts payable	\$ 20,897	\$ 18,102	\$ 450	\$ 14,659	\$ -
Accrued payroll	11,636	25,242	-	11,757	-
Due to other funds	-	-	-	139	-
Interfund payables	-	3,401	-	60,142	-
<b>Total liabilities</b>	<b><u>32,533</u></b>	<b><u>46,745</u></b>	<b><u>450</u></b>	<b><u>86,697</u></b>	<b><u>-</u></b>
<b>Fund balances</b>					
Nonspendable for:					
Inventories	-	10,064	-	-	-
Prepaid expenditures	-	-	-	-	-
Restricted for:					
Highways and streets	178,028	-	-	-	-
Public improvements	-	-	854,650	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	82,122
Committed for:					
Culture and recreation	-	1,469	-	-	-
Public safety	-	-	-	17,802	-
<b>Total fund balances</b>	<b><u>178,028</u></b>	<b><u>11,533</u></b>	<b><u>854,650</u></b>	<b><u>17,802</u></b>	<b><u>82,122</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 210,561</u></b>	<b><u>\$ 58,278</u></b>	<b><u>\$ 855,100</u></b>	<b><u>\$ 104,499</u></b>	<b><u>\$ 82,122</u></b>

<u>Project Safe Neighborhood</u>	<u>LAWNET Grant</u>	<u>Recreation Activity</u>	<u>Community Development Home Grant</u>	<u>Brownfield Assessment Grant - 2008</u>	<u>Byrne / JAG Program Grants</u>	<u>Recreation Millage</u>
\$ -	\$ -	\$ 75,990	\$ 14,284	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	8,701	-	84,375	16	48,590	119,597
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	1,200	-	-	-	-
<u>\$ -</u>	<u>\$ 8,701</u>	<u>\$ 77,190</u>	<u>\$ 98,659</u>	<u>\$ 16</u>	<u>\$ 48,590</u>	<u>\$ 119,597</u>
\$ -	\$ -	\$ 3,164	\$ 95,998	\$ 16	\$ -	\$ 577
-	-	10,198	-	-	-	14,620
-	-	-	2,661	-	-	-
-	7,554	-	-	-	48,590	76,745
-	7,554	13,362	98,659	16	48,590	91,942
-	-	-	-	-	-	-
-	-	1,200	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	27,655
-	1,147	-	-	-	-	-
-	-	62,628	-	-	-	-
-	-	-	-	-	-	-
-	1,147	63,828	-	-	-	27,655
<u>\$ -</u>	<u>\$ 8,701</u>	<u>\$ 77,190</u>	<u>\$ 98,659</u>	<u>\$ 16</u>	<u>\$ 48,590</u>	<u>\$ 119,597</u>

Continued...

**City of Jackson, Michigan**  
**Combining Balance Sheet (Concluded)**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011**

	<b>Cops Hiring Recovery Program</b>	<b>Neighborhood Stabilization Grant</b>	<b>2008 Brownfield Revolving Loan</b>	<b>Totals</b>
<b><u>ASSETS</u></b>				
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ -	\$ -	\$ 1,091,971
Accounts receivables, net	-	-	-	177,267
Due from other governments	39,250	38,143	17,000	446,230
Due from other funds	-	-	-	30,974
Inventories	-	-	-	10,064
Prepaid expenditures	-	-	-	1,200
<b>Total assets</b>	<b>\$ 39,250</b>	<b>\$ 38,143</b>	<b>\$ 17,000</b>	<b>\$ 1,757,706</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>				
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 579	\$ 6,761	\$ 161,203
Accrued payroll	-	-	-	73,453
Due to other funds	-	3,664	-	6,464
Interfund payables	39,250	33,900	10,239	279,821
<b>Total liabilities</b>	<b>39,250</b>	<b>38,143</b>	<b>17,000</b>	<b>520,941</b>
<b>Fund balances</b>				
Nonspendable for:				
Inventories	-	-	-	10,064
Prepaid expenditures	-	-	-	1,200
Restricted for:				
Highways and streets	-	-	-	178,028
Public improvements	-	-	-	854,650
Culture and recreation	-	-	-	27,655
Public safety	-	-	-	83,269
Committed for:				
Culture and recreation	-	-	-	64,097
Public safety	-	-	-	17,802
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,236,765</b>
<b>Total liabilities and fund balances</b>	<b>\$ 39,250</b>	<b>\$ 38,143</b>	<b>\$ 17,000</b>	<b>\$ 1,757,706</b>

**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, 2011**

	<u>Local Street</u>	<u>Ella W. Sharp Park Operating</u>	<u>Public Improvement</u>	<u>Building Department</u>	<u>Drug Law Enforcement</u>
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 1,111,314	\$ -	\$ -
Intergovernmental	561,264	-	-	-	-
Charges for services	-	471,672	-	461,708	-
Investment income	-	18	7,674	-	380
Miscellaneous	9,750	15,800	-	-	90,733
Total revenues	<u>571,014</u>	<u>487,490</u>	<u>1,118,988</u>	<u>461,708</u>	<u>91,113</u>
<b>Expenditures</b>					
Current:					
Public safety	-	-	-	445,111	84,993
Public works	961,864	-	-	-	-
Culture and recreation	-	674,606	-	-	-
Community enrichment and development	-	-	160,132	-	-
Debt service:					
Principal retirement	-	-	25,000	-	-
Interest expense	-	-	1,311	-	-
Total expenditures	<u>961,864</u>	<u>674,606</u>	<u>186,443</u>	<u>445,111</u>	<u>84,993</u>
Revenues over (under) expenditures	<u>(390,850)</u>	<u>(187,116)</u>	<u>932,545</u>	<u>16,597</u>	<u>6,120</u>
<b>Other financing sources (uses)</b>					
Transfers in	512,794	190,724	-	-	-
Transfers out	<u>(22,474)</u>	<u>-</u>	<u>(697,408)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>490,320</u>	<u>190,724</u>	<u>(697,408)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	99,470	3,608	235,137	16,597	6,120
Fund balances, beginning of year	<u>78,558</u>	<u>7,925</u>	<u>619,513</u>	<u>1,205</u>	<u>76,002</u>
<b>Fund balances, end of year</b>	<u><u>\$ 178,028</u></u>	<u><u>\$ 11,533</u></u>	<u><u>\$ 854,650</u></u>	<u><u>\$ 17,802</u></u>	<u><u>\$ 82,122</u></u>

<u>Project Safe Neighborhood</u>	<u>LAWNET Grant</u>	<u>Recreation Activity</u>	<u>Community Development Home Grant</u>	<u>Brownfield Assessment Grant - 2008</u>	<u>Byrne / JAG Program Grant</u>	<u>Recreation Millage</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
27,370	45,373	-	481,778	89,579	134,103	-
-	-	225,922	-	-	-	237,878
-	1	220	-	-	-	-
-	78,863	4,600	1,659	-	-	-
<u>27,370</u>	<u>124,237</u>	<u>230,742</u>	<u>483,437</u>	<u>89,579</u>	<u>134,103</u>	<u>237,878</u>
27,370	124,235	-	-	-	134,103	-
-	-	-	-	89,579	-	-
-	-	209,330	-	-	-	230,936
-	-	-	483,437	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>27,370</u>	<u>124,235</u>	<u>209,330</u>	<u>483,437</u>	<u>89,579</u>	<u>134,103</u>	<u>230,936</u>
-	2	21,412	-	-	-	6,942
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	2	21,412	-	-	-	6,942
-	1,145	42,416	-	-	-	20,713
<u>\$ -</u>	<u>\$ 1,147</u>	<u>\$ 63,828</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,655</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, 2011**

	Cops Hiring Recovery Program	Neighborhood Stabilization Grant	2008 Brownfield Revolving Loan	Totals
<b>Revenues</b>				
Property taxes	\$ -	\$ -	\$ -	\$ 1,111,314
Intergovernmental	183,234	333,779	24,813	1,881,293
Charges for services	-	-	-	1,397,180
Investment income	-	-	-	8,293
Miscellaneous	-	-	-	201,405
<b>Total revenues</b>	<b>183,234</b>	<b>333,779</b>	<b>24,813</b>	<b>4,599,485</b>
<b>Expenditures</b>				
Current:				
Public safety	183,234	-	-	999,046
Public works	-	-	24,813	1,076,256
Culture and recreation	-	-	-	1,114,872
Community enrichment and development	-	333,779	-	977,348
Debt service:				
Principal retirement	-	-	-	25,000
Interest expense	-	-	-	1,311
<b>Total expenditures</b>	<b>183,234</b>	<b>333,779</b>	<b>24,813</b>	<b>4,193,833</b>
Revenues over (under) expenditures	-	-	-	405,652
<b>Other financing sources (uses)</b>				
Transfers in	-	-	-	703,518
Transfers out	-	-	-	(719,882)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(16,364)</b>
Net change in fund balances	-	-	-	389,288
Fund balances, beginning of year	-	-	-	847,477
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,236,765</b>

**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, 2011**

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

	2011		Actual Over (Under) Final Budget	2010 Actual
	Amended Budget	Actual		
<b>Revenues</b>				
Intergovernmental	\$ 529,881	\$ 561,264	\$ 31,383	\$ 552,987
Miscellaneous	9,750	9,750	-	10,428
Total revenues	<u>539,631</u>	<u>571,014</u>	<u>31,383</u>	<u>563,415</u>
<b>Expenditures</b>				
Current - public works:				
Street construction	508,024	503,484	(4,540)	82,870
Street maintenance	751,967	663,178	(88,789)	820,500
Traffic services	15,764	13,238	(2,526)	20,004
Winter maintenance	198,042	172,762	(25,280)	128,296
Reimbursements	(380,826)	(390,798)	(9,972)	(71,163)
Total expenditures	<u>1,092,971</u>	<u>961,864</u>	<u>(131,107)</u>	<u>980,507</u>
Revenues over (under) expenditures	<u>(553,340)</u>	<u>(390,850)</u>	<u>162,490</u>	<u>(417,092)</u>
<b>Other financing sources (uses)</b>				
Transfers in	527,198	512,794	(14,404)	511,706
Transfers out	(22,474)	(22,474)	-	(22,243)
Total other financing sources (uses)	<u>504,724</u>	<u>490,320</u>	<u>(14,404)</u>	<u>489,463</u>
Net change in fund balance	(48,616)	99,470	148,086	72,371
Fund balance, beginning of year	<u>78,558</u>	<u>78,558</u>	<u>-</u>	<u>6,187</u>
<b>Fund balance, end of year</b>	<u>\$ 29,942</u>	<u>\$ 178,028</u>	<u>\$ 148,086</u>	<u>\$ 78,558</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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 571,114	\$ 471,672	\$ (99,442)	\$ 526,653
Investment income	100	18	(82)	110
Miscellaneous	15,800	15,800	-	16,770
Total revenues	<u>587,014</u>	<u>487,490</u>	<u>(99,524)</u>	<u>543,533</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	418,184	414,666	(3,518)	408,086
Materials and supplies	181,400	183,016	1,616	181,548
Contractual and other services	78,959	76,924	(2,035)	74,122
Total expenditures	<u>678,543</u>	<u>674,606</u>	<u>(3,937)</u>	<u>663,756</u>
Revenues under expenditures	(91,529)	(187,116)	(95,587)	(120,223)
<b>Other financing sources</b>				
Transfers in	<u>91,542</u>	<u>190,724</u>	<u>99,182</u>	<u>118,822</u>
Net change in fund balance	13	3,608	3,595	(1,401)
Fund balance, beginning of year	<u>7,925</u>	<u>7,925</u>	<u>-</u>	<u>9,326</u>
<b>Fund balance, end of year</b>	<u><u>\$ 7,938</u></u>	<u><u>\$ 11,533</u></u>	<u><u>\$ 3,595</u></u>	<u><u>\$ 7,925</u></u>

**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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Property taxes	\$ 1,099,903	\$ 1,111,314	\$ 11,411	\$ 1,164,060
Investment income	11,000	7,674	(3,326)	10,416
Total revenues	<u>1,110,903</u>	<u>1,118,988</u>	<u>8,085</u>	<u>1,174,476</u>
<b>Expenditures</b>				
Current - community enrichment and development	145,783	160,132	14,349	159,690
Debt service:				
Principal retirement	25,000	25,000	-	20,000
Interest	1,313	1,311	(2)	2,362
Total expenditures	<u>172,096</u>	<u>186,443</u>	<u>14,347</u>	<u>182,052</u>
Revenues over (under) expenditures	938,807	932,545	(6,262)	992,424
<b>Other financing uses</b>				
Transfers out	<u>(1,264,705)</u>	<u>(697,408)</u>	<u>567,297</u>	<u>(809,550)</u>
Net change in fund balance	(325,898)	235,137	561,035	182,874
Fund balance, beginning of year	<u>619,513</u>	<u>619,513</u>	<u>-</u>	<u>436,639</u>
<b>Fund balance, end of year</b>	<u><u>\$ 293,615</u></u>	<u><u>\$ 854,650</u></u>	<u><u>\$ 561,035</u></u>	<u><u>\$ 619,513</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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 537,840	\$ 461,708	\$ (76,132)	\$ 360,159
<b>Expenditures</b>				
Current - public safety:				
Personal services	365,375	347,937	(17,438)	336,841
Materials and supplies	7,455	7,971	516	8,071
Inspection services	100,000	63,504	(36,496)	42,175
Contractual and other services	62,385	25,699	(36,686)	30,921
Total expenditures	<u>535,215</u>	<u>445,111</u>	<u>(90,104)</u>	<u>418,008</u>
Revenues over expenditures	2,625	16,597	13,972	(57,849)
<b>Other financing sources</b>				
Transfers in	-	-	-	58,000
Net change in fund balance	2,625	16,597	13,972	151
Fund balance, beginning of year	<u>1,205</u>	<u>1,205</u>	<u>-</u>	<u>1,054</u>
<b>Fund balance, end of year</b>	<u><u>\$ 3,830</u></u>	<u><u>\$ 17,802</u></u>	<u><u>\$ 13,972</u></u>	<u><u>\$ 1,205</u></u>

