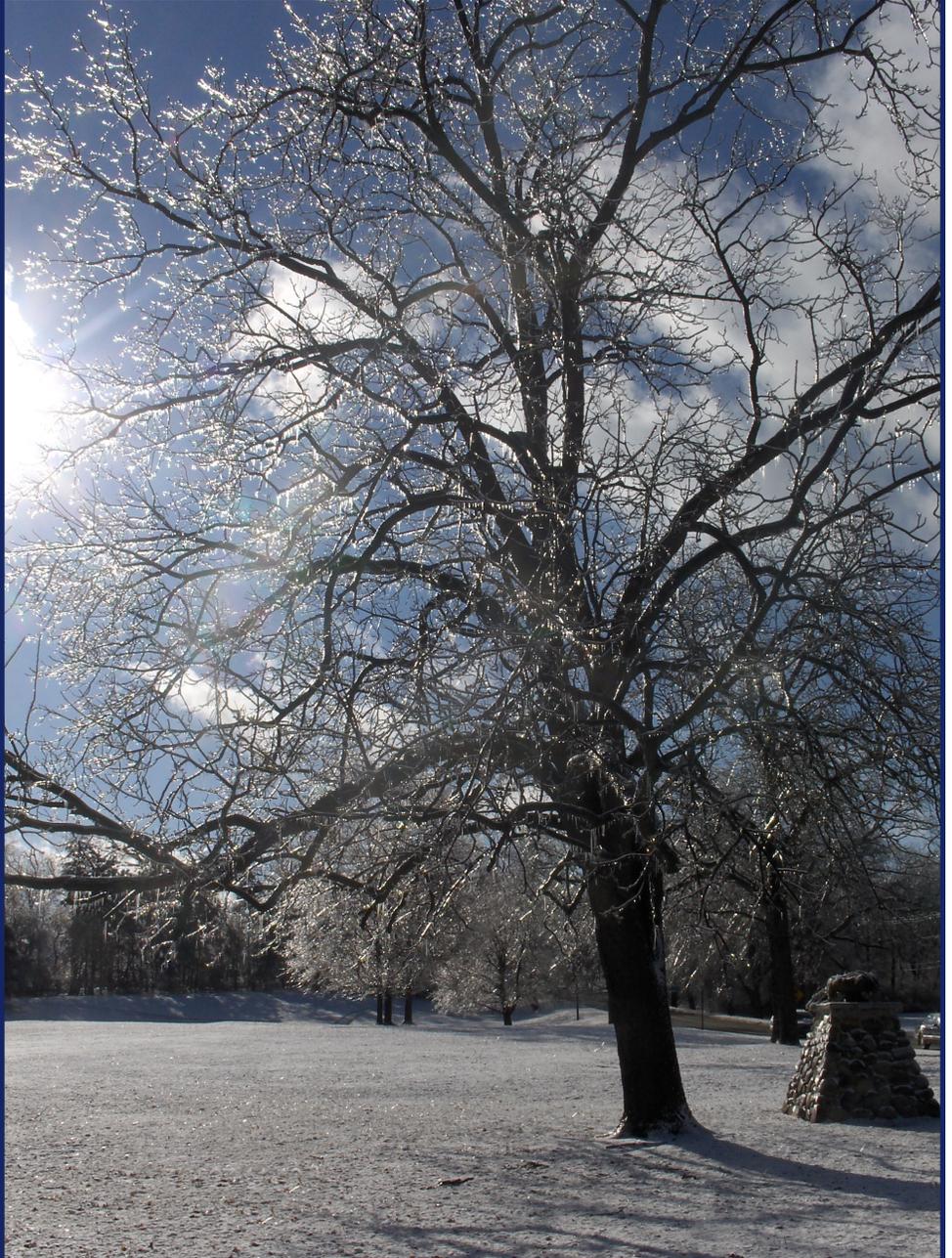
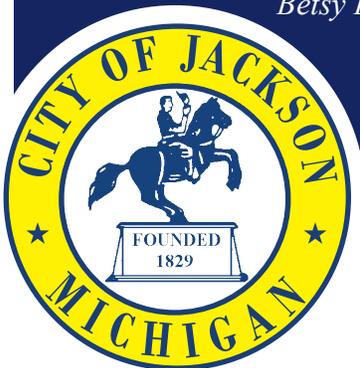


# City of Jackson



*Falling Waters Trail  
Ella Sharp Park  
Betsy Butterfield Park*



## Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2013

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# **CITY OF JACKSON, MICHIGAN**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Fiscal Year Ended  
June 30, 2013**

**Including  
Single Audit Act Compliance**

**Prepared by:**

**Philip J. Hones, Finance Director  
Steven P. Maga, Assistant Finance Director**

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# CITY OF JACKSON, MICHIGAN

## Table of Contents

	<u>Page</u>
<b>Introductory Section</b>	
Letter of Transmittal	1
GFOA Certificate of Achievement	5
Organizational Chart	6
List of Elected and Appointed Officials	7
<b>Financial Section</b>	
Independent Auditors' Report	11
Management's Discussion and Analysis	16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	32
Reconciliation of Fund Balances for Governmental Funds to Net Position of Governmental Activities	35
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	36
Reconciliation of Net Changes in Fund Balances of Governmental Funds to Changes in Net Position of Governmental Activities	39
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	40
Community Development Block Grant	42
Major Streets Fund	43
Statement of Net Position - Proprietary Funds	44
Reconciliation of Net Position of Enterprise Funds to Net Position of Business-Type Activities	47
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	48
Reconciliation of Change in Net Position of Enterprise Funds to to Change in Net Position of Business-Type Activities	51
Statement of Cash Flows - Proprietary Funds	52
Statement of Fiduciary Net Position - Fiduciary Funds	56
Statement of Changes in Fiduciary Net Position - Pension and Other Employee Benefits Trust Funds	57
Notes to Financial Statements	60

# CITY OF JACKSON, MICHIGAN

## Table of Contents

	<u>Page</u>
Required Supplementary Information:	
Pension Trust Funds:	
Schedule of Funding Progress	92
Schedule of Employer Contributions	93
Additional Information	94
Other Postemployment Benefits -	
Schedule of Funding Progress and Employer Contributions	95
Combining and Individual Fund Financial Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	98
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Governmental Funds	99
Combining Balance Sheet - Nonmajor Special Revenue Funds	102
Combining Statement of Revenues, Expenditures and Changes in Fund	
Balances - Nonmajor Special Revenue Funds	106
Schedule of Revenues, Expenditures and Changes in Fund Balance -	
Budget and Actual - Nonmajor Special Revenue Funds:	
Local Street Fund	109
Ella W. Sharp Park Operating Fund	110
Public Improvement Fund	111
Building Department Fund	112
Building Demolitions Fund	113
Drug Law Enforcement Fund	114
LAWNET Grant Fund	115
Recreation Activity Fund	116
Community Development Home Grant Fund	117
Housing Code Enforcement Fund	118
Byrne/JAG Programs Grant Fund	119
Recreation Millage Fund	120
Neighborhood Stabilization Grant Fund	121
2008 Brownfield Revolving Loan Fund	122
West Michigan Building Demolition Fund	123
SAFER Grant Fund	124
Combining Balance Sheet - Nonmajor Debt Service Funds	126
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances - Nonmajor Debt Service Funds	128
Combining Balance Sheet - Nonmajor Capital Projects Funds	131
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances - Nonmajor Capital Projects Funds	132
Combining Balance Sheet - Nonmajor Permanent Funds	134
Combining Statement of Revenues, Expenditures and Changes in	
Fund Balances - Nonmajor Permanent Funds	135

# CITY OF JACKSON, MICHIGAN

## Table of Contents

	<u>Page</u>
Combining Statement of Net Position - Nonmajor Enterprise Funds	137
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Nonmajor Enterprise Funds	138
Combining Statement of Cash Flows - Nonmajor Enterprise Funds	139
Combining Statement of Net Position - Internal Service Funds	142
Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds	144
Combining Statement of Cash Flows - Internal Service Funds	146
Combining Balance Sheet - Agency Funds	150
Combining Statement of Changes in Assets and Liabilities - Agency Funds	152
Balance Sheet/Statement of Net Position - Brownfield Redevelopment Authority Component Unit	154
Statement of Revenues, Expenditures and Changes in Fund Balances/ Statement of Activities - Brownfield Redevelopment Authority Component Unit	155

### Statistical Section (Unaudited)

#### Financial Trends:

Net Position by Component	160
Changes in Net Position	162
Fund Balances - Governmental Funds	164
Changes in Fund Balances - Governmental Funds	166
Changes in Fund Balances - General Fund	168

#### Revenue Capacity:

Assessed and Estimated Actual Value of Taxable Property	171
Property Tax Rates (\$1 per \$1,000 of Taxable Value) - Direct and Overlapping Governments	172
Principal Property Taxpayers	174
Property Tax Levies and Collections	175

#### Debt Capacity:

Ratios of Outstanding Debt by Type	176
Ratios of Net General Bonded Debt Outstanding	177
Computation of Net Direct and Overlapping Debt	178
Legal Debt Margin	179

#### Demographic and Economic Information:

Demographic and Economic Statistics	180
Principal Employers	181

#### Operating Information:

Full-time Equivalent City Government Employees by Function/Program	182
Operating Indicators by Function/Program	183
Capital Asset Statistics by Function/Program	184
Schedule of Insurance	185
State Equalized Valuation/Taxable Valuation	186

# CITY OF JACKSON, MICHIGAN

## Table of Contents

	<u>Page</u>
Revenue Bonds Coverage - Sewer Enterprise Fund	187
Revenue Bonds Coverage - Water Enterprise Fund	188
Water Supply System - Last Five Fiscal Years	189
Water Supply System - Ten Largest Water Customers - By Usage	190
Industrial Facilities Tax Roll	191
Tax Increment Revenues, Debt Service and Debt Service Coverage	192
Gas and Weight Tax Revenues, Maximum Annual Debt Service and Historical Debt Service Coverage	193

### Single Audit Act Compliance

Independent Auditors' Report on the Schedule of Expenditures of Federal Awards as Required by OMB Circular A-133	197
Schedule of Expenditures of Federal Awards	199
Notes to the Schedule of Expenditures of Federal Awards	200
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	201
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	203
Schedule of Findings and Questioned Costs	207
Summary Schedule of Prior Audit Findings	211



## INTRODUCTORY SECTION

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December 16, 2013

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, 2013.

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, 2013 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 unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2013 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 2012 and into 2013. Overall successes show that the area created 130 new jobs, retained 21, and generated \$5 million in new investment. Included in these successes is the Michigan Technology Development Center, a partnership between Consumers Energy and HCL Technologies designed to attract more companies with high tech job talent into the area. The Center has already brought 120 jobs into the City and is expected to bring another 180 by the end of next year.

EPA brownfield funds, both City and County, have been recently used to fund the demolition of the former Consumers Energy headquarters that had been previously acquired by the City. The \$2.29 million demolition project clears a major parcel in the downtown area for future development of a park that is expected to stimulate further development downtown.

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.** By 2009 the City's ad valorem (real and personal property) taxable value had 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 five fiscal years to approximately \$623 million. State equalized values (50% of estimated true market values) have also declined - for the sixth year in a row - to \$636 million. Market values, especially in the residential sector, can be expected to begin to show slow but steady growth in the next few years as real estate sales prices begin to show improvement and the City continues its demolition program of vacant and abandoned housing - a program that has already completed or committed to demolish over 375 structures.

This decrease in the assessed value of taxable property in the City mentioned above 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 had maintained the same distribution level of sales tax for fiscal year 2011 as that received by the City in fiscal year 2010. However, beginning with fiscal year 2012, future distribution levels of the statutory portion of sales tax - about \$2.2 million - have been eliminated and the City's ability to recover any of these funds will be dependent on compliance with 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. In fiscal year 2012 the City has, under this incentive program, retained approximately two-thirds of this statutory portion, the maximum allowable, of revenue sharing that has been eliminated, or approximately \$1.48 million, by showing that compliance was met in all three areas. Fiscal year 2013 showed a 2% increase in the constitutional component of state shared revenues, to \$2,451,389, and a 7% increase in the EVIP component, to \$1,580,556.

One of the City's major revenue categories - income taxes - continues to show promising growth for the third straight fiscal year after declining over \$1.1 million in fiscal year 2010. Income tax revenues exceeded \$8 million in fiscal year 2013, which is a 23% increase over the fiscal year 2010 revenues of \$6.52 million.

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.

The City has always taken steps to reduce operating costs in an effort to maintain fund balances, especially within the governmental funds area. Related to this effort, the City Council adopted a fund balance policy in December, 2012, as recommended by the Government Finance Officers Association. This adopted policy prescribes a minimum 15% fund balance with a desired fund balance level of 30% within the general fund and also provides timeframes that the City would have to “replenish” fund balance and attain these higher levels.

Major Initiatives. Police and fire services have always acted in unison with the surrounding townships and county and efforts to further that cooperation are constantly being investigated. The City’s Public Works Department works with the County Road Commission more closely than in the past on matters such as bidding for materials (road salt, etc...) and the City provides signal maintenance to many outlying areas. The City’s Personnel Department continues to operate as a joint City/County Personnel Department that became effective in May, 2011. This joint department has allowed the City and Jackson County to share in the costs of a personnel director as well as reduce other staffing costs and office expenses. As indicated earlier, the City and County combined their brownfield grant and tax increment funding in the amount of \$2.29 million to demolish the old headquarters of Consumers Energy, a major Michigan gas and electric utility. 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 forecasts 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, 2012. This was the twenty-second 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,



Patrick H. Burtch, City Manager



Philip J. Hones, City Finance Director



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

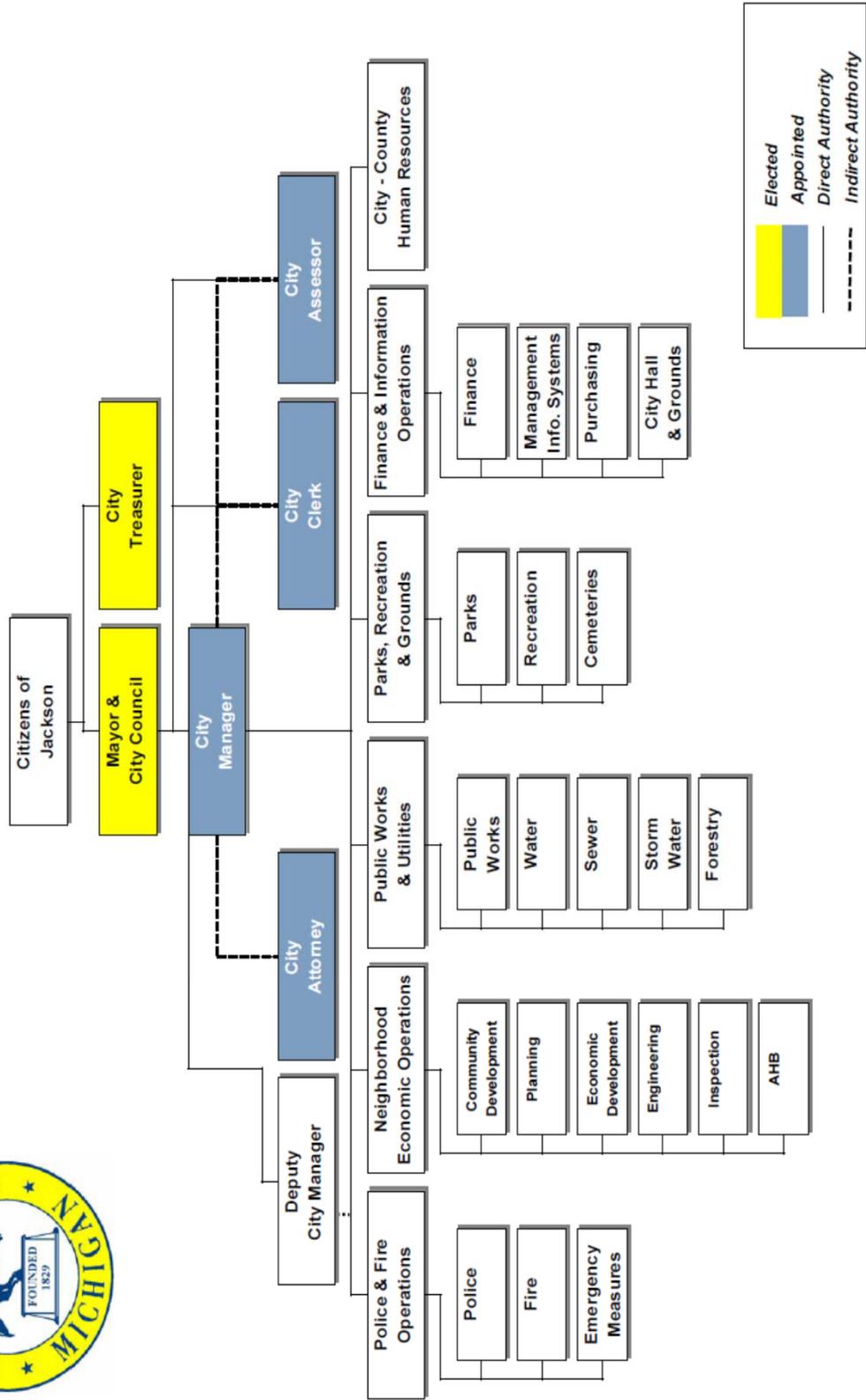
**City of Jackson  
Michigan**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