**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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Investment income	\$ 505	\$ 380	\$ (125)	\$ 830
Miscellaneous:				
Sale of property	6,177	5,235	(942)	905
Other	97,328	85,498	(11,830)	60,742
Total revenues	<u>104,010</u>	<u>91,113</u>	<u>(12,897)</u>	<u>62,477</u>
<b>Expenditures</b>				
Current - public safety:				
Materials and supplies	3,000	8	(2,992)	190
Contractual and other services	97,831	84,985	(12,846)	85,903
Total expenditures	<u>100,831</u>	<u>84,993</u>	<u>(15,838)</u>	<u>86,093</u>
Net change in fund balance	3,179	6,120	2,941	(23,616)
Fund balance, beginning of year	<u>76,002</u>	<u>76,002</u>	<u>-</u>	<u>99,618</u>
<b>Fund balance, end of year</b>	<u><u>\$ 79,181</u></u>	<u><u>\$ 82,122</u></u>	<u><u>\$ 2,941</u></u>	<u><u>\$ 76,002</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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 27,370	\$ 27,370	\$ -	\$ 26,992
<b>Expenditures</b>				
Current - public safety:				
Personal services	23,938	23,938	-	26,992
Contractual and other services	3,432	3,432	-	-
Total expenditures	27,370	27,370	-	26,992
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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 48,105	\$ 45,373	\$ (2,732)	\$ 48,105
Investment income	-	1	1	-
Miscellaneous	85,549	78,863	(6,686)	80,366
Total revenues	<u>133,654</u>	<u>124,237</u>	<u>(9,417)</u>	<u>128,471</u>
<b>Expenditures :</b>				
Current - public safety:				
Personal services	133,654	124,235	(9,419)	126,006
Contractual and other services	-	-	-	2,465
Total expenditures	<u>133,654</u>	<u>124,235</u>	<u>(9,419)</u>	<u>128,471</u>
Net change in fund balance	-	2	2	-
Fund balance, beginning of year	<u>1,145</u>	<u>1,145</u>	<u>-</u>	<u>1,145</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,145</u></u>	<u><u>\$ 1,147</u></u>	<u><u>\$ 2</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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 294,000	\$ 225,922	\$ (68,078)	\$ 228,895
Investment income	2,000	220	(1,780)	309
Miscellaneous	4,500	4,600	100	4,945
Total revenues	<u>300,500</u>	<u>230,742</u>	<u>(69,758)</u>	<u>234,149</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	123,703	106,093	(17,610)	113,757
Materials and supplies	39,003	31,303	(7,700)	38,208
Contractual and other services	83,000	71,934	(11,066)	79,554
Total expenditures	<u>245,706</u>	<u>209,330</u>	<u>(36,376)</u>	<u>231,519</u>
Net change in fund balances	54,794	21,412	(33,382)	2,630
Fund balance, beginning of year	<u>42,416</u>	<u>42,416</u>	<u>-</u>	<u>39,786</u>
<b>Fund balance, end of year</b>	<u><u>\$ 97,210</u></u>	<u><u>\$ 63,828</u></u>	<u><u>\$ (33,382)</u></u>	<u><u>\$ 42,416</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, 2011**

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

	<b>2011</b>			<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>	<b>Actual Over (Under) Final Budget</b>	
<b>Revenues</b>				
Intergovernmental	\$ 3,125,894	\$ 481,778	\$ (2,644,116)	\$ 392,789
Miscellaneous	343,905	1,659	(342,246)	(1)
Total revenues	<u>3,469,799</u>	<u>483,437</u>	<u>(2,986,362)</u>	<u>392,788</u>
<b>Expenditures</b>				
Current - community enrichment and development:				
Rehabilitation assistance	1,954,209	338,722	(1,615,487)	181,325
Community housing development organizations	1,205,514	144,715	(1,060,799)	181,463
Administration and other	204,998	-	(204,998)	30,000
Total expenditures	<u>3,364,721</u>	<u>483,437</u>	<u>(2,881,284)</u>	<u>392,788</u>
Net change in fund balance	105,078	-	(105,078)	-
Fund balance, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 105,078</u>	<u>\$ -</u>	<u>\$ (105,078)</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, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental	\$ 138,570	\$ 89,579	\$ (48,991)	\$ 106,360
<b>Expenditures</b>				
Current - public works:				
Personal services	53	59	6	15
Materials and supplies	42,765	21,802	(20,963)	33,776
Contractual and other services	95,752	67,718	(28,034)	72,569
Total expenditures	<u>138,570</u>	<u>89,579</u>	<u>(48,991)</u>	<u>106,360</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, 2011**

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

	2011		Actual Over (Under) Final Budget	2010 Actual
	Amended Budget	Actual		
<b>Revenues</b>				
Intergovernmental	\$ 177,659	\$ 134,103	\$ (43,556)	\$ 294,346
<b>Expenditures :</b>				
Current - public safety:				
Personal services	114,067	97,208	(16,859)	243,583
Contractual and other services	63,592	36,895	(26,697)	50,763
	<u>177,659</u>	<u>134,103</u>	<u>(43,556)</u>	<u>294,346</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**  
**Recreation Millage Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Charges for services	\$ 241,000	\$ 237,878	\$ (3,122)	\$ 248,895
Investment income	-	-	-	19
Total revenues	<u>241,000</u>	<u>237,878</u>	<u>(3,122)</u>	<u>248,914</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	151,930	130,599	(21,331)	156,840
Materials and supplies	68,000	80,854	12,854	58,997
Contractual and other services	16,270	19,483	3,213	13,313
Total expenditures	<u>236,200</u>	<u>230,936</u>	<u>(5,264)</u>	<u>229,150</u>
Net change in fund balance	4,800	6,942	2,142	19,764
Fund balance, beginning of year	<u>20,713</u>	<u>20,713</u>	<u>-</u>	<u>949</u>
<b>Fund balance, end of year</b>	<u><u>\$ 25,513</u></u>	<u><u>\$ 27,655</u></u>	<u><u>\$ 2,142</u></u>	<u><u>\$ 20,713</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, 2011**

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

	2011		Actual Over (Under) Final Budget	2010 Actual
	Amended Budget	Actual		
<b>Revenues</b>				
Intergovernmental revenue	\$ 198,998	\$ 183,234	\$ (15,764)	\$ 168,159
<b>Expenditures</b>				
Current - public safety - Personal services	<u>198,998</u>	<u>183,234</u>	<u>(15,764)</u>	<u>168,159</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**  
**Neighborhood Stabilization Grant**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2011**

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

	<b>2011</b>		<b>Actual Over (Under) Final Budget</b>	<b>2010 Actual</b>
	<b>Amended Budget</b>	<b>Actual</b>		
<b>Revenues</b>				
Intergovernmental revenue	\$ 430,153	\$ 333,779	\$ (96,374)	\$ 539,885
<b>Expenditures</b>				
Current - culture and recreation:				
Community housing	<u>430,153</u>	<u>333,779</u>	<u>(96,374)</u>	<u>539,885</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**  
**2008 Brownfield Revolving Loan**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Amended Budget and Actual**  
**For the Fiscal Year Ended June 30, 2011**

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

	2011		Actual Over (Under) Final Budget	2010 Actual
	Amended Budget	Actual		
<b>Revenues</b>				
Intergovernmental revenue	\$ 900,000	\$ 24,813	\$ (875,187)	\$ 3,800
<b>Expenditures</b>				
Current - public works -				
Personal services	54,000	-	(54,000)	-
Contractual and other services	846,000	24,813	(821,187)	3,800
Total expenditures	900,000	24,813	(875,187)	3,800
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>

## Nonmajor Debt Service Funds

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

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

**Michigan Urban Land Assembly Loan Debt Service 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, 2011**

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	<b>2003 City Hall Construction</b>	<b>Michigan Urban Land Assembly Loan</b>	<b>2003 MTF Bond</b>	<b>2007 Brownfield Refunding</b>	<b>Building Authority</b>
<b><u>ASSETS</u></b>					
<b>Assets</b>					
Pooled cash and investments	\$ 5,702	\$ -	\$ 7	\$ 100	\$ 3,351
Due from other funds	2,817	-	-	-	-
<b>Total assets</b>	<b>\$ 8,519</b>	<b>\$ -</b>	<b>\$ 7</b>	<b>\$ 100</b>	<b>\$ 3,351</b>
 <b><u>FUND BALANCES</u></b>					
Restricted for debt service	\$ 8,519	\$ -	\$ 7	\$ 100	\$ 3,351

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<u>2001 DDA TIF</u>	<u>2002 BRA TIF</u>	<u>Section 108 Loan</u>	<u>Totals</u>
\$ 637	\$ 2,273	\$ -	\$ 12,070
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,817</u>
<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 14,887</u>
<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 14,887</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, 2011**

	2003 City Hall Construction	Michigan Urban Land Assembly Loan	2003 MTF Bond	2007 Brownfield Refunding	Building Authority
<b>Revenues</b>					
Property taxes	\$ 637,359	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	447,769	128,783
Investment income	310	-	-	-	-
Total revenues	<u>637,669</u>	<u>-</u>	<u>-</u>	<u>447,769</u>	<u>128,783</u>
<b>Expenditures</b>					
Debt service:					
Principal retirement	225,000	52,000	260,000	30,000	100,000
Interest and fiscal charges	411,496	-	20,925	417,769	28,783
Total expenditures	<u>636,496</u>	<u>52,000</u>	<u>280,925</u>	<u>447,769</u>	<u>128,783</u>
Revenues over (under) expenditures	1,173	(52,000)	(280,925)	-	-
<b>Other financing sources</b>					
Transfers in	-	52,000	280,925	-	-
Net change in fund balances	1,173	-	-	-	-
Fund balances, beginning of year	<u>7,346</u>	<u>-</u>	<u>7</u>	<u>100</u>	<u>3,351</u>
<b>Fund balances, end of year</b>	<u><u>\$ 8,519</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7</u></u>	<u><u>\$ 100</u></u>	<u><u>\$ 3,351</u></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>
\$ -	\$ -	\$ -	\$ 637,359
-	620,128	65,000	1,261,680
-	-	-	310
-	620,128	65,000	1,899,349
910,000	165,000	65,000	1,807,000
334,100	455,128	-	1,668,201
1,244,100	620,128	65,000	3,475,201
(1,244,100)	-	-	(1,575,852)
1,244,100	-	-	1,577,025
-	-	-	1,173
637	2,273	-	13,714
<u>\$ 637</u>	<u>\$ 2,273</u>	<u>\$ -</u>	<u>\$ 14,887</u>

## **Nonmajor Capital Projects Funds**

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

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**Capital Projects 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, 2011**

	<u>Capital Projects</u>	<u>Downtown Development Authority Project</u>	<u>Totals</u>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Pooled cash and investments	\$ 78,423	\$ 26,422	\$ 104,845
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Accounts payable	\$ 29,748	\$ 84,040	\$ 113,788
Deferred revenue	3,102	-	3,102
<b>Total liabilities</b>	<u>32,850</u>	<u>84,040</u>	<u>116,890</u>
<b>Fund balances</b>			
Committed for capital projects	45,573	-	45,573
Unassigned deficit	<u>-</u>	<u>(57,618)</u>	<u>(57,618)</u>
<b>Total fund balances (deficit)</b>	<u>45,573</u>	<u>(57,618)</u>	<u>(12,045)</u>
<b>Total liabilities and fund balances</b>	<u>\$ 78,423</u>	<u>\$ 26,422</u>	<u>\$ 104,845</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, 2011**

	<b>Capital Projects</b>	<b>Downtown Development Authority Project</b>	<b>Totals</b>
<b>Revenues</b>			
Property taxes	\$ -	\$ 1,010,638	\$ 1,010,638
Investment income	288	835	1,123
Donations	46,134	-	46,134
Total revenues	46,422	1,011,473	1,057,895
<b>Expenditures</b>			
Capital outlay:			
Community enrichment & development	116,482	93,827	210,309
Revenues over (under) expenditures	(70,060)	917,646	847,586
<b>Other financing sources (uses)</b>			
Transfers in	70,349	-	70,349
Transfers out	-	(1,296,100)	(1,296,100)
Total other financing sources (uses)	70,349	(1,296,100)	(1,225,751)
Net change in fund balances	289	(378,454)	(378,165)
Fund balances, beginning of year	45,284	320,836	366,120
<b>Fund balances (deficit), end of year</b>	<b>\$ 45,573</b>	<b>\$ (57,618)</b>	<b>\$ (12,045)</b>

## Nonmajor Permanent Funds

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

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

**City of Jackson, Michigan  
Combining Balance Sheet  
Nonmajor Permanent Funds  
June 30, 2011**

	<b>Ella W. Sharp Park Endowment</b>	<b>Cemetery Perpetual Maintenance</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
<b>Assets</b>			
Pooled cash and investments - restricted	\$ 1,113,975	\$ 1,826,630	\$ 2,940,605
Interest receivable	-	19,395	19,395
Long-term advance to other funds	90,000	-	90,000
<b>Total assets</b>	<b>\$ 1,203,975</b>	<b>\$ 1,846,025</b>	<b>\$ 3,050,000</b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities</b>			
Due to other funds	\$ 30,974	\$ -	\$ 30,974
<b>Fund balances</b>			
Nonspendable for:			
Perpetual care	-	1,846,025	1,846,025
Endowment	1,083,001	-	1,083,001
Advances	90,000	-	90,000
<b>Total fund balances</b>	<b>1,173,001</b>	<b>1,846,025</b>	<b>3,019,026</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,203,975</b>	<b>\$ 1,846,025</b>	<b>\$ 3,050,000</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, 2011**

	<u>Ella W. Sharp Park Endowment</u>	<u>Cemetery Perpetual Maintenance</u>	<u>Totals</u>
<b>Revenues</b>			
Charges for services	\$ -	\$ 37,495	\$ 37,495
Investment income	<u>44,655</u>	<u>43,066</u>	<u>87,721</u>
Total revenues	44,655	80,561	125,216
<b>Expenditures</b>			
	<u>-</u>	<u>9,131</u>	<u>9,131</u>
Revenues over expenditures	44,655	71,430	116,085
<b>Other financing uses</b>			
Transfers out	<u>(40,724)</u>	<u>(46,167)</u>	<u>(86,891)</u>
Net change in fund balances	3,931	25,263	29,194
Fund balances, beginning of year	<u>1,169,070</u>	<u>1,820,762</u>	<u>2,989,832</u>
<b>Fund balances, end of year</b>	<u><u>\$ 1,173,001</u></u>	<u><u>\$ 1,846,025</u></u>	<u><u>\$ 3,019,026</u></u>

## Nonmajor Enterprise Funds

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

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

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

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

**Stormwater Utility** - This fund is used to account for the revenues and expenses of the City's stormwater utility system.