Executive Director/CEO

**City of Jackson**  
**Proposed Organizational Structure**  
*As Adopted by the City Council 6/26/12*



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



**CITY COUNCIL**

**Martin J. Griffin, Mayor**

<b>Michelle L. Woods</b>	<b>1st Ward</b>
<b>Kimberly Jaquish</b>	<b>2nd Ward</b>
<b>Daniel P. Greer</b>	<b>3rd Ward</b>
<b>Laura D. Schlecte</b>	<b>4th Ward</b>
<b>Andrew R. Frounfelker</b>	<b>5th Ward</b>
<b>Derek J. Dobies</b>	<b>6th Ward</b>

**CITY OFFICIALS**

**Patrick H. Burtch, City Manager**

<b>Patrick H. Burtch</b>	<b>Neighborhood &amp; Economic Operations Director</b>
<b>Crystal Dixon (County)</b>	<b>Director of Human Resources</b>
<b>Julius Giglio (retired 6/30/2013)</b>	<b>City Attorney</b>
<b>Bethany Smith</b>	<b>Interim City Attorney</b>
<b>Matthew Heins</b>	<b>Director of Police and Fire Services</b>
<b>Philip J. Hones</b>	<b>Director of Finance</b>
<b>Kelli Hoover</b>	<b>Director of Parks, Recreation &amp; Grounds</b>
<b>Todd Knepper</b>	<b>Acting Director of Public Works/Public Utilities Director</b>
<b>David Taylor</b>	<b>City Assessor</b>
<b>Andrew J. Wrozek, Jr.</b>	<b>City Treasurer/Income Tax Administrator/City Clerk</b>

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## FINANCIAL SECTION

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## INDEPENDENT AUDITORS' REPORT

December 16, 2013

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

### Report on the Financial Statements

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* (the "City") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

#### *Independent Auditors' Responsibility*

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

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

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

## *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, 2013 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison 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.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and the schedules of funding progress and employer contributions for the pension and other postemployment benefit plans listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, 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 combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, 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* in considering the City's internal control over financial reporting and compliance.

*Rehmann Johnson LLC*

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

As management of the *City of Jackson, Michigan* (the "City"), 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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities at the close of the most recent fiscal year by \$116,256,775 (*net position*). Of this amount, \$15,536,725 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$5,369,404.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,226,563, an increase of \$1,394,012 in comparison with the prior year. Approximately 30 percent of this total amount, or \$3,039,183, 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 \$4,188,560, or 21 percent of total general fund expenditures.
- The City's total bonded debt decreased by \$1,523,000 during the current fiscal year; \$8,275,000 of new debt was issued, \$8,395,000 of existing debt was defeased and existing debt of \$1,403,000 was retired.

### Overview of the Financial Statements

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

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

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

The *statement of activities* presents information shows how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. 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, stormwater utility and water and sewer operations.

## CITY OF JACKSON, MICHIGAN

### Management's Discussion and Analysis

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.

**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 33 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general, community development block grant, major streets and special assessment capital projects funds, each of which are considered to be major funds. Data from the other 29 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.

**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 individual internal service 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.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

*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.

*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.

*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.

The combining statements referred to earlier in connection with nonmajor funds are presented immediately following the required supplementary information.

### Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Jackson, assets and deferred outflows of resources exceeded liabilities by \$116,256,775 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (81 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.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and other assets	\$16,988,283	\$15,385,392	\$23,613,041	\$21,374,239	\$ 40,601,324	\$ 36,759,631
Capital assets	76,143,540	73,658,539	57,746,945	58,473,376	133,890,485	132,131,915
<b>Total assets</b>	<b>93,131,823</b>	<b>89,043,931</b>	<b>81,359,986</b>	<b>79,847,615</b>	<b>174,491,809</b>	<b>168,891,546</b>
<b>Deferred outflows of resources</b>	<b>902,553</b>	<b>692,156</b>	<b>-</b>	<b>8,351</b>	<b>902,553</b>	<b>700,507</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	42,199,988	43,500,883	624,612	932,378	42,824,600	44,433,261
Other liabilities	15,593,928	13,176,299	719,059	1,095,122	16,312,987	14,271,421
<b>Total liabilities</b>	<b>57,793,916</b>	<b>56,677,182</b>	<b>1,343,671</b>	<b>2,027,500</b>	<b>59,137,587</b>	<b>58,704,682</b>
<b>Net position:</b>						
Net investment in capital assets	36,771,568	32,867,134	57,446,945	57,808,727	94,218,513	90,675,861
Restricted	6,439,037	4,240,770	62,500	67,300	6,501,537	4,308,070
Unrestricted (deficit)	(6,970,145)	(4,048,999)	22,506,870	19,952,439	15,536,725	15,903,440
<b>Total net position</b>	<b>\$36,240,460</b>	<b>\$33,058,905</b>	<b>\$80,016,315</b>	<b>\$77,828,466</b>	<b>\$116,256,775</b>	<b>\$110,887,371</b>

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

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

	Changes in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 6,587,602	\$ 4,598,435	\$14,550,167	\$15,905,133	\$ 21,137,769	\$ 20,503,568
Operating grants and contributions	7,603,364	5,979,625	-	-	7,603,364	5,979,625
Capital grants and contributions	4,434,092	5,321,414	-	-	4,434,092	5,321,414
General revenues:						
Property taxes	9,495,893	9,708,980	-	-	9,495,893	9,708,980
Income taxes	8,017,329	7,297,281	-	-	8,017,329	7,297,281
Grants and contributions not restricted to specific programs	4,218,247	4,061,333	274,432	245,514	4,492,679	4,306,847
Other	151,999	100,188	105,049	93,619	257,048	193,807
Gain on sale of capital assets	16,996	-	-	-	16,996	-
<b>Total revenues</b>	<b>40,525,522</b>	<b>37,067,256</b>	<b>14,929,648</b>	<b>16,244,266</b>	<b>55,455,170</b>	<b>53,311,522</b>
Expenses:						
Legislative	81,079	78,779	-	-	81,079	78,779
General government	4,774,616	4,224,454	-	-	4,774,616	4,224,454
Public safety	18,980,031	14,157,903	-	-	18,980,031	14,157,903
Public works	6,157,790	5,509,209	-	-	6,157,790	5,509,209
Culture and recreation	2,392,391	2,764,356	-	-	2,392,391	2,764,356
Community enrichment	3,281,198	3,140,708	-	-	3,281,198	3,140,708
Interest on long-term debt	1,595,962	1,924,823	-	-	1,595,962	1,924,823
Sewer	-	-	4,622,944	5,808,940	4,622,944	5,808,940
Water	-	-	6,079,526	5,929,404	6,079,526	5,929,404
Stormwater utilities	-	-	1,441,642	845,506	1,441,642	845,506
Parking system	-	-	625,116	632,315	625,116	632,315
Golf practice center	-	-	53,471	62,084	53,471	62,084
<b>Total expenses</b>	<b>37,263,067</b>	<b>31,800,232</b>	<b>12,822,699</b>	<b>13,278,249</b>	<b>50,085,766</b>	<b>45,078,481</b>
Change in net position before transfers	3,262,455	5,267,024	2,106,949	2,966,017	5,369,404	8,233,041
Transfers	(80,900)	(78,460)	80,900	78,460	-	-
<b>Change in net position</b>	<b>3,181,555</b>	<b>5,188,564</b>	<b>2,187,849</b>	<b>3,044,477</b>	<b>5,369,404</b>	<b>8,233,041</b>
Net position - beginning of year, as restated	33,058,905	27,870,341	77,828,466	74,783,989	110,887,371	102,654,330
<b>Net position - end of year</b>	<b>\$36,240,460</b>	<b>\$33,058,905</b>	<b>\$80,016,315</b>	<b>\$77,828,466</b>	<b>\$116,256,775</b>	<b>\$110,887,371</b>

## CITY OF JACKSON, MICHIGAN

### Management's Discussion and Analysis

The government's net position increased by \$5,369,404 during the current fiscal year. Governmental activities increased \$3,181,555 while business-type activities increased \$2,187,849. The increase in the governmental activities is significantly less than the increase from a year ago of \$5,188,564 and continues to reflect the ongoing efforts of the government to continue cost containment practices previously implemented. Governmental activities revenues in total increased \$3,458,266, or 9%, while governmental activities expenditures increased \$5,462,835, or 17%. Similarly, the increase in net position in the business-type activities was also not as large as the increase of \$3,044,477 from last fiscal year. Business-type activities revenues declined \$1,314,618, or 8%, while business-type activities expenses declined \$455,550, or 3%.

**Governmental activities.** Governmental activities increased the City's net position by \$3,181,555 during fiscal year 2013. Some significant elements of this increase are as follows:

- Charges for services increased \$1,989,167 largely as a result of the increase in demolition billings of \$872,079, and a similar increase in housing code enforcement of \$612,903. Both special revenue funds were created in the latter part of fiscal year 2012 and therefore had only a partial year's revenues in that prior fiscal year.
- Operating grants and contributions increased \$1,623,739 in comparison with the prior year largely from the increase in the EPA grant funds which made up over \$1.3 million of that increase.
- Income taxes increased over \$720,000 as the local economy continues to show signs of recovery. The local unemployment rate remained relatively stable from a year ago, however, the labor force as well as the employment levels showed modest increases from the prior fiscal year.
- Public safety expenditures increased \$4,822,128 over the prior fiscal year; \$3,651,396 of that amount, or 76%, represents increases in certain expenditures that include vacant and abandoned structure demolitions (\$1,329,853), the demolition of the former Consumers Energy headquarters building (\$1,859,688) and the SAFER Grant (\$461,855) which provides funding for firefighter staffing over a two year grant period.

**Business-type activities.** Business-type activities increased the City's net position by \$2,187,849 during fiscal year 2013. This change resulted from an increase in the sewage fund totaling \$308,555 and the water fund of \$2,369,779 offset by a decrease in the parking deck fund of \$236,762. The nonmajor enterprise funds in total reflected an decrease in net position of \$184,745.

Key elements of this increase are as follows:

- During the fiscal year sewer and water rates increased approximately 2.65% for a typical water and sewer user. This follows two previous fiscal years that saw increases in both rates of approximately 10% each year.
- The sewer fund charges for services decreased over \$509,000 (9.6%) from the previous fiscal year due largely to decreases in the flow volume.
- Water charges for services increased \$282,252, or 3.7%, as a result of the rate increase noted above as well as an increase in volume of 4.3 percent from the prior fiscal year. Water system revenues by user class remained relatively unchanged for both the residential and industrial users but the commercial user class showed an increase of \$265,238, or 8.1%.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

### 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 \$10,226,563, an increase of \$1,394,012 in comparison with the prior year. Approximately 30 percent of this total amount, or \$3,039,183, 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 \$138,497, prepaid expenditures \$12,482, funds advanced on a long term basis \$120,000, cemetery perpetual care \$1,859,268 and endowments related to Ella Sharp Park and facilities \$1,088,870; 2) restricted to indicate limitations on its use imposed by grants or legislation, which total \$3,282,402; and 3) committed which indicate funds that have self-imposed limitations, which total \$685,861. A summary of the nonspendable, restricted and committed components of fund balance can be found in the notes to financial statements section 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 \$4,188,560, while total fund balance was \$4,251,042. 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 21.4 percent of total general fund expenditures while total fund balance represents 21.7 percent of total general fund expenditures.

The fund balance of the City's general fund increased by \$823,870 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 expenditures have increased slightly by \$677,704, or 3.6 percent, from the prior fiscal year.

The community development block grant special revenue fund had a small increase of \$42,184 in fund balance for the current year resulting in an ending total of \$428,681. This entire ending fund balance is restricted for the City's residential property rehabilitation programs.

The major streets special revenue fund's fund balance increased \$185,390 from the prior fiscal year leaving a total surplus of \$972,427 at fiscal year-end. Street construction, maintenance, winter maintenance and trunkline maintenance declined from the previous year while there were increased levels of activity in traffic services and state highway construction, which is largely funded with federal and state grants. Two large projects - the West Avenue bridge and Ganson Street repaving - were started in fiscal year 2012 and completed in fiscal year 2013.

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 \$191,354. This fund, which has a deficit by its nature, recorded \$595,042 in new assessment rolls receivable during the fiscal year while receiving collections on such receivables totaling \$403,688.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

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

Unrestricted net position of the sewage fund and water fund at the end of the year amounted to \$10,182,371 and \$10,831,664, respectively. The sewage fund had an increase in net position for the year of \$308,555, whereas the water fund had an increase of \$2,369,779. 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 income tax revenue exceeding the amount budgeted by \$117,329 and to a lesser extent property taxes exceeding budget by \$53,742. Total revenues were favorable when compared to budget by \$215,226.

Expenditures were favorable when compared to budget in total by \$554,770. There was only one activity budget that was exceeded, Unallocated, and that was due to unanticipated year end expenditures. The actual increase in fund balance of \$823,870 exceeded the anticipated budgeted increase of \$70,002 by \$753,868, or 3.8 percent of expenditures.

### Capital Assets and Debt Administration

*Capital assets.* The City's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounted to \$133,890,485 (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 increase in the City's investment in capital assets for the current fiscal year was \$1,758,570 or 1.33 percent.

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

- Infrastructure improvements of approximately \$5.3 million comprised largely of street and bridge construction.
- Various water and sewer system improvements totaling approximately \$1.2 million, including water distribution mains of \$823,000 million and sewer line replacements of approximately \$386,000.

	Capital Assets (Net of Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 2,423,583	\$ 2,423,583	\$ 8,956,886	\$ 8,956,886	\$ 11,380,469	\$ 11,380,469
Systems	-	-	34,730,196	34,974,655	34,730,196	34,974,655
Land improvements	12,927,899	13,243,163	1,477,726	1,523,376	14,405,625	14,766,539
Infrastructure	43,270,602	40,647,766	-	-	43,270,602	40,647,766
Buildings and improvements	10,991,025	11,272,474	10,934,794	11,202,041	21,925,819	22,474,515
Park and recreation facilities	4,576,691	4,254,743	-	-	4,576,691	4,254,743
Machinery and equipment	1,953,740	1,816,810	1,647,343	1,816,418	3,601,083	3,633,228
<b>Total</b>	<b>\$76,143,540</b>	<b>\$73,658,539</b>	<b>\$57,746,945</b>	<b>\$58,473,376</b>	<b>\$133,890,485</b>	<b>\$132,131,915</b>

Additional information related to capital assets can be found in Note 7 to the financial statements.

# CITY OF JACKSON, MICHIGAN

## Management's Discussion and Analysis

*Long-term debt.* At the end of the current fiscal year, the City had total bonded debt outstanding of \$40,158,577. Of this amount, \$39,858,577 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).

	Outstanding Debt					
	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
General obligation bonds	\$39,858,577	\$41,008,577	\$ -	\$ -	\$ 39,858,577	\$ 41,008,577
Revenue bonds	-	-	300,000	673,000	300,000	673,000
<b>Total</b>	<b>\$39,858,577</b>	<b>\$41,008,577</b>	<b>\$ 300,000</b>	<b>\$ 673,000</b>	<b>\$ 40,158,577</b>	<b>\$ 41,681,577</b>

The City's total bonded debt decreased by \$1,523,000 (3.7 percent) during the current fiscal year; \$8,275,000 in new debt was issued, \$8,395,000 in existing debt was defeased and existing debt of \$1,403,000 was retired.

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 \$63,611,180, which is significantly in excess of the City's outstanding general obligation debt of \$39,858,577.

Additional information related to long-term debt can be found in the Note 10 to the financial statements.