**City of Jackson, Michigan**  
**Combining Statement of Net Assets**  
**Nonmajor Enterprise Funds**  
**June 30, 2011**

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
<b>Assets</b>					
Current assets:					
Pooled cash and investments	\$ 25,374	\$ 4,827	\$ 54,656	\$ 108,024	\$ 192,881
Accounts receivable	-	-	-	176,141	176,141
Total current assets	<u>25,374</u>	<u>4,827</u>	<u>54,656</u>	<u>284,165</u>	<u>369,022</u>
Noncurrent assets:					
Capital assets not being depreciated	-	1,682,727	-	-	1,682,727
Capital assets being depreciated, net	71,343	158,212	-	-	229,555
Total noncurrent assets	<u>71,343</u>	<u>1,840,939</u>	<u>-</u>	<u>-</u>	<u>1,912,282</u>
<b>Total assets</b>	<u>96,717</u>	<u>1,845,766</u>	<u>54,656</u>	<u>284,165</u>	<u>2,281,304</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	2,900	3,072	795	19,600	26,367
Accrued payroll	3,657	59	3,034	287	7,037
Total current liabilities	<u>6,557</u>	<u>3,131</u>	<u>3,829</u>	<u>19,887</u>	<u>33,404</u>
Noncurrent liabilities:					
Long term advance from other funds	90,000	-	-	-	90,000
<b>Total liabilities</b>	<u>96,557</u>	<u>3,131</u>	<u>3,829</u>	<u>19,887</u>	<u>123,404</u>
<b>Net assets</b>					
Invested in capital assets, net of related debt	71,343	1,840,939	-	-	1,912,282
Unrestricted (deficit)	(71,183)	1,696	50,827	264,278	245,618
<b>Total net assets</b>	<u>\$ 160</u>	<u>\$ 1,842,635</u>	<u>\$ 50,827</u>	<u>\$ 264,278</u>	<u>\$ 2,157,900</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, 2011**

	<u>Ella W. Sharp Park Golf Practice Center</u>	<u>Automobile Parking System</u>	<u>Parking Assessment</u>	<u>Stormwater Utility</u>	<u>Totals</u>
<b>Operating revenues</b>					
Charges for sales and services	\$ 46,855	\$ 51,166	\$ 47,444	\$ 352,999	\$ 498,464
<b>Operating expenses</b>					
Personal services	28,488	9,550	58,764	286	97,088
Materials and supplies	2,900	706	-	-	3,606
Contractual and other services	5,590	15,105	93,796	88,575	203,066
Depreciation	17,836	6,085	-	-	23,921
Total operating expenses	54,814	31,446	152,560	88,861	327,681
Operating income (loss)	(7,959)	19,720	(105,116)	264,138	170,783
<b>Nonoperating revenues (expenses)</b>					
Investment income	78	125	1,278	140	1,621
Interest and fiscal charges	(2,500)	(2,312)	-	-	(4,812)
Total nonoperating revenues (expenses)	(2,422)	(2,187)	1,278	140	(3,191)
Income (loss) before transfers	(10,381)	17,533	(103,838)	264,278	167,592
<b>Transfers in</b>	10,000	11,000	6,500	-	27,500
Change in net assets	(381)	28,533	(97,338)	264,278	195,092
Net assets, beginning of year	541	1,814,102	148,165	-	1,962,808
<b>Net assets, end of year</b>	<u>\$ 160</u>	<u>\$ 1,842,635</u>	<u>\$ 50,827</u>	<u>\$ 264,278</u>	<u>\$ 2,157,900</u>

**City of Jackson, Michigan**  
**Combining Statement of Cash Flows**  
**Nonmajor Enterprise Funds**  
**For the Fiscal Year Ended June 30, 2011**

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
<b>Cash flows from operating activities</b>					
Payments to employees	\$ (28,488)	\$ (9,550)	\$ (58,764)	\$ (286)	\$ (97,088)
Payments to vendors and claimants	(17,237)	(13,072)	(95,690)	(68,688)	(194,687)
Receipts from customers and users	46,855	51,166	48,944	176,858	323,823
Net cash provided by (used in) operating activities	1,130	28,544	(105,510)	107,884	32,048
<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	(2,500)	(2,312)	-	-	(4,812)
Net cash used in capital and related financing activities	(2,500)	(102,312)	-	-	(104,812)
<b>Cash flows from noncapital financing activities</b>					
Transfer in	10,000	11,000	6,500	-	27,500
<b>Cash flows from investing activities</b>					
Interest received on investments	78	125	1,278	140	1,621
Net change in cash and cash equivalents	8,708	(62,643)	(97,732)	108,024	(43,643)
Cash and cash equivalents, beginning of year	16,666	67,470	152,388	-	236,524
<b>Cash and cash equivalents, end of year</b>	<u>\$ 25,374</u>	<u>\$ 4,827</u>	<u>\$ 54,656</u>	<u>\$ 108,024</u>	<u>\$ 192,881</u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities</b>					
Operating income (loss)	\$ (7,959)	\$ 19,720	\$ (105,116)	\$ 264,138	\$ 170,783
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	17,836	6,085	-	-	23,921
(Increase) decrease in:					
Interfund receivable	-	-	1,500	(176,141)	(174,641)
Increase (decrease) in:					
Accounts payable	-	3,072	(3,302)	19,600	19,370
Accrued payroll	1,253	(333)	1,408	287	2,615
Advance from other funds	(10,000)	-	-	-	(10,000)
Net cash provided by (used in) operating activities	<u>\$ 1,130</u>	<u>\$ 28,544</u>	<u>\$ (105,510)</u>	<u>\$ 107,884</u>	<u>\$ 32,048</u>

## Internal Service Funds

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

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

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

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

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

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

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

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

**City of Jackson, Michigan**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

	<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	\$ 512,243	\$ 873,598	\$ -	\$ 304,074	\$ 187,927	\$ 102,150	\$ 714,712	\$ 2,694,704
Accounts receivable	1,401	-	-	19,055	145,295	599	-	166,350
Interfund receivable	-	-	-	65,582	-	-	-	65,582
Restricted cash - Cash on hand with agents	46,000	-	169,646	-	-	-	-	215,646
<b>Total current assets</b>	<u>559,644</u>	<u>873,598</u>	<u>169,646</u>	<u>388,711</u>	<u>333,222</u>	<u>102,749</u>	<u>714,712</u>	<u>3,142,282</u>
Noncurrent assets:								
Long-term advances from other funds	970,028	-	-	-	-	-	-	970,028
Capital assets being depreciated, net	-	1,030,714	-	-	-	-	-	1,030,714
<b>Total noncurrent assets</b>	<u>970,028</u>	<u>1,030,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000,742</u>
<b>Total assets</b>	<u>1,529,672</u>	<u>1,904,312</u>	<u>169,646</u>	<u>388,711</u>	<u>333,222</u>	<u>102,749</u>	<u>714,712</u>	<u>5,143,024</u>
<b>Liabilities</b>								
Current liabilities:								
Accounts payable	2,612	38,034	74,859	23,114	12,552	774	-	151,945
Accrued payroll	-	15,845	-	-	15,622	6,932	-	38,399
Interfund payable	-	-	65,582	-	-	-	-	65,582
Current portion of estimated claims payable	256,659	-	-	-	-	-	-	256,659
<b>Total current liabilities</b>	<u>259,271</u>	<u>53,879</u>	<u>140,441</u>	<u>23,114</u>	<u>28,174</u>	<u>7,706</u>	<u>-</u>	<u>512,585</u>
Noncurrent liabilities:								
Long-term advance from other funds	-	136,101	-	-	-	-	-	136,101
Estimated claims payable	256,659	-	-	-	-	-	-	256,659
<b>Total noncurrent liabilities</b>	<u>256,659</u>	<u>136,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,760</u>
<b>Total liabilities</b>	<u>515,930</u>	<u>189,980</u>	<u>140,441</u>	<u>23,114</u>	<u>28,174</u>	<u>7,706</u>	<u>-</u>	<u>905,345</u>
<b>Net assets</b>								
Investment in capital assets	-	1,030,714	-	-	-	-	-	1,030,714
Unrestricted	1,013,742	683,618	29,205	365,597	305,048	95,043	714,712	3,206,965
<b>Total net assets</b>	<u>\$ 1,013,742</u>	<u>\$ 1,714,332</u>	<u>\$ 29,205</u>	<u>\$ 365,597</u>	<u>\$ 305,048</u>	<u>\$ 95,043</u>	<u>\$ 714,712</u>	<u>\$ 4,237,679</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, 2011**

	<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	\$ 220,858	\$ 191,086	\$ 747,575	\$ 265,309	\$ 570,640	\$ 311,285	\$ 172,225	\$ 2,478,978
Miscellaneous	26,121	1,086,691	9,220	-	9,150	3,650	-	1,134,832
Total operating revenues	<u>246,979</u>	<u>1,277,777</u>	<u>756,795</u>	<u>265,309</u>	<u>579,790</u>	<u>314,935</u>	<u>172,225</u>	<u>3,613,810</u>
<b>Operating expenses</b>								
Personal services	-	450,733	-	-	433,471	300,385	-	1,184,589
Administration	-	-	-	-	71,090	71,009	-	142,099
Materials and supplies	-	328,732	-	-	-	-	-	328,732
Contractual and other services	508,786	437,368	861,266	297,184	-	-	-	2,104,604
Benefit payments:								
Claims	6,893	-	-	-	-	-	-	6,893
Fees and reinsurance	38,977	-	-	-	-	-	-	38,977
Depreciation	-	335,094	-	-	-	-	-	335,094
Total operating expenses	<u>554,656</u>	<u>1,551,927</u>	<u>861,266</u>	<u>297,184</u>	<u>504,561</u>	<u>371,394</u>	<u>-</u>	<u>4,140,988</u>
Operating income (loss)	(307,677)	(274,150)	(104,471)	(31,875)	75,229	(56,459)	172,225	(527,178)
<b>Nonoperating revenues</b>								
Investment income	47,237	4,489	29	2,531	11,033	757	3,032	69,108
Change in net assets	(260,440)	(269,661)	(104,442)	(29,344)	86,262	(55,702)	175,257	(458,070)
<b>Net assets, beginning 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>
<b>Net assets, end of year</b>	<u>\$ 1,013,742</u>	<u>\$ 1,714,332</u>	<u>\$ 29,205</u>	<u>\$ 365,597</u>	<u>\$ 305,048</u>	<u>\$ 95,043</u>	<u>\$ 714,712</u>	<u>\$ 4,237,679</u>