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

The following factors were considered in preparing the City's budget for the 2013/14 fiscal year:

- The unemployment rate for the City is currently 12.4 percent (10/13), which is an increase from a rate of 10.7 percent a year ago (10/12). While this compares unfavorably to the state's average unemployment rate of 8.3 percent and the national average rate of 7.0 percent, this increase in the government's unemployment levels should have a moderate effect on this year's income tax revenues since employment levels have remained relatively unchanged.
- Ad valorem (real and personal) taxable values of property have decreased 3.0 percent over the prior fiscal year. It is expected that these values will begin to stabilize in the coming year and begin to show slow but steady growth in the years following.
- Inflationary trends in the region compare favorably to national indices.

During the 2013 fiscal year, unassigned fund balance in the general fund increased to \$4,188,560. The current budget anticipates that this fund balance amount will increase by \$355,356.

### 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.

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## BASIC FINANCIAL STATEMENTS

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF JACKSON, MICHIGAN

Statement of Net Position

June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
<b>Assets</b>					
Pooled cash and investments	\$ 7,190,908	\$ 20,088,883	\$ 27,279,791	\$ 1,770,120	\$ 240,247
Restricted cash:					
Cash on hand with agents	215,646	-	215,646	-	-
Pooled cash and investments	2,951,880	62,500	3,014,380	-	-
Receivables, net	6,322,883	3,345,153	9,668,036	-	67,626
Interfund balances	155,987	(155,987)	-	-	-
Prepays and other assets	150,979	272,492	423,471	-	-
Capital assets not being depreciated	2,423,583	8,956,886	11,380,469	-	-
Capital assets being depreciated, net	73,719,957	48,790,059	122,510,016	-	-
<b>Total assets</b>	<b>93,131,823</b>	<b>81,359,986</b>	<b>174,491,809</b>	<b>1,770,120</b>	<b>307,873</b>
<b>Deferred outflows of resources</b>					
Deferred charge on refunding	902,553	-	902,553	-	-
<b>Liabilities</b>					
Accounts payable and accrued liabilities	2,042,789	594,059	2,636,848	470	9,030
Accrued interest payable	148,547	-	148,547	-	-
Unearned revenue	177,228	125,000	302,228	-	-
Long-term debt:					
Due within one year	2,442,917	126,937	2,569,854	-	-
Due in more than one year	39,757,071	497,675	40,254,746	-	-
Other noncurrent liability due in more than one year - net other postemployment benefit obligation	13,225,364	-	13,225,364	-	-
<b>Total liabilities</b>	<b>57,793,916</b>	<b>1,343,671</b>	<b>59,137,587</b>	<b>470</b>	<b>9,030</b>
<b>Net position</b>					
Net investment in capital assets	36,771,568	57,446,945	94,218,513	-	-
Restricted for:					
Debt service	16,672	62,500	79,172	-	-
Highways and streets	1,426,361	-	1,426,361	-	-
Endowments	3,018,138	-	3,018,138	-	-
Public improvement and recreation	1,487,926	-	1,487,926	-	-
Public safety	61,259	-	61,259	-	-
Rehabilitation programs	428,681	-	428,681	-	-
Unrestricted (deficit)	(6,970,145)	22,506,870	15,536,725	1,769,650	298,843
<b>Total net position</b>	<b>\$ 36,240,460</b>	<b>\$ 80,016,315</b>	<b>\$ 116,256,775</b>	<b>\$ 1,769,650</b>	<b>\$ 298,843</b>

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

CITY OF JACKSON, MICHIGAN

**Statement of Activities**

For the Fiscal Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net Revenues (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Primary government</b>					
Governmental activities:					
Legislative	\$ 81,079	\$ -	\$ -	\$ -	\$ (81,079)
General government	4,774,616	2,177,330	425,630	-	(2,171,656)
Public safety	18,980,031	2,516,959	1,503,366	-	(14,959,706)
Public works	6,157,790	229,135	3,947,758	4,420,092	2,439,195
Culture and recreation	2,392,391	848,816	30,058	-	(1,513,517)
Community enrichment and development	3,281,198	245,362	1,696,552	14,000	(1,325,284)
Interest on long-term debt	1,595,962	570,000	-	-	(1,025,962)
<b>Total governmental activities</b>	<b>37,263,067</b>	<b>6,587,602</b>	<b>7,603,364</b>	<b>4,434,092</b>	<b>(18,638,009)</b>
Business-type activities:					
Sewer	4,622,944	4,776,269	-	-	153,325
Water	6,079,526	8,193,048	-	-	2,113,522
Stormwater utilities	1,441,642	1,217,598	-	-	(224,044)
Parking system	625,116	323,216	-	-	(301,900)
Golf practice center	53,471	40,036	-	-	(13,435)
<b>Total business-type activities</b>	<b>12,822,699</b>	<b>14,550,167</b>	<b>-</b>	<b>-</b>	<b>1,727,468</b>
<b>Total primary government</b>	<b>\$ 50,085,766</b>	<b>\$ 21,137,769</b>	<b>\$ 7,603,364</b>	<b>\$ 4,434,092</b>	<b>\$ (16,910,541)</b>
<b>Component units</b>					
Brownfield redevelopment authority	\$ 1,251,149	\$ -	\$ -	\$ -	\$ (1,251,149)
Downtown development authority	244,331	65,327	24,726	-	(154,278)
<b>Total component units</b>	<b>\$ 1,495,480</b>	<b>\$ 65,327</b>	<b>\$ 24,726</b>	<b>\$ -</b>	<b>\$ (1,405,427)</b>

continued...

CITY OF JACKSON, MICHIGAN

**Statement of Activities**

For the Fiscal Year Ended June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Brownfield Redevelopment Authority	Downtown Development Authority
Net revenues (expenses)	\$ (18,638,009)	\$ 1,727,468	\$ (16,910,541)	\$ (1,251,149)	\$ (154,278)
General revenues and transfers					
Property taxes	9,495,893	-	9,495,893	1,131,188	93,769
Income taxes	8,017,329	-	8,017,329	-	-
Grants and contributions not restricted to specific purposes	4,218,247	274,432	4,492,679	-	53,848
Unrestricted interest earnings	151,999	105,049	257,048	8,119	1,018
Gain on sale of capital assets	16,996	-	16,996	-	-
Transfers - internal activities	(80,900)	80,900	-	-	-
Total general revenues and transfers	21,819,564	460,381	22,279,945	1,139,307	148,635
Change in net position	3,181,555	2,187,849	5,369,404	(111,842)	(5,643)
Net position, beginning of year, as restated	33,058,905	77,828,466	110,887,371	1,881,492	304,486
Net position, end of year	\$ 36,240,460	\$ 80,016,315	\$ 116,256,775	\$ 1,769,650	\$ 298,843

concluded.

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

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## FUND FINANCIAL STATEMENTS

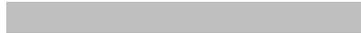
CITY OF JACKSON, MICHIGAN

Governmental Funds Balance Sheet

June 30, 2013

	General	Community Development Block Grant	Major Streets	Special Assessment Capital Projects
<b>Assets</b>				
Pooled cash and investments	\$ 909,648	\$ 350,090	\$ 615,963	\$ -
Accounts receivables, net	269,356	-	81,329	-
Taxes receivable	1,683,831	-	-	-
Other receivables	-	-	-	1,155,181
Due from other governments	1,616,203	-	309,979	-
Due from other funds	-	2,142	-	-
Interfund receivable	421,304	-	-	-
Inventories	-	-	129,348	-
Prepaid expenditures	12,482	-	-	-
Restricted assets - cash and cash equivalents	-	193,003	-	-
Loans receivable	-	298,125	-	-
Long-term advances to other funds	50,000	-	-	-
<b>Total assets</b>	<b>\$ 4,962,824</b>	<b>\$ 843,360</b>	<b>\$ 1,136,619</b>	<b>\$ 1,155,181</b>
<b>Liabilities</b>				
Accounts payable	\$ 323,725	\$ 32,459	\$ 156,043	\$ -
Accrued payroll	246,095	17,003	8,149	-
Other liabilities	10,622	-	-	-
Due to other funds	7,513	798	-	-
Interfund payable	-	-	-	-
Unearned revenue	123,827	16,294	-	-
Long-term advances from other funds	-	50,000	-	1,149,377
<b>Total liabilities</b>	<b>711,782</b>	<b>116,554</b>	<b>164,192</b>	<b>1,149,377</b>
<b>Deferred inflows of resources</b>				
Unavailable revenue - loans receivable	-	298,125	-	-
Unavailable revenue - special assessment receivable	-	-	-	1,155,181
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>298,125</b>	<b>-</b>	<b>1,155,181</b>
<b>Fund balances</b>				
Nonspendable	62,482	-	129,348	-
Restricted	-	428,681	843,079	-
Committed	-	-	-	-
Unassigned (deficit)	4,188,560	-	-	(1,149,377)
<b>Total fund balances (deficit)</b>	<b>4,251,042</b>	<b>428,681</b>	<b>972,427</b>	<b>(1,149,377)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 4,962,824</b>	<b>\$ 843,360</b>	<b>\$ 1,136,619</b>	<b>\$ 1,155,181</b>

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



Nonmajor Funds	Totals
-------------------	--------

\$ 5,879,039	\$ 7,754,740
227,509	578,194
-	1,683,831
17,455	1,172,636
577,529	2,503,711
29,458	31,600
-	421,304
9,149	138,497
-	12,482
-	193,003
-	298,125
70,000	120,000

<u>\$ 6,810,139</u>	<u>\$ 14,908,123</u>
---------------------	----------------------

\$ 571,671	\$ 1,083,898
32,978	304,225
-	10,622
23,289	31,600
421,304	421,304
37,107	177,228
-	1,199,377

<u>1,086,349</u>	<u>3,228,254</u>
------------------	------------------

-	298,125
-	1,155,181

<u>-</u>	<u>1,453,306</u>
----------	------------------

3,027,287	3,219,117
2,010,642	3,282,402
685,861	685,861
-	3,039,183

<u>5,723,790</u>	<u>10,226,563</u>
------------------	-------------------

<u>\$ 6,810,139</u>	<u>\$ 14,908,123</u>
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# CITY OF JACKSON, MICHIGAN

## Reconciliation

Fund Balances for Governmental Funds  
to Net Position of Governmental Activities  
June 30, 2013

Fund balances - total governmental funds	\$ 10,226,563
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Capital assets	188,748,603
Accumulated depreciation	(113,652,292)
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 inflows in the governmental funds, and thus are not included in fund balance.	
Deferred loans receivable	298,125
Deferred special assessments	1,155,181
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 position.	
Net position of governmental activities accounted for in internal service funds	4,049,639
Portion of internal service funds net position attributed to business-type activities	85,987
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Unamortized bond discount	133,672
Unamortized deferred loss on refunding	902,553
Bonds and installment contracts	(39,858,577)
Unamortized bond premium	(549,620)
Other postemployment benefit obligation	(13,225,364)
Compensated absences	(1,925,463)
Accrued interest on long-term liabilities	(148,547)
Net position of governmental activities	<u>\$ 36,240,460</u>

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, 2013

	General	Community Development Block Grant	Major Streets	Special Assessment Capital Projects
<b>Revenues</b>				
Property taxes	\$ 6,780,334	\$ -	\$ -	\$ -
Income taxes	8,017,329	-	-	-
Licenses and permits	271,848	-	-	-
Intergovernmental	4,403,887	1,067,406	6,046,804	-
Charges for services	1,216,088	-	-	-
Fines and forfeits	223,947	-	-	-
Special assessments	-	-	-	403,688
Investment income	30,887	1,581	2,173	-
Parking fees	-	-	-	-
Miscellaneous	198,786	222,797	176,041	-
<b>Total revenues</b>	<b>21,143,106</b>	<b>1,291,784</b>	<b>6,225,018</b>	<b>403,688</b>
<b>Expenditures</b>				
Current:				
Legislative	81,079	-	-	-
General government	4,334,482	-	-	-
Public safety	12,900,639	455,098	-	-
Public works	593,487	-	6,138,337	-
Culture and recreation	1,582,946	-	-	-
Community enrichment and development	113,533	794,502	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
<b>Total expenditures</b>	<b>19,606,166</b>	<b>1,249,600</b>	<b>6,138,337</b>	<b>-</b>
<b>Revenues over (under) expenditures</b>	<b>1,536,940</b>	<b>42,184</b>	<b>86,681</b>	<b>403,688</b>
<b>Other financing sources (uses)</b>				
Proceeds from issuance of debt	-	-	-	-
Premium on bonds	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Proceeds from sale of capital assets	16,996	-	-	-
Transfers in	46,406	-	740,630	-
Transfers out	(776,472)	-	(641,921)	(595,042)
<b>Total other financing sources (uses)</b>	<b>(713,070)</b>	<b>-</b>	<b>98,709</b>	<b>(595,042)</b>
<b>Net change in fund balances</b>	<b>823,870</b>	<b>42,184</b>	<b>185,390</b>	<b>(191,354)</b>
Fund balances (deficit), beginning of year	3,427,172	386,497	787,037	(958,023)
<b>Fund balances (deficit), end of year</b>	<b>\$ 4,251,042</b>	<b>\$ 428,681</b>	<b>\$ 972,427</b>	<b>\$ (1,149,377)</b>

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

Nonmajor Funds	Totals
\$ 2,524,205	\$ 9,304,539
-	8,017,329
-	271,848
4,621,825	16,139,922
3,917,600	5,133,688
-	223,947
-	403,688
86,898	121,539
14,100	14,100
48,334	645,958
<u>11,212,962</u>	<u>40,276,558</u>
-	81,079
-	4,334,482
4,411,069	17,766,806
1,305,169	8,036,993
1,101,822	2,684,768
1,352,151	2,260,186
641,945	641,945
1,600,000	1,600,000
1,458,980	1,458,980
<u>11,871,136</u>	<u>38,865,239</u>
<u>(658,174)</u>	<u>1,411,319</u>
8,275,000	8,275,000
415,396	415,396
(8,644,152)	(8,644,152)
-	16,996
4,218,354	5,005,390
<u>(3,072,502)</u>	<u>(5,085,937)</u>
<u>1,192,096</u>	<u>(17,307)</u>
533,922	1,394,012
<u>5,189,868</u>	<u>8,832,551</u>
<u>\$ 5,723,790</u>	<u>\$ 10,226,563</u>

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# CITY OF JACKSON, MICHIGAN

## Reconciliation

Net Changes in Fund Balances of Governmental Funds  
to Changes in Net Position of Governmental Activities  
For the Fiscal Year Ended June 30, 2013

Net change in fund balances - total governmental funds	\$ 1,394,012
Amounts reported for <i>governmental activities</i> 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.	
Capital outlay	6,017,354
Loss on disposal of capital assets	(11,298)
Depreciation expense	(3,686,434)
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.	
Current year special assessment revenue earned greater than receipts	191,354
Current year loan receivable receipts	(15,750)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Principal payments on long-term liabilities	1,600,000
Proceeds from issuance of long-term liabilities	(8,275,000)
Payment to refunding bond escrow agent	8,644,152
Premium on refunding bonds	(415,396)
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.	
Change in accrued interest payable on bonds	(2,659)
Amortization of bond discount	(102,632)
Amortization of bond premium	7,064
Amortization of refunding loss	(38,755)
Change in net other postemployment benefit obligation	(2,092,152)
Change in the accrual of compensated absences	91,859
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.	
Net operating loss from governmental activities accounted for in internal service funds	(249,153)
Net operating loss attributable to business-type activities	68,978
Interest revenue from governmental internal service funds	56,364
Transfers made from governmental internal service funds	(353)
Change in net position of governmental activities	<u>\$ 3,181,555</u>