**City of Jackson, Michigan**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Workers'</u> <u>Compensation</u>	<u>Motor Pool</u> <u>and Garage</u>	<u>Prescription</u> <u>Drug</u>	<u>Healthcare</u> <u>Insurance</u> <u>Deductible</u>	<u>Public Works</u> <u>Administration</u>	<u>Engineering</u> <u>Administration</u>	<u>Local Site</u> <u>Remediation</u> <u>Revolving</u>	<u>Totals</u>
<b>Cash flows from operating activities</b>								
Payments to employees	\$ -	\$ (449,783)	\$ -	\$ -	\$ (435,976)	\$ (304,357)	\$ -	\$ (1,190,116)
Payments to vendors and claimants	(663,609)	(744,051)	(845,126)	(291,137)	(70,070)	(71,010)	-	(2,685,003)
Receipts for interfund services provided	245,578	1,277,777	992,023	198,497	541,537	314,336	172,225	3,741,973
Net cash provided by (used in) operating activities	<u>(418,031)</u>	<u>83,943</u>	<u>146,897</u>	<u>(92,640)</u>	<u>35,491</u>	<u>(61,031)</u>	<u>172,225</u>	<u>(133,146)</u>
<b>Cash flows from capital and related financing activities</b>								
Purchase of capital assets	-	(143,372)	-	-	-	-	-	(143,372)
Principal and interest received on advances	(143,609)	-	-	-	-	-	-	(143,609)
Interfund advances received	-	90,565	-	-	-	-	-	90,565
Net cash used in capital and related financing activities	<u>(143,609)</u>	<u>(52,807)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(196,416)</u>
<b>Cash flows from investing activities</b>								
Interest received on investments	47,237	4,489	29	2,531	11,033	757	3,032	69,108
Net change in cash and cash equivalents	(514,403)	35,625	146,926	(90,109)	46,524	(60,274)	175,257	(260,454)
Cash and cash equivalents, beginning of year	1,072,646	837,973	22,720	394,183	141,403	162,424	539,455	3,170,804
<b>Cash and cash equivalents, end of year</b>	<u>\$ 558,243</u>	<u>\$ 873,598</u>	<u>\$ 169,646</u>	<u>\$ 304,074</u>	<u>\$ 187,927</u>	<u>\$ 102,150</u>	<u>\$ 714,712</u>	<u>\$ 2,910,350</u>
<b>Statement of net assets classification of cash</b>								
Cash and cash equivalents	512,243	873,598	-	304,074	187,927	102,150	714,712	2,694,704
Restricted cash and cash equivalents	46,000	-	169,646	-	-	-	-	215,646
	<u>\$ 558,243</u>	<u>\$ 873,598</u>	<u>\$ 169,646</u>	<u>\$ 304,074</u>	<u>\$ 187,927</u>	<u>\$ 102,150</u>	<u>\$ 714,712</u>	<u>\$ 2,910,350</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities</b>								
Operating income (loss)	\$ (307,677)	\$ (274,150)	\$ (104,471)	\$ (31,875)	\$ 75,229	\$ (56,459)	\$ 172,225	\$ (527,178)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Depreciation	-	335,094	-	-	-	-	-	335,094
(Increase) decrease in:								
Accounts receivable	(1,401)	-	169,646	(1,230)	(38,253)	(599)	-	128,163
Interfund receivable	-	-	-	(65,582)	-	-	-	(65,582)
Prepaid items	46,000	-	-	-	-	-	-	46,000
Increase (decrease) in:								
Accounts payable	(4,953)	22,049	16,140	6,047	1,020	(1)	-	40,302
Accrued payroll	-	950	-	-	(2,505)	(3,972)	-	(5,527)
Interfund payable	-	-	65,582	-	-	-	-	65,582
Estimated claims payable	(150,000)	-	-	-	-	-	-	(150,000)
Net cash provided by (used in) operating activities	<u>\$ (418,031)</u>	<u>\$ 83,943</u>	<u>\$ 146,897</u>	<u>\$ (92,640)</u>	<u>\$ 35,491</u>	<u>\$ (61,031)</u>	<u>\$ 172,225</u>	<u>\$ (133,146)</u>

# Agency Funds

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

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**Payroll Clearing 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, 2011**

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	<b>Payroll Clearing</b>	<b>Jeopardy Tax</b>	<b>County and School Tax Collection</b>	<b>Employee Bond Savings</b>	<b>Community Development Block Grant Escrow</b>	<b>Act 495 Fire Trust Fund</b>	<b>Cafeteria Reimbursement</b>	<b>Total</b>
<b>Assets</b>								
Pooled cash and investments	\$ 68,893	\$ 2,409	\$ 29,372	\$ 100	\$ 2,106	\$ 20,462	\$ 40,607	\$ 163,949
<b>Liabilities</b>								
Accounts payable	\$ -	\$ -	\$ -	\$ 100	\$ 2,106	\$ -	\$ -	\$ 2,206
Due to other governments	-	2,409	29,372	-	-	-	-	31,781
Other liabilities	68,893	-	-	-	-	20,462	40,607	129,962
Total liabilities	\$ 68,893	\$ 2,409	\$ 29,372	\$ 100	\$ 2,106	\$ 20,462	\$ 40,607	\$ 163,949

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Balance June 30, 2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2011</u>
<b>Payroll Clearing Account</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 73,645	\$ 13,347,978	\$ 13,352,730	\$ 68,893
<b>Liabilities</b>				
Other liabilities	\$ 73,645	\$ 13,347,978	\$ 13,352,730	\$ 68,893
<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	\$ 16,226	\$ 29,116,165	\$ 29,103,019	\$ 29,372
Taxes receivable - real	-	32,231,554	32,231,554	-
	<u>\$ 16,226</u>	<u>\$ 61,347,719</u>	<u>\$ 61,334,573</u>	<u>\$ 29,372</u>
<b>Liabilities</b>				
Due to other governmental units	\$ 16,226	\$ 8,166,819	\$ 8,153,673	\$ 29,372
Undistributed tax collections:				
Jackson County	-	4,043,005	4,043,005	-
Jackson Public Schools	-	7,163,005	7,163,005	-
Northwest Schools	-	28,062	28,062	-
Michigan Center Schools	-	44,837	44,837	-
East Jackson Schools	-	4,940	4,940	-
Jackson Intermediate School District	-	4,499,929	4,499,929	-
Jackson Community College	-	642,794	642,794	-
Jackson Transportation Authority	-	548,148	548,148	-
State of Michigan - State Education Tax	-	3,204,981	3,204,981	-
	<u>\$ 16,226</u>	<u>\$ 28,346,520</u>	<u>\$ 28,333,374</u>	<u>\$ 29,372</u>
<b>Employee Bond Savings Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ -	\$ 3,135	\$ 3,035	\$ 100
<b>Liabilities</b>				
Employees' bond deductions payable	\$ -	\$ 3,135	\$ 3,035	\$ 100

Continued...

**City of Jackson, Michigan**  
**All Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended June 30, 2011**  
(Concluded)

	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<b>Community Development Block Grant Escrow Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 16,123	\$ 44,841	\$ 58,858	\$ 2,106
<b>Liabilities</b>				
Accounts payable	\$ 16,123	\$ 44,841	\$ 58,858	\$ 2,106
<b>Act 495 Fire Trust Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 30,350	\$ 21,672	\$ 31,560	\$ 20,462
<b>Liabilities</b>				
Insurance deposits	\$ 30,350	\$ 21,672	\$ 31,560	\$ 20,462
<b>Cafeteria Reimbursement Fund</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 38,982	\$ 133,968	\$ 132,343	\$ 40,607
<b>Liabilities</b>				
Accounts payable	\$ -	\$ 132,272	\$ 132,272	\$ -
Employees' contributions	38,982	133,968	132,343	40,607
	\$ 38,982	\$ 266,240	\$ 264,615	\$ 40,607
<b>Totals</b>				
<b>Assets</b>				
Pooled cash and investments	\$ 177,735	\$ 42,667,759	\$ 42,681,545	\$ 163,949
Taxes receivable - real	-	32,231,554	32,231,554	-
	\$ 177,735	\$ 74,899,313	\$ 74,913,099	\$ 163,949
<b>Liabilities</b>				
Accounts payable	\$ 16,123	\$ 177,113	\$ 191,130	\$ 2,106
Due to other governmental units	18,635	8,166,819	8,153,673	31,781
Undistributed tax collections	-	20,179,701	20,179,701	-
Other liabilities	142,977	13,506,753	13,519,668	130,062
	\$ 177,735	\$ 42,030,386	\$ 42,044,172	\$ 163,949

**City of Jackson, Michigan**  
**Balance Sheet / Statement of Net Assets**  
**Brownfield Redevelopment Authority Component Unit**  
**June 30, 2011**

	<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	\$ 3,051,719	\$ -	\$ 3,051,719
<b>Liabilities</b>			
Accounts payable	\$ 151	-	151
Salaries payable	2,753	-	2,753
Total liabilities	2,904	-	2,904
<b>Fund balances</b>			
Unreserved - undesignated	3,048,815	(3,048,815)	-
Total liabilities and fund balance	\$ 3,051,719		
<b>Net assets - unrestricted</b>		<u>\$ 3,048,815</u>	<u>\$ 3,048,815</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, 2011**

	<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	\$ 1,311,990	\$ -	\$ 1,311,990
Interest revenue	15,599	-	15,599
Total revenue	1,327,589	-	1,327,589
<b>Expenditures/Expenses</b>			
Community enrichment	1,348,220	-	1,348,220
Deficiency of revenues over expenditures	(20,631)	-	-
Change in net assets	-	-	(20,631)
Fund balances / net assets, beginning of year	3,069,446	-	3,069,446
<b>Fund balances / net assets, end of year</b>	<u>\$ 3,048,815</u>	<u>\$ -</u>	<u>\$ 3,048,815</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)	109
<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)	116
<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)	120
<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)	123
<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)	125
<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 Nine Years (A)**  
*(accrual basis of accounting)*

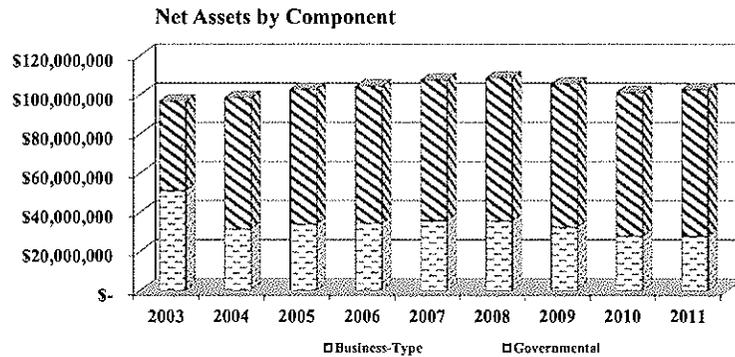
Schedule 1  
 UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$ 27,905,286
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	4,234,677
Unrestricted (Deficit)	5,579,873	8,461,304	6,890,748	7,794,846	7,158,068	7,433,449	1,004,574	(4,248,423)	(4,269,622)
<b>Total governmental activities net assets</b>	<b>\$ 51,154,391</b>	<b>\$ 31,493,085</b>	<b>\$ 33,935,230</b>	<b>\$ 34,436,608</b>	<b>\$ 35,832,901</b>	<b>\$ 35,594,012</b>	<b>\$ 32,381,523</b>	<b>\$ 27,911,632</b>	<b>\$ 27,870,341</b>
<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	\$ 56,651,540
Restricted	1,490,472	1,447,009	1,447,009	1,447,009	1,447,009	1,447,009	167,600	160,100	167,600
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	17,964,849
<b>Total business-type activities net assets</b>	<b>\$ 45,516,915</b>	<b>\$ 66,964,874</b>	<b>\$ 68,766,976</b>	<b>\$ 69,976,571</b>	<b>\$ 71,673,792</b>	<b>\$ 72,983,949</b>	<b>\$ 73,116,307</b>	<b>\$ 73,277,441</b>	<b>\$ 74,783,989</b>
<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	\$ 84,556,826
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	4,402,277
Unrestricted	17,364,913	21,604,583	21,456,044	23,083,435	23,575,231	23,801,991	16,850,674	12,351,408	13,695,227
<b>Total primary government net assets</b>	<b>\$ 96,671,306</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>\$ 105,497,830</b>	<b>\$ 101,189,073</b>	<b>\$ 102,654,330</b>

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

Accordingly, data prior to this period is not available.

Source: City of Jackson Finance Department



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

Schedule 2  
**UNAUDITED**

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<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	\$4,996,781
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	6,800,210
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	2,363,474
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	9,826,762
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	6,977,923
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	4,750,419
Other	522,960	359,894	344,903	614,799	626,456	613,778	210,499	36,974	99,733
<b>Total governmental activities revenues</b>	<b>33,700,112</b>	<b>31,505,557</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>	<b>35,815,302</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	12,738,380
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	292,290
Other	209,785	141,311	249,120	500,427	703,383	781,190	446,863	221,234	101,871
<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>13,132,541</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>48,947,843</b>
<b>Expenses:</b>									
Governmental activities:									
Legislative	76,713	76,344	70,428	79,904	79,944	100,856	84,987	81,455	78,998
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	4,672,731
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	16,182,495
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	6,604,418
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	2,891,768
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	3,764,313
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	1,761,960	1,634,370
<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>40,214,938</b>	<b>35,829,093</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	5,165,228
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	5,718,144
Stormwater utilities	-	-	-	-	-	-	-	-	88,861
Parking system	225,109	589,578	638,752	597,889	627,579	743,253	708,936	688,921	623,946
Golf Practice Center	74,292	80,487	67,222	72,501	68,705	71,092	70,528	61,613	57,314
<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>11,653,493</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>51,547,901</b>	<b>47,482,586</b>
<b>Change in net assets</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>(4,308,757)</b>	<b>1,465,257</b>
<b>Net assets, beginning of year, as restated</b>	<b>93,008,603</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>105,497,830</b>	<b>101,189,073</b>
<b>Other restatements at June 30</b>	<b>-</b>	<b>1,430,470</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(288,690)</b>	<b>852,467</b>	<b>-</b>	<b>-</b>
<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>\$ 105,497,830</b>	<b>\$ 101,189,073</b>	<b>\$ 102,654,330</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 Nine Years (A)(B)**  
*(modified accrual basis of accounting)*

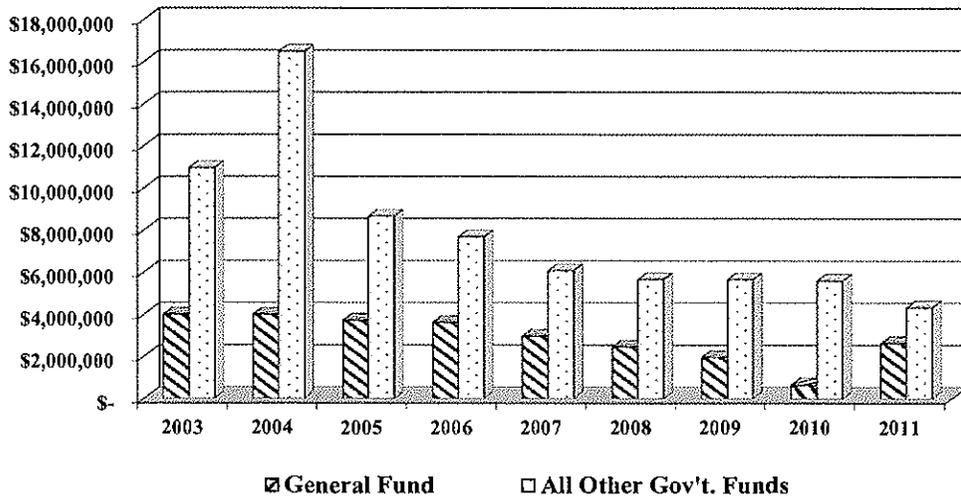
Schedule 3  
 UNAUDITED

	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>General Fund</b>									
Nonspendable									\$ 469,317
Unassigned									2,160,928
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>\$ 2,630,245</b>
<b>All Other Governmental Funds</b>									
Nonspendable									\$ 3,091,157
Restricted									2,005,904
Committed									128,672
Unassigned deficit									(895,314)
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>	<b>\$ 4,330,419</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.  
 (B) - The City of Jackson implemented GASB Statement No. 54 as of and for the year ended June 30, 2011. Fund balance component classifications are shown as reported under that new criteria as of that date.

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)*

	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 13,372,157	\$ 13,466,902	\$ 14,879,726	\$ 16,325,697
Licenses and permits	542,190	218,273	216,538	254,973
Intergovernmental	11,894,532	14,305,787	11,534,408	12,845,112
Charges for services	2,381,975	2,882,738	2,875,007	2,832,829
Fines and forfeits	276,971	250,233	264,746	258,178
Special assessments	383,620	266,702	478,716	249,531
Investment income	606,470	606,189	253,453	311,614
Miscellaneous	807,545	1,475,169	1,454,100	2,135,528
<b>Total revenues</b>	<b>30,265,460</b>	<b>33,471,993</b>	<b>31,956,694</b>	<b>35,213,462</b>
<b>Expenditures</b>				
Legislative	75,940	76,713	76,344	70,428
General government	4,289,336	4,432,218	4,366,698	4,481,144
Public safety	13,353,931	13,816,626	14,282,280	15,252,256
Public works	5,587,490	9,323,432	6,179,742	7,860,861
Culture and recreation	2,432,546	2,555,559	2,463,750	2,432,741
Community enrichment and development	2,168,430	16,208,105	2,644,390	1,816,545
Capital outlay	2,187,506	947,770	4,048,998	8,094,359
Debt service:				
Principal	658,157	674,884	903,679	1,039,000
Interest & Fiscal Charges	793,440	1,781,623	1,659,899	2,243,834
Other	-	-	-	-
<b>Total expenditures</b>	<b>31,546,776</b>	<b>49,816,930</b>	<b>36,625,780</b>	<b>43,291,168</b>
<b>Revenues over (under) expenditures</b>	<b>(1,281,316)</b>	<b>(16,344,937)</b>	<b>(4,669,086)</b>	<b>(8,077,706)</b>
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets	-	172,092	84,105	72,079
Proceeds from the issuance of debt	200,000	1,750,000	10,370,000	-
Discount on bonds	-	-	(155,531)	-
Payment to escrow agent	-	-	-	-
Transfers in	2,895,287	3,374,678	4,628,187	4,399,406
Transfers (out)	(2,995,009)	(3,491,773)	(4,733,622)	(4,503,997)
<b>Total other financing sources (uses)</b>	<b>100,278</b>	<b>1,804,997</b>	<b>10,193,139</b>	<b>(32,512)</b>
<b>Net changes in fund balances</b>	<b>\$ (1,181,038)</b>	<b>\$ (14,539,940)</b>	<b>\$ 5,524,053</b>	<b>\$ (8,110,218)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>6.4%</b>	<b>8.3%</b>	<b>8.1%</b>	<b>10.5%</b>

Source: City of Jackson Finance Department

**Schedule 4  
UNAUDITED**

	2006	2007	2008	2009	2010	2011
\$	16,806,838	\$ 18,716,042	\$ 18,589,716	\$ 18,249,873	\$ 16,936,953	\$ 16,753,417
	231,377	231,486	228,671	247,399	250,602	270,214
	12,846,052	13,180,443	11,274,670	11,885,926	12,316,023	12,727,160
	3,853,103	4,051,135	3,848,682	3,870,877	3,913,947	3,898,388
	212,690	203,086	221,869	224,967	261,677	224,881
	378,339	306,739	467,981	384,602	278,701	254,958
	457,942	697,179	767,926	406,345	218,023	127,759
	1,843,723	571,129	785,300	998,231	1,222,574	1,518,901
	36,630,064	37,957,239	36,184,815	36,268,220	35,398,500	35,775,678
	79,904	79,944	100,856	84,987	81,455	78,998
	4,460,003	4,814,896	4,687,386	4,778,604	4,440,441	4,156,263
	16,555,647	17,460,830	16,945,032	17,398,422	16,770,309	15,553,034
	6,528,508	8,480,193	5,954,413	5,974,822	6,435,712	6,088,484
	2,592,558	2,727,397	2,668,948	2,758,877	2,503,995	2,839,995
	2,873,782	2,581,143	2,589,998	2,543,682	2,856,698	2,614,118
	1,456,073	731,251	506,321	625,907	162,571	210,309
	1,064,000	1,219,000	1,479,000	1,604,000	1,699,000	1,832,000
	2,021,976	1,994,884	1,773,561	1,789,183	1,735,313	1,669,512
	-	-	215,913	-	-	-
	37,632,451	40,089,538	36,921,428	37,558,484	36,685,494	35,042,713
	(1,002,387)	(2,132,299)	(736,613)	(1,290,264)	(1,286,994)	732,965
	26,795	20,984	11,452	22,538	18,842	-
	-	-	9,905,000	-	-	-
	-	-	(94,062)	-	-	-
	-	-	(9,599,786)	-	-	-
	2,158,544	2,969,637	2,635,156	3,552,312	3,232,670	3,207,550
	(2,266,270)	(3,092,763)	(2,764,492)	(3,642,036)	(3,314,972)	(3,235,050)
	(80,931)	(102,142)	93,268	(67,186)	(63,460)	(27,500)
\$	(1,083,318)	\$ (2,234,441)	\$ (643,345)	\$ (1,357,450)	\$ (1,350,454)	\$ 705,465
	9.2%	9.2%	9.4%	9.7%	10.2%	11.1%

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

	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 12,265,353	\$ 12,224,021	\$ 13,007,511	\$ 13,843,364
Licenses and permits	224,890	218,273	216,538	254,973
Intergovernmental	6,710,619	6,032,594	5,769,574	5,581,910
Charges for services	1,226,849	1,425,226	1,441,380	1,338,854
Fines and forfeits	276,971	250,233	264,746	258,178
Investment income	146,633	90,810	73,972	105,190
Miscellaneous	107,567	150,201	402,960	1,392,079
<b>Total revenues</b>	<b>20,958,882</b>	<b>20,391,358</b>	<b>21,176,681</b>	<b>22,774,548</b>
<b>Expenditures</b>				
Legislative	75,940	76,713	76,344	70,428
General government	4,283,723	4,432,218	4,366,698	4,481,144
Public safety	12,231,371	12,658,451	13,207,314	14,010,760
Public works	1,661,154	1,592,589	1,690,189	1,414,892
Culture and recreation	1,481,886	1,588,412	1,547,153	1,508,574
Community enrichment and development	219,345	314,437	254,780	190,797
<b>Total expenditures</b>	<b>19,953,419</b>	<b>20,662,820</b>	<b>21,142,478</b>	<b>21,676,595</b>
Revenues over (under) expenditures	1,005,463	(271,462)	34,203	1,097,953
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets (A)		131,309	10,624	17,809
Transfers in	278,402	214,393	271,834	206,969
Transfers (out)	(374,170)	(269,144)	(319,383)	(1,604,094)
<b>Total other financing sources (uses)</b>	<b>(95,768)</b>	<b>76,558</b>	<b>(36,925)</b>	<b>(1,379,316)</b>
<b>Net changes in fund balances</b>	<b>\$ 909,695</b>	<b>\$ (194,904)</b>	<b>\$ (2,722)</b>	<b>\$ (281,363)</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**

	2006	2007	2008	2009	2010	2011
\$	14,276,643	\$ 16,016,387	\$ 15,794,628	\$ 15,415,825	\$ 14,201,465	\$ 13,994,106
	231,377	231,486	228,671	247,399	250,602	270,214
	5,925,153	5,572,841	5,204,759	5,474,154	4,579,549	4,835,891
	1,170,927	1,306,639	1,305,095	1,299,376	1,282,471	1,202,033
	212,690	203,086	221,869	224,967	261,677	224,881
	267,083	288,413	307,193	101,926	23,086	28,179
	1,404,473	130,031	151,284	370,730	544,266	730,797
	23,488,346	23,748,883	23,213,499	23,134,377	21,143,116	21,286,101
	79,904	79,944	100,856	84,987	81,455	78,998
	4,460,003	4,814,896	4,687,386	4,778,604	4,440,441	4,156,263
	15,229,963	16,292,286	15,745,929	16,165,588	15,143,445	14,037,609
	1,728,580	1,498,532	1,498,147	1,513,350	1,165,539	659,843
	1,385,593	1,465,900	1,466,462	1,549,225	1,379,570	1,725,123
	204,811	202,150	198,589	259,488	182,875	189,356
	23,088,854	24,353,708	23,697,369	24,351,242	22,393,325	20,847,192
	399,492	(604,825)	(483,870)	(1,216,865)	(1,250,209)	438,909
	13,379	20,984	11,452	9,979	18,367	-
	270,667	274,603	319,680	152,291	72,260	95,662
	(786,115)	(325,855)	(358,461)	(299,158)	(138,900)	(167,500)
	(502,069)	(30,268)	(27,329)	(136,888)	(48,273)	(71,838)
\$	(102,577)	\$ (635,093)	\$ (511,199)	\$ (1,353,753)	\$ (1,298,482)	\$ 367,071

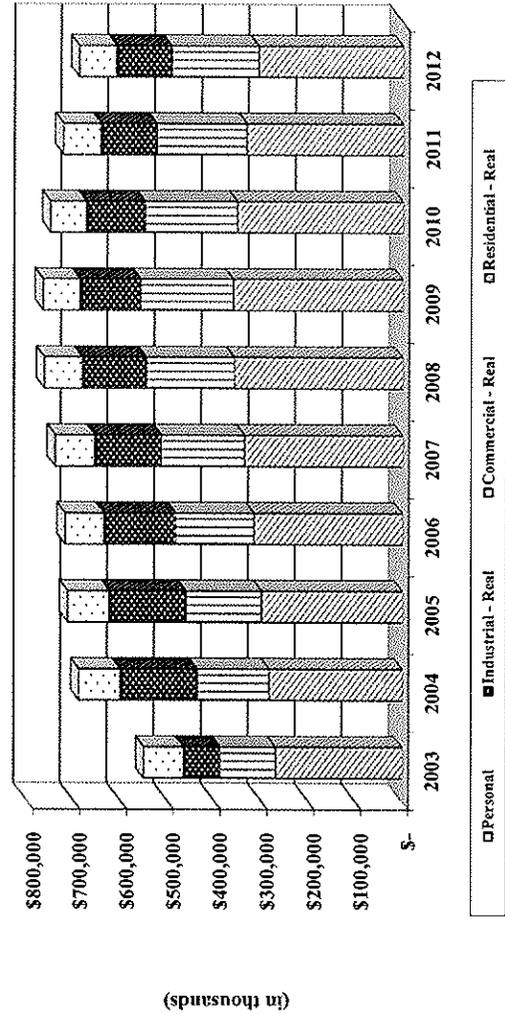
**City of Jackson Michigan**  
**Taxable Value and Actual Value of Taxable Property (1)**  
**Last Ten Years**

Fiscal Year (2)	Taxable Value by Property Type				Total	Estimated Actual Value	Total Direct Tax Rate
	Residential	Commercial	Industrial	Personal Property			
2003	\$ 270,570,952	\$ 117,932,096	\$ 78,394,307	\$ 84,886,500	\$ 551,783,855	\$ 1,398,237,200	12.3389
2004	284,524,409	152,816,754	164,588,844	88,568,100	690,498,107	1,729,387,500	12.7889
2005	300,907,086	160,941,977	163,869,480	88,893,584	714,612,127	1,778,918,900	13.8789
2006	317,563,595	166,790,535	152,988,176	83,013,769	720,356,075	1,799,017,900	13.5089
2007	338,302,320	177,317,171	141,221,356	85,010,000	741,850,847	1,851,317,400	14.5789
2008	359,719,432	187,419,444	136,593,395	81,563,700	765,295,971	1,891,532,700	14.6789
2009	361,956,829	197,794,933	129,149,728	79,361,400	768,262,890	1,842,335,000	14.5889
2010	353,941,043	196,333,654	125,399,758	76,961,000	752,635,455	1,698,488,700	14.8089
2011	333,963,240	191,882,575	118,178,126	81,180,897	725,204,838	1,696,488,700	14.3589
2012	308,857,852	186,076,317	116,724,423	80,010,400	691,668,992	1,466,403,330	14.8389

- (1) Ad Valorem assessments only; amounts do not include Act 189, NEZ, OPRA, Land Bank or other abated properties. The term "taxable value" rather than "assessed value" is used in determining tax liability effective 7/1/94.
- (2) The July 1, 2011 levy is for fiscal year 2012.
- (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: Michigan Department of Treasury Form L-4022