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

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2013

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Property taxes	\$ 6,722,592	\$ 6,726,592	\$ 6,780,334	\$ 53,742	\$ 6,842,985
Income taxes	7,600,000	7,900,000	8,017,329	117,329	7,297,281
Licenses and permits	265,625	261,200	271,848	10,648	262,775
Intergovernmental	3,930,788	4,391,087	4,403,887	12,800	3,964,157
Charges for services	1,239,528	1,243,802	1,216,088	(27,714)	1,222,262
Fines and forfeits	171,290	201,264	223,947	22,683	199,216
Investment income	36,000	26,000	30,887	4,887	17,945
Miscellaneous	170,256	177,935	198,786	20,851	292,346
<b>Total revenues</b>	<b>20,136,079</b>	<b>20,927,880</b>	<b>21,143,106</b>	<b>215,226</b>	<b>20,098,967</b>
<b>Expenditures</b>					
<b>Current:</b>					
Legislative - City Council	80,682	82,837	81,079	(1,758)	78,779
<b>General government:</b>					
City Manager	237,127	336,378	335,185	(1,193)	237,606
City Clerk - Elections	148,744	143,235	139,098	(4,137)	159,352
Finance	421,295	422,198	420,734	(1,464)	426,577
City Assessor	314,153	320,856	306,245	(14,611)	300,165
City Attorney	416,459	468,529	456,668	(11,861)	387,169
City Clerk	198,465	227,281	223,013	(4,268)	193,084
Personnel	183,789	195,186	181,190	(13,996)	198,356
Purchasing	91,890	91,876	85,884	(5,992)	85,892
City Treasurer	276,707	281,292	281,269	(23)	274,211
City income tax administration	199,353	201,426	169,664	(31,762)	177,527
Management information services	360,973	321,534	320,580	(954)	327,455
City hall and grounds	340,337	338,862	338,672	(190)	331,319
Cemeteries	250,000	251,513	251,374	(139)	220,934
Administrative hearings bureau	22,851	22,851	22,687	(164)	22,850
Unallocated	760,980	756,391	802,219	45,828	768,881
<b>Total general government</b>	<b>4,223,123</b>	<b>4,379,408</b>	<b>4,334,482</b>	<b>(44,926)</b>	<b>4,111,378</b>
<b>Public safety:</b>					
<b>Police:</b>					
General	7,543,533	7,466,991	7,355,129	(111,862)	7,148,296
STEP grant	-	19,530	7,765	(11,765)	17,031
JCCAE grant	-	-	-	-	4,962
Homeland security grant	-	292,188	280,586	(11,602)	-
Office of Highway Safety program	-	20,605	14,761	(5,844)	6,049
MCOLES training	-	27,478	26,021	(1,457)	22,004
In-service training	4,486	14,805	9,418	(5,387)	8,826
Consortium training	12,124	35,618	30,908	(4,710)	14,637
<b>Fire -</b>					
Suppression	3,066,078	3,262,139	3,155,849	(106,290)	3,357,124
Police and fire - unallocated	2,023,881	1,991,731	1,983,187	(8,544)	1,776,913
Emergency measures	67,459	68,426	37,015	(31,411)	44,116
<b>Total public safety</b>	<b>12,717,561</b>	<b>13,199,511</b>	<b>12,900,639</b>	<b>(298,872)</b>	<b>12,399,958</b>

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CITY OF JACKSON, MICHIGAN

**Statement of Revenues, Expenditures and Changes in Fund Balance**

Final Budget and Actual - General Fund

For the Fiscal Year Ended June 30, 2013

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
Expenditures (concluded)					
Current (concluded):					
Public works:					
Tax property maintenance	\$ 8,813	\$ 22,660	\$ 16,965	\$ (5,695)	\$ 8,883
Civic affairs	50,240	46,785	37,698	(9,087)	43,274
Grounds maintenance	49,320	48,056	18,775	(29,281)	40,707
Sidewalk construction	40,000	60,818	37,032	(23,786)	40,774
Street lighting	513,209	498,766	454,919	(43,847)	492,901
Weed control	46,198	57,492	36,236	(21,256)	48,174
Reimbursements	(10,000)	(25,818)	(8,138)	(17,680)	(29,654)
Total public works	<u>697,780</u>	<u>708,759</u>	<u>593,487</u>	<u>(115,272)</u>	<u>645,059</u>
Culture and recreation:					
Parks and recreation administration	643,837	643,837	641,374	(2,463)	592,615
Parks and facilities maintenance	525,170	531,367	510,854	(20,513)	518,119
Forestry	286,363	289,363	257,314	(32,049)	243,281
Lt. Nixon memorial pool	132,225	113,241	111,517	(1,724)	142,066
Sharp Park swimming pool	95,593	95,058	94,076	(982)	101,704
Historical district	8,452	7,950	7,809	(141)	7,627
Reimbursements	(40,000)	(40,000)	(39,998)	(2)	(75,249)
Total culture and recreation	<u>1,651,640</u>	<u>1,640,816</u>	<u>1,582,946</u>	<u>(57,870)</u>	<u>1,530,163</u>
Community enrichment/development:					
Planning	121,803	94,605	93,267	(1,338)	66,750
Land acquisition	40,000	25,000	15,973	(9,027)	28,561
Human relations	-	-	-	-	66,001
Economic development	100,000	30,000	4,293	(25,707)	-
Other	-	-	-	-	1,813
Total community enrichment and development	<u>261,803</u>	<u>149,605</u>	<u>113,533</u>	<u>(36,072)</u>	<u>163,125</u>
Total expenditures	<u>19,632,589</u>	<u>20,160,936</u>	<u>19,606,166</u>	<u>(554,770)</u>	<u>18,928,462</u>
Revenues over expenditures	<u>503,490</u>	<u>766,944</u>	<u>1,536,940</u>	<u>769,996</u>	<u>1,170,505</u>
Other financing sources (uses)					
Proceeds from sale of capital assets	15,000	15,000	16,996	1,996	-
Transfers in	100,300	74,158	46,406	(27,752)	72,422
Transfers out	(665,875)	(786,100)	(776,472)	(9,628)	(446,000)
Total other financing sources (uses)	<u>(550,575)</u>	<u>(696,942)</u>	<u>(713,070)</u>	<u>(16,128)</u>	<u>(373,578)</u>
Net change in fund balances	(47,085)	70,002	823,870	753,868	796,927
Fund balances, beginning of year	<u>3,427,172</u>	<u>3,427,172</u>	<u>3,427,172</u>	<u>-</u>	<u>2,630,245</u>
Fund balances, end of year	<u>\$ 3,380,087</u>	<u>\$ 3,497,174</u>	<u>\$ 4,251,042</u>	<u>\$ 753,868</u>	<u>3,427,172</u>

concluded.

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

CITY OF JACKSON, MICHIGAN

Statement of Revenues, Expenditures and Changes in Fund Balances

Final Budget and Actual - Community Development Block Grant

For the Fiscal Year Ended June 30, 2013

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Intergovernmental	\$ 13,928,399	\$ 13,928,399	\$ 1,067,406	\$ (12,860,993)	\$ 1,450,466
Investment income	7,884	7,884	1,581	(6,303)	1,561
Miscellaneous	1,379,854	1,379,854	222,797	(1,157,057)	108,949
<b>Total revenues</b>	<b>15,316,137</b>	<b>15,316,137</b>	<b>1,291,784</b>	<b>(14,024,353)</b>	<b>1,560,976</b>
<b>Expenditures</b>					
Current:					
Public safety -					
Code enforcement	4,323,620	4,323,620	455,098	(3,868,522)	541,060
Community enrichment and development:					
Rehabilitation	2,892,638	2,892,638	174,449	(2,718,189)	102,083
Rehabilitation loans	11,000	11,000	(374)	(11,374)	2,856
Public services	1,506,011	1,506,011	40,908	(1,465,103)	121,527
Administration	2,180,740	2,180,740	150,711	(2,030,029)	186,063
Economic development	372,000	372,000	-	(372,000)	-
Interim assistance	13,329	13,329	-	(13,329)	-
Street construction	2,217,634	2,217,634	121,129	(2,096,505)	465,756
Sidewalks and drives	235,959	235,959	3,118	(232,841)	29,654
Forestry	117,525	117,525	1	(117,524)	35,249
Public facility demolition	798,122	798,122	304,560	(493,562)	-
Public improvement	602,556	602,556	-	(602,556)	-
Homelessness prevention	399,965	399,965	-	(399,965)	36,345
<b>Total expenditures</b>	<b>15,671,099</b>	<b>15,671,099</b>	<b>1,249,600</b>	<b>(14,421,499)</b>	<b>1,520,593</b>
<b>Net change in fund balances</b>	<b>(354,962)</b>	<b>(354,962)</b>	<b>42,184</b>	<b>397,146</b>	<b>40,383</b>
<b>Fund balances, beginning of year</b>	<b>386,497</b>	<b>386,497</b>	<b>386,497</b>	<b>-</b>	<b>346,114</b>
<b>Fund balances, end of year</b>	<b>\$ 31,535</b>	<b>\$ 31,535</b>	<b>\$ 428,681</b>	<b>\$ 397,146</b>	<b>\$ 386,497</b>