**Taxable 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**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>City direct rates</b>										
Operating	6.8057	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9444	1.9197	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	0.8700
Act 345 Pension	3.8500	3.7000	4.1500	4.5000	4.1200	5.1900	5.3000	5.2000	5.4000	4.8500
<b>Total direct rate</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>14.3589</b>
<b>Overlapping rates</b>										
Jackson County:										
Operating	5.3559	5.2734	5.2022	5.1709	5.1471	5.1259	5.1187	5.1187	5.1187	5.1187
Jail Debt	---	0.5000	0.4932	0.4902	0.4879	0.4858	0.4851	0.4851	0.4851	0.4851
MCF	0.1465	0.1442	0.1422	0.1413	0.1406	0.1400	0.1398	0.1398	0.1398	0.1398
Senior Services	---	---	---	0.2500	0.2488	0.2477	0.2473	0.2473	0.2473	0.2473
District Library	0.8995	0.8856	0.8736	0.8682	0.8642	0.8606	0.8593	1.2593	1.2593	1.2593
	<b>6.4019</b>	<b>6.8032</b>	<b>6.7112</b>	<b>6.9206</b>	<b>6.8886</b>	<b>6.8600</b>	<b>6.8502</b>	<b>7.2502</b>	<b>7.2502</b>	<b>7.2502</b>
Intermediate School District:										
Operating	0.3580	0.3525	0.3477	0.3455	0.3439	0.3429	0.3422	0.3422	0.3422	0.3422
Special & Vocational Education	8.1348	7.0693	7.8730	7.8249	7.7895	7.7682	7.7541	7.7678	7.7678	7.7678
	<b>8.4928</b>	<b>7.4218</b>	<b>8.2207</b>	<b>8.1704</b>	<b>8.1334</b>	<b>8.1111</b>	<b>8.0963</b>	<b>8.1100</b>	<b>8.1100</b>	<b>8.1100</b>
Jackson Community College:	1.1980	1.1798	1.1638	1.1565	1.1511	1.1463	1.1446	1.1446	1.1446	1.1446
Jackson Transit Auth.- Operating	0.9721	0.9597	0.9597	0.9597	0.9597	0.9597	0.9597	1.0000	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	17.6047	17.8820	17.8820	17.8820	17.8820	18.0000	18.0000	18.0000	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	6.0000
Debt	1.9500	1.9500	1.9500	2.4500	2.4000	2.4000	2.2500	2.2500	2.2500	2.8500
Recreation	---	---	---	---	0.2000	0.2000	0.2000	0.2000	0.2000	0.2000
	<b>25.5547</b>	<b>25.8320</b>	<b>24.8320</b>	<b>26.3320</b>	<b>26.4820</b>	<b>26.6000</b>	<b>26.4500</b>	<b>26.4500</b>	<b>26.4500</b>	<b>27.0500</b>
East Jackson Public Schools:										
Operating	17.8146	17.1857	17.1530	17.1530	18.0000	18.0000	18.0000	18.0000	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	6.0000
Debt	7.5000	7.5000	7.4000	7.0000	6.2400	6.2000	5.8800	5.8400	5.9400	6.0000
Exta voted	0.1854	0.8143	0.8470	0.8470	---	---	---	---	---	---
	<b>31.5000</b>	<b>31.5000</b>	<b>30.4000</b>	<b>31.0000</b>	<b>30.2400</b>	<b>30.2000</b>	<b>29.8800</b>	<b>29.8400</b>	<b>29.9400</b>	<b>30.0000</b>
Michigan Center Public Schools:										
Operating	17.7282	17.8002	17.4068	17.3318	18.0000	17.3999	17.3999	18.0000	18.0000	18.0000
State Education Tax (SET)	---	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Exta Voted/Sinking Fund	---	---	3.5000	3.4604	3.4604	4.0015	4.0016	3.4015	0.0000	0.0000
	<b>17.7282</b>	<b>23.8002</b>	<b>25.9068</b>	<b>26.7922</b>	<b>27.4604</b>	<b>27.4014</b>	<b>27.4015</b>	<b>27.4015</b>	<b>24.0000</b>	<b>24.0000</b>
Northwest Public Schools:										
Operating	17.6490	17.4024	17.2893	17.2893	16.9487	16.9487	16.9487	16.9487	16.9487	16.9487
State Education Tax (SET)	6.0000	6.0000	5.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	---	---	---	---	---	---	---	---	0.9173	1.0281
Exta voted	0.4285	0.3994	0.3776	0.3003	0.1165	1.0513	1.0513	1.0513	1.0513	1.0513
	<b>24.0775</b>	<b>23.8018</b>	<b>22.6669</b>	<b>23.5896</b>	<b>23.0652</b>	<b>24.0000</b>	<b>24.0000</b>	<b>24.0000</b>	<b>24.9173</b>	<b>25.0281</b>

**Note:** Levy shown is as of July 1. The July 1, 2010 levy is for the current fiscal year ending June 30, 2011.

Source: City of Jackson Finance Department

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

Schedule 8  
**UNAUDITED**

Taxpayer	2011			2002		
	Taxable Value	Rank	Percentage of Total City Taxable Value	Taxable Value	Rank	Percentage of Total City Taxable Value
Kinder Morgan Michigan/Alphagen (1)	\$ 88,708,700	1	12.83%	\$ 39,079,150	1	7.08%
Consumers Energy	52,337,014	2	7.57%	27,106,544	2	4.91%
Wolverine Technologies/Certainteed	10,184,550	3	1.47%	4,806,903	5	0.87%
Ranco (Jackson Crossing/Jackson West)	8,988,699	4	1.30%	7,262,634	3	1.32%
Allegiance Health/Health Center	7,675,479	5	1.11%	-	-	
Alro Steel Corporation	6,241,236	6	0.90%	4,782,715	6	0.87%
Jackson Iron & Metal/Omnisource	5,200,705	7	0.75%	-	-	
Home Depot/HD Development of Maryland	4,511,000	8	0.65%	-	-	
Aeroquip (Eaton Corp.)	3,622,613	9	0.52%	2,847,619	9	0.52%
Production Engineering/Equestor Partners	3,397,879	10	0.49%	-	-	
Jackson Automotive Group	-	-	-	6,125,345	4	1.11%
GIP M/U/M LLC	-	-	-	4,036,200	7	0.73%
Alpine Lake Apartments, LLC	-	-	-	3,022,013	8	0.55%
Flagstar Bank	-	-	-	2,774,944	10	0.50%
	<u>\$ 190,867,875</u>		<u>27.60%</u>	<u>\$ 101,844,067</u>		<u>18.46%</u>

(1) Total Ad Valorem Taxable Valuation as of June 30, 2011 = \$ 691,668,992 (valuation for fiscal year 2012).

Total Ad Valorem Taxable Valuation as of June 30, 2002 = \$ 551,783,855 (valuation for fiscal year 2003).

(2) Kinder Morgan Energy (KME), an electric power generation company, has the largest taxable value of \$ 88,708,700, or 12.83% of the 2011 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.

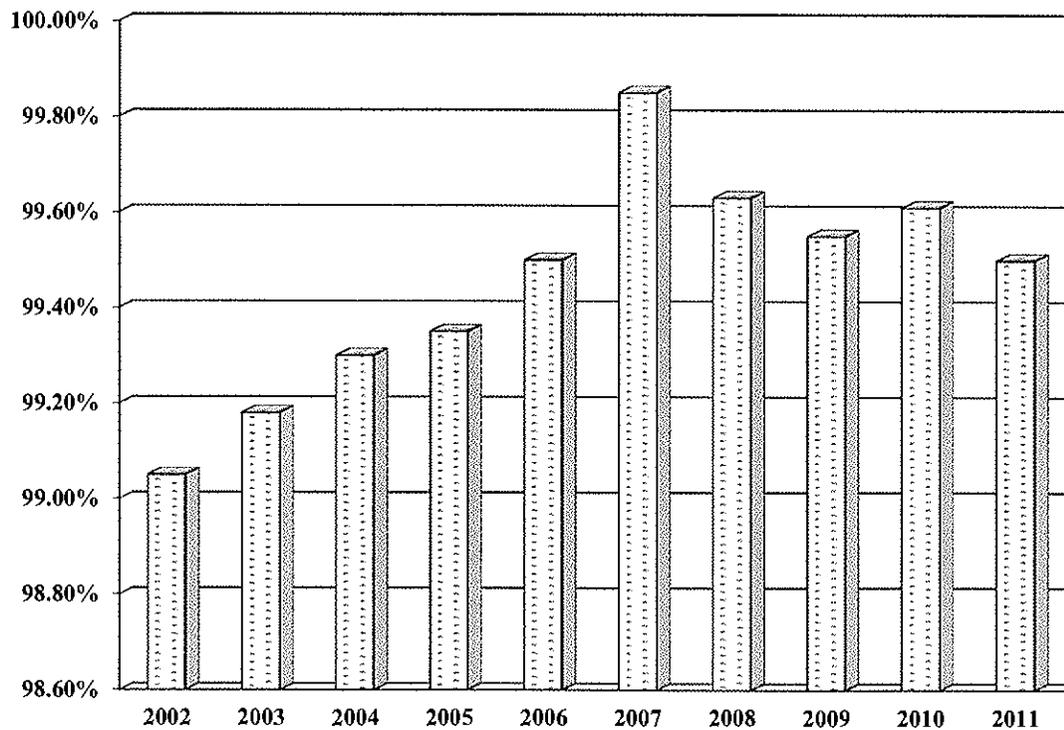
Source: City of Jackson Assessor Department.

**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
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%
2011	2010	9,037,902	8,156,819	90.25%	835,861	8,992,680	99.50%

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



Source: City of Jackson Finance Department

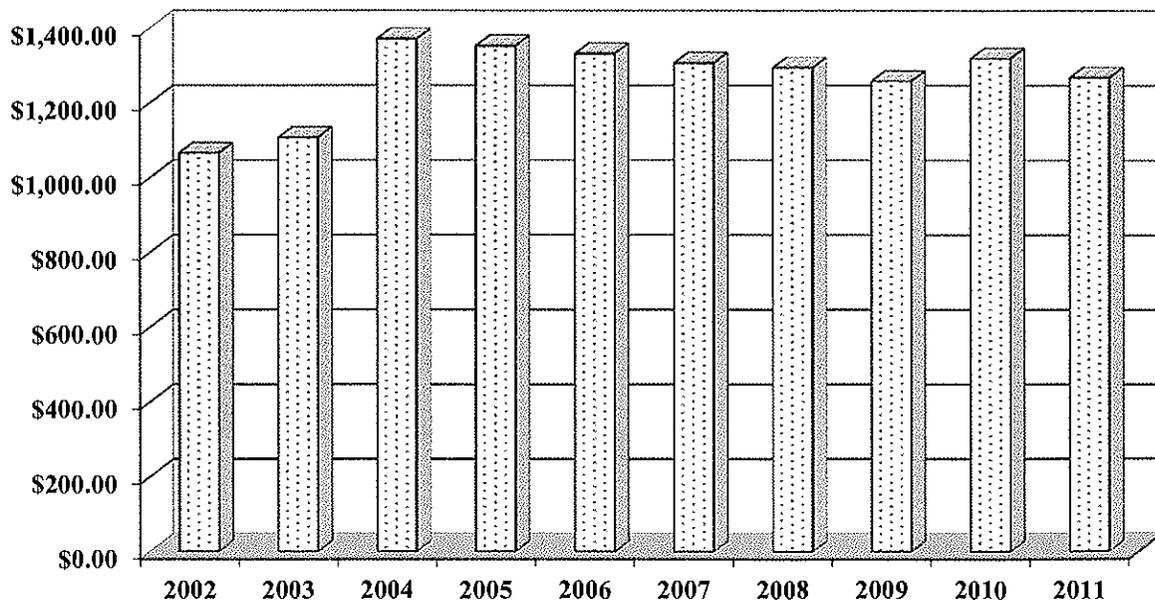
**City of Jackson, Michigan**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Years**

Schedule 10  
 UNAUDITED

Fiscal Year	General Bonded Debt Outstanding			% of Personal Income	% of Taxable Value of Property	Per Capita
	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total			
2002	\$ 38,623,577	\$ -	\$ 38,623,577	4.19%	7.92%	\$ 1,066.42
2003	40,133,577	-	40,133,577	4.27%	7.27%	1,108.11
2004	49,688,577	-	49,688,577	5.21%	7.20%	1,371.93
2005	49,028,577	-	49,028,577	5.06%	6.86%	1,353.71
2006	48,263,577	-	48,263,577	4.88%	6.70%	1,332.59
2007	47,348,577	-	47,348,577	4.58%	6.38%	1,307.32
2008	46,898,577	-	46,898,577	4.35%	6.13%	1,294.90
2009	45,608,577	-	45,608,577	4.27%	5.94%	1,259.28
2010	44,138,577	-	44,138,577	4.33%	5.86%	1,319.74
2011	42,448,577	-	42,448,577	n/a	5.85%	1,269.21

Source: City of Jackson Finance Department & Bureau of Economic Analysis  
 Personal Income statistics not available for 2011.

**General Bonded Debt Per Capita**



**City of Jackson, Michigan**  
**Computation of Net Direct and Overlapping Debt**  
**As of June 30, 2011**

**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	\$ 8,980,000	\$ -	\$ 8,980,000
Limited Tax General Obligation Debt:			
Downtown Development Authority Bonds	13,868,577	13,868,577	-
Brownfield Redevelopment Authority Bonds	8,835,000	8,835,000	-
Brownfield Redevelopment Authority Refunding Bonds	9,725,000	9,725,000	-
Building Authority Bonds	490,000	-	490,000
Michigan Transportation Fund Bonds	550,000	550,000	-
Revenue Bonds:			
Water Revenue Bonds	539,000	539,000	-
Sewer Revenue Bonds	475,000	475,000	-
Other:			
Section 108 Loan (HUD)	635,000	635,000	-
Net direct debt	<u>\$ 44,097,577</u>	<u>\$ 34,627,577</u>	<u>9,470,000</u>
	<u>Gross</u>	<u>City Share</u>	
<b>Overlapping debt</b>			
School Districts:			
Jackson School District	\$ 50,890,000	49.14%	25,007,346
East Jackson School District	13,500,000	0.09%	12,150
Northwest School District	5,575,000	0.27%	15,053
Michigan Center School District	-	2.43%	-
			<u>25,034,549</u>
Jackson County at Large	30,240,000	14.06%	4,251,744
Jackson Community College	39,260,000	14.06%	5,519,956
Jackson County Intermediate School District	935,000	13.77%	128,750
Net overlapping debt			<u>34,934,999</u>
<b>Net direct and overlapping debt</b>			<u><u>\$44,404,999</u></u>
<b>Per Capita Debt:</b> (33,445 population)			
Gross Direct Debt			\$ 1,318.51
Net Direct Debt			283.15
Net Overlapping Debt			1,044.55
Total Net Direct & Overlapping Debt			1,327.70
<b>Percent of Taxable Valuation:</b> (\$ 691,668,992 Ad Valorem Taxable Valuation at 6/30/11)			
Net Direct Debt			1.37%
Net Overlapping Debt			<u>5.05%</u>
Total Net Debt			<u><u>6.42%</u></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**

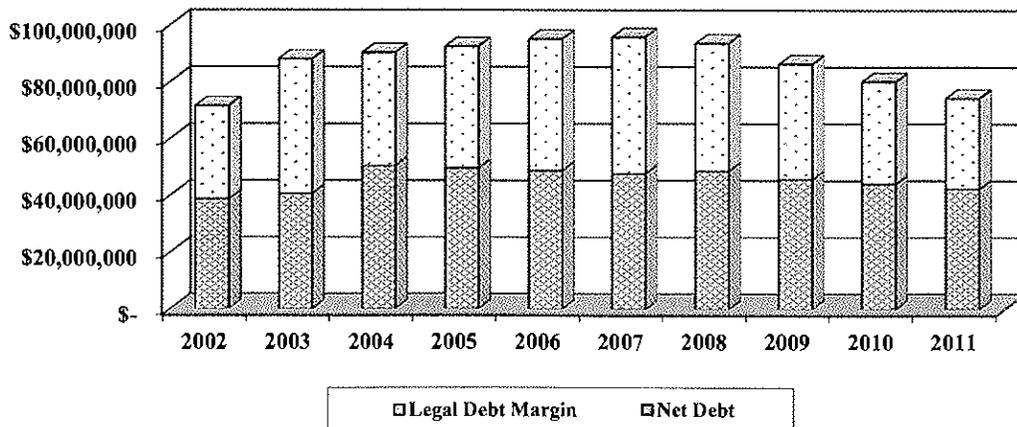
**Legal Debt Margin - 2011**

State Equalized Value as of December 31, 2010 (for taxes levied by the City on July 1, 2011)		\$ 743,593,250
Debt limit (10% of state equalized value)		\$ 74,359,325
Total Debt - (See Schedule 11)	\$ 44,097,577	
Less Excluded Debt:		
Michigan Transportation Fund Bonds	(550,000)	
Revenue Bonds	(1,014,000)	
		42,533,577
<b>Legal debt margin</b>		<b>\$ 31,825,748</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
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%
2011	74,359,325	42,533,577	31,825,748	57.20%

Source: City of Jackson Finance Department

**Components of Debt Limit**



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

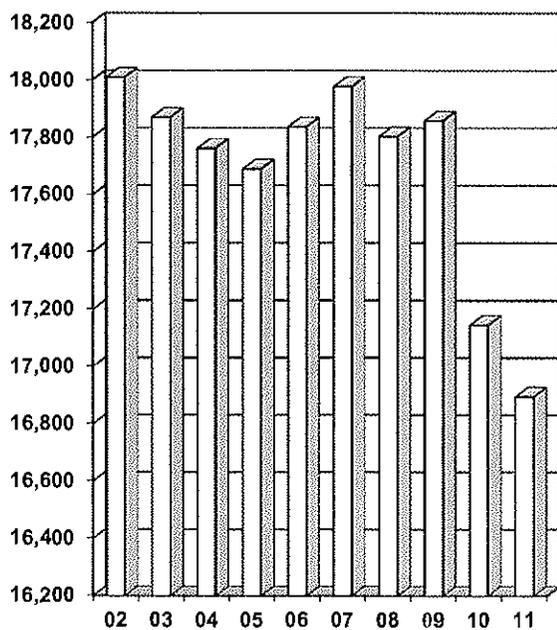
Schedule 13  
**UNAUDITED**

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income (000's)	(3) Per Capita Income
2002	36,218	18,008	16,189	1,819	10.1 %	\$4,104,506	\$25,527
2003	36,218	17,869	15,585	2,284	12.8 %	4,221,842	26,089
2004	36,218	17,761	15,750	2,011	11.3 %	4,285,596	26,493
2005	36,218	17,689	15,909	1,780	10.1 %	4,379,870	26,948
2006	36,218	17,836	15,966	1,870	10.5 %	4,475,638	27,495
2007	36,218	17,976	15,902	2,074	11.5 %	4,644,937	28,549
2008	36,218	17,802	15,631	2,171	12.2 %	4,768,000	29,647
2009	36,218	17,857	14,363	3,494	19.6 %	4,713,000	29,436
2010	33,445	17,146	14,025	3,121	18.2 %	4,867,000	30,378
2011	33,445	16,896	14,330	2,566	15.2 %	n/a	n/a

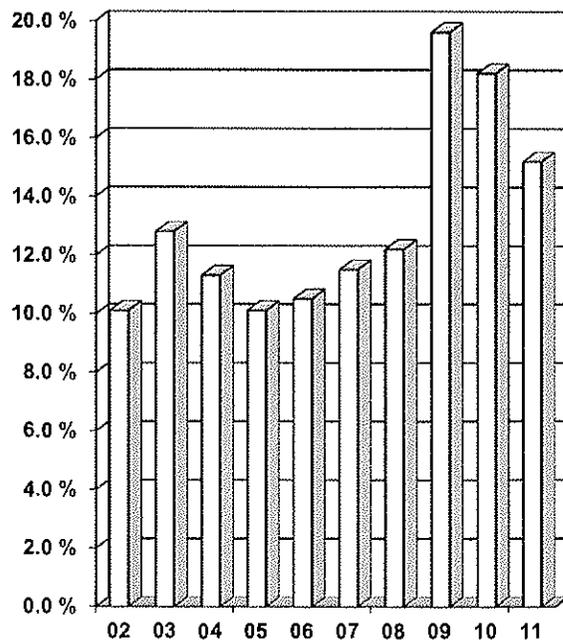
All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2011 represents June, 2011.

- (1) Population shown is based on the most recent preceding year's actual.
- (2) Source: Michigan Department of Technology, Management and Budget, Labor Market Information.
- (3) Source: Bureau of Economic Analysis. Data shown is for the Metro area. Data not available for 2011.

**Labor Force**



**Unemployment Rate**



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

Schedule 14  
**UNAUDITED**

<b>Employer</b>	<b>2011</b>			<b>2002</b>		
	<b>(1) Total Employees</b>	<b>Rank</b>	<b>% of Total City Labor Force</b>	<b>(1) Total Employees</b>	<b>Rank</b>	<b>% of Total City Labor Force</b>
Allegiance Health System	3,536 (a)	1	17.76%	2,589 (a)	1	13.88%
Consumers Energy	2,400 (b)	2	7.69%	2,025 (b)	2	7.22%
Great Lakes Home Health /Hospice	1,118	3	6.62%	-	-	-
Local Government	870	4	5.15%	955	3	5.30%
Jackson Public Schools	782	5	4.63%	790	4	4.39%
Eaton Corporation	650 (c)	6	3.85%	585 (c)	5	1.67%
Anesthesia Business Consultants	284	7	1.68%	-	-	-
Alro Steel Corporation	271	8	1.60%	196	10	1.09%
Way Bakeries	152	9	0.90%	230	9	1.28%
Certainteed /Wolverine Vinyl Siding	147	10	0.87%	350	7	1.94%
Edscha (Jackson Automotive Group)	-		-	450	6	2.50%
Worthington Steel / Specialties	-		-	258	8	1.43%
	<u>10,210</u>		<u>50.75%</u>	<u>8,428</u>		<u>40.70%</u>

(1) 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	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government:										
City Manager	5	5	4	3	4	4	2	2	2	2
Finance	5	5	5	5	5	5	5	5	4	4
City Assessor	5	5	5	5	4	5	5	5	3	3
City Attorney	4	5	5	5	5	5	5	5	3	2
City Clerk/Elections	3	4	4	4	4	4	4	4	3	3
Personnel	4	4	3	4	4	4	3	4	3	1
Purchasing/City Hall	3	3	3	3	3	3	3	2	2	2
City Treasurer / Income Tax	7	7	7	7	7	7	7	6	4	4
Mgt. Information Services	3	3	3	1	2	2	3	3	3	2
Public Safety:										
Police-Civilian	25	24	24	23	22	20	20	18	14	13
Police-Enforcement	70	70	70	68	66	64	64	64	60	47
Fire-Civilian	2	3	2	2	2	2	2	2	2	1
Fire-Protection	45	46	43	43	43	43	42	36	33	23
Building Inspection	7	6	7	6	7	5	5	4	4	4
Emergency Measures	1	1	1	1	1	1	1	1	1	1
Public Works:										
Public Works	34	35	33	29	31	29	31	28	26	26
Engineering	14	14	14	13	13	13	12	11	11	10
Culture & Recreation:										
Parks, Recreation & Grounds	25	25	24	24	25	24	24	24	22	18
Community Development:										
Public Safety / Community Enrichment & Development	13	12	10	10	10	11	11	11	11	8
Enterprise Funds:										
Sewer	18	18	18	18	19	19	19	17	19	18
Water	35	34	35	34	34	33	34	30	26	26
<b>Total</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>	<b>218</b>

Source: City of Jackson Personnel Department (EEO Reports as of June 30) and Finance Department

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

**Schedule 16**  
**UNAUDITED**

<b>Function/Program</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>2011</b>
<b>Public safety</b>										
Police:										
Physical arrests	3,651	3,511	3,513	3,628	3,562	3,206	3,314	3,660	3,523	2,928
Traffic violations	17,388	15,567	15,812	14,165	11,003	9,796	7,666	7,815	8,649	6,108
Parking violations	2,254	4,572	5,782	4,741	3,722	3,668	3,410	3,476	2,605	2,085
Fire:										
Calls answered	4,438	4,158	4,105	4,072	4,419	4,521	4,685	4,454	4,469	4,835
Inspections conducted	225	325	325	594	762	341	452	450	178	53
<b>Sewer system</b>										
Service connections	12,843	12,609	12,426	12,802	12,755	12,758	12,758	12,844	12,800	12,860
Daily average treatment (mg)	13.6	12.6	12.9	13.2	12.5	13.6	13.6	12.8	12.1	11.9
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	15,255	15,327	15,352	15,327	15,324	15,509	15,697	15,709	15,726	15,769
Daily average consumption (mg)	5.61	6.91	5.53	5.41	5.49	5.43	5.43	5.22	5.49	5.98
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**

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Public Safety</b>										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	39	40	41	41	39	38	36	36	37	33
Fire:										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	9	9	9	9	10	10	10	10	10	10
<b>Culture and recreation</b>										
Parks:										
Number	23	23	23	23	24	26	26	27	27	27
Acreage	636	636	636	636	636	637	637	638	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	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	171	171	171	171	171
Street lights	2,335	2,335	2,335	2,365	2,440	2,458	2,458	2,458	2,697	2,724
<b>Sewer system</b>										
Miles of sanitary sewers	161	160	160	160	160	160	165	165	165	165
Miles of storm sewers	109	108	108	108	108	108	110	110	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
<b>Water system</b>										
Miles of water mains	234	231	232	232	244	244	244	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	2,026	2,029	2,030	2,030	2,064	2,064	2,111	2,111	2,111	2,105

(1) Only one station actively in use at June 30, 2011.

Source: City of Jackson Finance Department

**City of Jackson, Michigan**  
**Schedule of Insurance**  
**As of June 30, 2011**

**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>	7/1/10-6/30/11	\$ 118,304	All risk coverage on buildings and contents. \$167,610,829 limit with \$2,500 deductible per occurrence.
<b><u>Automobile</u></b> <i>Michigan Municipal Liability and Property Pool</i>	7/1/10-6/30/11	80,925	\$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>	7/1/10-6/30/11	236,946	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>	7/1/10-6/30/11	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>	9/1/10-8/31/11 9/1/10-8/31/11	23,218 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, 2008 Through 2012**

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)
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
2010	2011	2012	743,593,250	691,668,992	696,405,935

Per Capita 2011 Ad Valorem Taxable Valuation is \$ 20,681 and Per Capita 2011 Total Taxable Valuation is \$ 20,822 based on the City's 2010 U. S. Census population of 33,445.

(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				
	2007	2008	2009	2010	2011
<b>Use:</b>					
Commercial	27.57%	29.53%	29.21%	30.34%	31.90%
Industrial	27.12%	23.36%	24.64%	24.18%	22.88%
Residential	45.31%	47.11%	46.15%	45.48%	45.22%
	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Class:</b>					
Real	89.36%	89.67%	88.76%	87.92%	87.62%
Personal	10.64%	10.33%	11.24%	12.08%	12.38%
	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**

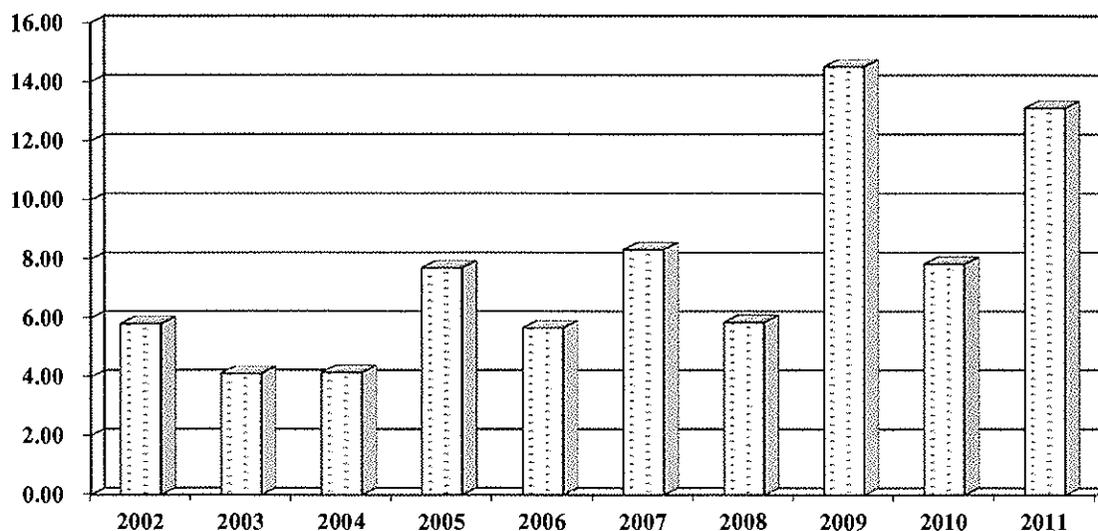
Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements (3)			Coverage
				Principal	Interest and Fiscal Charges	Total	
2002	\$ 4,957,422	\$ 3,072,897	\$ 1,884,525	\$ 220,000	\$ 104,537	\$ 324,537	5.81
2003	4,799,168	3,389,795	1,409,373	250,000	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
2011	5,256,618	3,918,974	1,337,644	75,000	26,944	101,944	13.12

(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	
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
2011	7,010,430	4,940,145	2,070,285	259,000	39,089	298,089	6.95

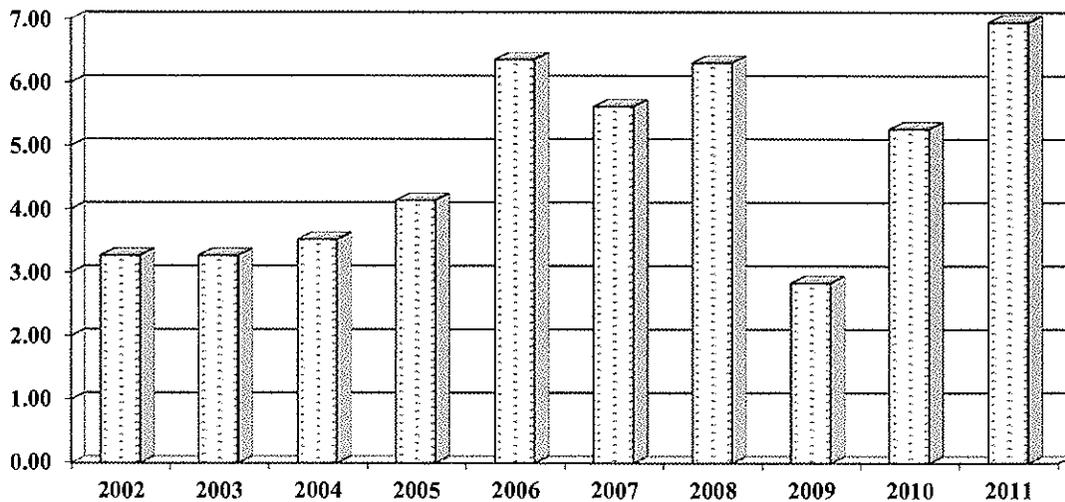
(1) Total revenues including interest.

(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				
	2007	2008	2009	2010	2011
<b><u>Water Pumped vs. Water Sold: (in million gallons)</u></b>					
Pumped	2,388.2	2,607.0	2,572.2	2,361.4	2,594.4
Sold	1,982.2	2,401.4	2,375.6	2,002.1	2,181.4
Sold as a % of Pumped	83.00%	92.11%	92.36%	84.78%	84.08%
<b><u>Number of Customers:</u></b>					
Residential	13,234	12,317	12,354	12,370	12,393
Commercial	2,065	2,136	2,116	2,123	2,191
Industrial	210	258	257	249	240
Total	15,509	14,711	14,727	14,742	14,824
<b><u>Percent of Water Consumption by Category:</u></b>					
Residential	36.25%	32.39%	31.60%	32.70%	29.60%
Commercial	38.44%	45.90%	47.30%	53.50%	47.10%
Industrial	25.31%	21.71%	21.10%	13.80%	23.30%
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	\$ 63.77
% Change (in average consumption)	0.00%	0.00%	0.00%	0.00%	10.23%
<b><u>Water Supply System Annual Revenues:</u></b>					
Metered revenue	\$ 5,973,946	\$ 6,165,173	\$ 6,130,257	\$ 5,960,966	\$ 6,721,459
% Increase (Decrease)	-1.40%	3.20%	-0.57%	-2.76%	12.76%
<b><u>Water Supply System Revenues By User Class:</u></b>					
Residential	\$ 2,883,727	\$ 2,903,899	\$ 2,865,759	\$ 2,839,975	\$ 2,922,890
Commercial	2,328,429	2,470,359	2,605,723	2,572,903	2,909,895
Industrial	761,790	790,915	658,774	548,088	888,674
Sewer - Billing & Collection Charges	204,129	220,418	184,459	193,551	182,978
Total	\$ 6,178,075	\$ 6,385,591	\$ 6,314,715	\$ 6,154,517	\$ 6,904,437
<b><u>Water Supply Revenues By User Class as a % of Total Revenues:</u></b>					
Residential	46.68%	45.48%	45.38%	46.14%	42.33%
Commercial	37.69%	38.69%	41.26%	41.81%	42.15%
Industrial	12.33%	12.39%	10.43%	8.91%	12.87%
Sewer - Billing & Collection Charges	3.30%	3.44%	2.93%	3.14%	2.65%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Source: City Water Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Water Supply System**  
**Ten Largest Water Customers - By Usage**  
**For the Fiscal Year Ended June 30, 2011**

Schedule 23  
UNAUDITED

<u>Customer</u>	(1) Usage	(2) % of Total	Revenue	(3) % of Total
* Michigan Department of Corrections	470,200	21.55%	\$ 446,657	6.47%
Kinder Morgan Michigan/Alphagen	405,497	18.59%	366,941	5.31%
Allegiance Health/Health Center	65,890	3.02%	80,547	1.17%
Elm Plating	40,270	1.85%	57,954	0.84%
Eaton Aeroquip Corp.	33,400	1.53%	40,431	0.59%
Certainteed/Wolverine Technologies	33,261	1.52%	42,934	0.62%
Libra Industries	23,440	1.07%	29,647	0.43%
Jackson Tumble Finish	22,040	1.01%	29,249	0.42%
** Consumers Energy	20,800	0.95%	46,315	0.67%
* Sun Communities, Inc.	17,160	0.79%	30,132	0.44%

(1) Unit = Million gallons (MG)

(2) Based on June 30, 2011 total water sold (Schedule 22) of 2,181.4 MG's.

(3) Based on June 30, 2011 Water Supply System Revenues By User Class (Schedule 22) of \$ 6,904,437.

\* Located outside of City limits.

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

Source: City Water Department

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

Schedule 24  
 UNAUDITED

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<b>Year of Transfer To Ad Valorem Tax Roll</b>	<b>(1) I.F.T. S.E.V. Amount</b>
2012	\$ 873,400
2013	524,800
2014	748,000
2015	24,000
2016	1,833,850
2017	1,559,150
2018	959,100
2019	85,700
2020	559,700
2021	381,100
2022	57,100
2023	732,800
	\$ 8,338,700

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

Source: City Assessor Department

**City of Jackson, Michigan**  
**Supplemental Disclosure Information**  
**Tax Increment Revenues, Debt Service and Debt Service Coverage**

Schedule 25  
**UNAUDITED**

**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
2011	1,010,638	1,244,100	-	-	(233,462)	0.81

(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
2011	1,099,927	1,067,896	-	32,031	1.03

(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>
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
2011	2,401,143	284,480	8.44

(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, 2011**

Federal Grantor/ Pass-Through Grantor/ Program Title	Grant/ Agreement/ Account Number	Federal CFDA Number	Accrued (Deferred) Revenue July 1, 2010	Current Year Expenditures	Current Year Receipts (Cash Basis)	Accrued (Deferred) Revenue June 30, 2011
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
Direct Programs:						
Community Development Block Grant-Entitlement	B09MC260021	14.218	\$ 161,482	\$ 967,748	\$ 1,129,230	\$ -
Community Development Block Grant-Entitlement	B10MC260021	14.218	-	309,512	159,374	150,138
Community Development Block Grant Recovery	B09MY260021	14.218	-	296,591	296,591	-
ARRA - Homelessness Prevention & Rapid Re-Housing Program	S09MY260021	14.262	-	291,469	291,469	-
Home Investment Partnership Programs	M07MC260214	14.239	-	61,021	61,021	-
Home Investment Partnership Programs	M08MC260214	14.239	-	329,548	329,548	-
Home Investment Partnership Programs	M09MC260214	14.239	37,040	6,833	43,873	-
Home Investment Partnership Programs	M10MC260214	14.239	-	84,374	-	84,374
Lead Based Paint Hazard Prevention	MILHB0286-04	14.900	19,167	-	19,167	-
Passed-Through Michigan State Housing Development Authority - Neighborhood Stabilization Program	NSP20080274ENT	14.228	81,095	333,779	376,731	38,143
Total U.S. Department of Housing and Urban Development			<u>298,784</u>	<u>2,680,875</u>	<u>2,707,004</u>	<u>272,655</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>						
Direct Programs:						
Bulletproof Vest Partnership	n/a	16.607	1,882	1,653	3,061	474
ARRA - Byrne Recovery Act Grant	2009-SB-89-0134	16.804	77,816	18,539	96,355	-
ARRA - Byrne Recovery Act Grant	2009-DJ-BX-1482	16.804	3,542	5,451	7,975	1,018
ARRA - Byrne Recovery Act Grant	2010-DJ-BX-1313	16.804	-	23,356	14,046	9,310
ARRA - Community Policing Services	2009RKWX0442	16.710	84,193	183,234	228,177	39,250
Passed-through Michigan Community Health Department:						
Byrne Formula Grant-LAWNET Enhancement Project	72239-5-10-B	16.580	48,105	-	48,105	-
Byrne Formula Grant-LAWNET Enhancement Project	72239-6-11-B	16.580	-	45,373	36,672	8,701
ARRA - Byrne Recovery Act Grant-JNET Project	50073-1-09-B	16.803	35,007	86,757	83,503	38,261
Passed-through Detroit Community Justice Partnership - Anti-Gang & Gun Initiative	n/a	16.744	5,666	27,370	33,036	-
Total U.S. Department of Justice			<u>256,211</u>	<u>391,733</u>	<u>550,930</u>	<u>97,014</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>						
Passed-through Jackson Traffic Safety Program Office - Safe Communities Traffic Programs	n/a	20.602	1,753	10,756	9,027	3,482
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>						
Direct Program:						
ARRA - Brownfield Assessment	n/a	66.818	1,281	89,580	90,845	16
ARRA - Brownfield Revolving Loan	n/a	66.818	858	24,813	8,671	17,000
Total U.S Environmental Protection Agency			<u>2,139</u>	<u>114,393</u>	<u>99,516</u>	<u>17,016</u>
<b>U.S. DEPARTMENT OF ENERGY</b>						
Passed-through Michigan Department of Energy, Labor and Economic Growth -						
ARRA - Energy Efficiency & Conservation Block Grant Program	BES-10-096	81.128	-	132,949	132,949	-
<b>U.S. DEPARTMENT OF HOMELAND SECURITY:</b>						
Direct Program -						
Assistance to Firefighters	n/a	97.044	-	126,701	126,701	-
Passed-through Jackson County Emergency Management - Homeland Security Grant Programs						
	n/a	97.067	-	68,574	-	68,574
Total U.S. Department of Homeland Security			<u>-</u>	<u>195,275</u>	<u>126,701</u>	<u>68,574</u>
<b>TOTAL FEDERAL ASSISTANCE</b>			<u><u>\$ 558,887</u></u>	<u><u>\$ 3,525,981</u></u>	<u><u>\$ 3,626,127</u></u>	<u><u>\$ 458,741</u></u>

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, 2011**

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**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the City of Jackson, Michigan (the "City") under programs of the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City.

**Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note 1 to the City's financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

**Note 3 - Outstanding Loans**

The City has a HUD Section 108 loan with an outstanding balance of \$635,000 at June 30, 2011.

**Note 4 - 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	\$ 144,976
HOME	14.239	132,938
Homelessness Prevention & Rapid Re-Housing Program	14.262	<u>255,091</u>
		<u>\$ 533,005</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, 2011

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, Michigan* (the "City"), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 21, 2011. 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*.

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 cursive script that reads "Lehmann Lobson".

**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, 2011

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

**Compliance**

We have audited the compliance of the *City of Jackson, Michigan* (the "City") 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, 2011. 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 on each of its major federal programs for the year ended June 30, 2011.

## **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.

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.

# City of Jackson

## Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2011

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ yes  X  no

Significant deficiency(ies) identified?

\_\_\_\_\_ 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?

\_\_\_\_\_ yes  X  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)?

\_\_\_\_\_ yes  X  no

# City of Jackson

## Schedule of Findings and Questioned Costs (Concluded)

For the Year Ended June 30, 2011

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grant
14.239	Home Investment Partnership Program
14.228	Neighborhood Stabilization Program

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

No matters were reports.

### SECTION IV – PRIOR YEAR FINDINGS

Finding 2010-1 regarding sufficient timekeeping records has been sufficiently resolved.

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