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

CITY OF JACKSON, MICHIGAN

**Statement of Revenues, Expenditures and Changes in Fund Balances**

Final Budget and Actual - Major Streets Fund

For the Fiscal Year Ended June 30, 2013

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013				2012 Actual
	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>					
Intergovernmental	\$ 8,427,266	\$ 8,039,722	\$ 6,046,804	\$ (1,992,918)	\$ 7,059,493
Investment income	-	2,253	2,173	(80)	307
Miscellaneous	144,824	144,874	176,041	31,167	143,475
<b>Total revenues</b>	<b>8,572,090</b>	<b>8,186,849</b>	<b>6,225,018</b>	<b>(1,961,831)</b>	<b>7,203,275</b>
<b>Expenditures</b>					
Public works:					
Street construction	551,552	608,961	485,738	(123,223)	410,569
Street maintenance	434,312	523,659	479,167	(44,492)	516,245
Traffic services	568,794	605,569	574,187	(31,382)	557,667
Winter maintenance	405,782	297,442	209,144	(88,298)	149,293
Trunkline maintenance	195,100	195,100	168,629	(26,471)	118,148
State highway construction	6,895,614	6,452,418	4,221,472	(2,230,946)	5,469,458
<b>Total expenditures</b>	<b>9,051,154</b>	<b>8,683,149</b>	<b>6,138,337</b>	<b>(2,544,812)</b>	<b>7,221,380</b>
Revenues over (under) expenditures	(479,064)	(496,300)	86,681	582,981	(18,105)
<b>Other financing sources (uses)</b>					
Transfers in	931,631	773,263	740,630	(32,633)	702,143
Transfers out	(641,929)	(641,929)	(641,921)	(8)	(460,369)
<b>Total other financing sources (uses)</b>	<b>289,702</b>	<b>131,334</b>	<b>98,709</b>	<b>(32,625)</b>	<b>241,774</b>
<b>Net change in fund balances</b>	<b>(189,362)</b>	<b>(364,966)</b>	<b>185,390</b>	<b>550,356</b>	<b>223,669</b>
Fund balances, beginning of year	787,037	787,037	787,037	-	563,368
<b>Fund balances, end of year</b>	<b>\$ 597,675</b>	<b>\$ 422,071</b>	<b>\$ 972,427</b>	<b>\$ 550,356</b>	<b>\$ 787,037</b>

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

CITY OF JACKSON, MICHIGAN

Statement of Net Position - Proprietary Funds  
June 30, 2013

	Enterprise Funds - Business-type Activities			
	Sewage	Water	Parking Deck	Nonmajor Funds
<b>Assets</b>				
Current assets:				
Pooled cash and investments	\$ 8,998,308	\$ 9,273,360	\$ 1,219,196	\$ 598,019
Accounts receivable, net	1,384,254	1,958,439	-	2,460
Interfund receivable	-	-	-	-
Inventories	-	272,492	-	-
Restricted cash and cash equivalents:				
Cash on hand with agents	-	-	-	-
Bond reserve	62,500	-	-	-
Total current assets	<u>10,445,062</u>	<u>11,504,291</u>	<u>1,219,196</u>	<u>600,479</u>
Noncurrent assets:				
Long-term advances	-	-	-	-
Capital assets not being depreciated	154,947	58,369	7,060,843	1,682,727
Capital assets being depreciated, net	16,356,100	21,734,529	10,517,717	181,713
Total noncurrent assets	<u>16,511,047</u>	<u>21,792,898</u>	<u>17,578,560</u>	<u>1,864,440</u>
<b>Total assets</b>	<u>26,956,109</u>	<u>33,297,189</u>	<u>18,797,756</u>	<u>2,464,919</u>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	90,140	223,757	4,987	36,668
Accrued payroll	19,651	28,708	347	3,851
Interfund payable	-	-	-	-
Accrued compensated absences	8,311	18,626	-	-
Customer deposits	-	185,950	-	-
Unearned revenue	-	-	125,000	-
Current portion of:				
Estimated claims payable	-	-	-	-
Revenue bonds	100,000	-	-	-
Total current liabilities	<u>218,102</u>	<u>457,041</u>	<u>130,334</u>	<u>40,519</u>
Noncurrent liabilities:				
Long term advance	-	-	-	70,000
Estimated claims payable, net	-	-	-	-
Revenue bonds payable, net	200,000	-	-	-
Accrued compensated absences, net	82,089	215,586	-	-
Total noncurrent liabilities	<u>282,089</u>	<u>215,586</u>	<u>-</u>	<u>70,000</u>
<b>Total liabilities</b>	<u>500,191</u>	<u>672,627</u>	<u>130,334</u>	<u>110,519</u>
<b>Net position</b>				
Net investment in capital assets	16,211,047	21,792,898	17,578,560	1,864,440
Restricted for bond reserve	62,500	-	-	-
Unrestricted	10,182,371	10,831,664	1,088,862	489,960
<b>Total net position</b>	<u>\$ 26,455,918</u>	<u>\$ 32,624,562</u>	<u>\$ 18,667,422</u>	<u>\$ 2,354,400</u>

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



	Governmental Activities
Totals	Internal Service
\$ 20,088,883	\$ 2,195,045
3,345,153	86,386
-	139,864
272,492	-
-	215,646
62,500	-
<u>23,769,028</u>	<u>2,636,941</u>
-	1,208,657
8,956,886	-
48,790,059	1,047,229
<u>57,746,945</u>	<u>2,255,886</u>
<u>81,515,973</u>	<u>4,892,827</u>
355,552	114,714
52,557	16,012
-	139,864
26,937	-
185,950	-
125,000	-
-	256,659
100,000	-
<u>845,996</u>	<u>527,249</u>
70,000	59,280
-	256,659
200,000	-
297,675	-
<u>567,675</u>	<u>315,939</u>
<u>1,413,671</u>	<u>843,188</u>
57,446,945	1,047,229
62,500	-
22,592,857	3,002,410
<u>\$ 80,102,302</u>	<u>\$ 4,049,639</u>

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# CITY OF JACKSON, MICHIGAN

## Reconciliation

Net Position of Enterprise Funds  
to Net Position of Business-Type Activities  
June 30, 2013

Net position - enterprise funds	\$ 80,102,302
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Amounts reported for *business-type activities* in the statement of net position are different because:

An internal service fund is used by management to charge the costs of certain equipment usage to individual enterprise funds. A portion of the net position of the internal service fund attributable to these charges are included in business-type activities in the statement of net position.

<u>(85,987)</u>
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Net position of business-type activities	<u>\$ 80,016,315</u>
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The accompanying notes are an integral part of these financial statements.

# CITY OF JACKSON, MICHIGAN

## Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds For the Fiscal Year Ended June 30, 2013

	Enterprise Funds - Business-type Activities			
	Sewage	Water	Parking Deck	Nonmajor Funds
Operating revenues				
Charges for sales and services	\$ 4,776,269	\$ 7,936,865	\$ 256,875	\$ 1,323,975
Administrative fees	-	252,768	-	-
Other	76,838	182,587	-	18,422
<b>Total operating revenues</b>	<b>4,853,107</b>	<b>8,372,220</b>	<b>256,875</b>	<b>1,342,397</b>
Operating expenses				
Personal services	1,404,797	2,313,778	59,203	286,796
Administration	-	-	-	-
Materials and supplies	289,738	641,031	-	1,541
Contractual and other services	1,876,754	2,371,249	177,362	1,295,057
Benefit payments	-	-	-	-
Depreciation	1,008,137	703,131	262,943	23,921
<b>Total operating expenses</b>	<b>4,579,426</b>	<b>6,029,189</b>	<b>499,508</b>	<b>1,607,315</b>
Operating income (loss)	273,681	2,343,031	(242,633)	(264,918)
Nonoperating revenues (expenses)				
Investment income	53,524	44,381	5,871	1,273
Interest and fiscal charges	(18,650)	(17,633)	-	(2,000)
<b>Total nonoperating revenues (expenses)</b>	<b>34,874</b>	<b>26,748</b>	<b>5,871</b>	<b>(727)</b>
Income (loss) before transfers	308,555	2,369,779	(236,762)	(265,645)
Transfers in	-	-	-	80,900
Transfers out	-	-	-	-
<b>Change in net position</b>	<b>308,555</b>	<b>2,369,779</b>	<b>(236,762)</b>	<b>(184,745)</b>
Net position, beginning of year, as restated	26,147,363	30,254,783	18,904,184	2,539,145
<b>Net position, end of year</b>	<b>\$ 26,455,918</b>	<b>\$ 32,624,562</b>	<b>\$ 18,667,422</b>	<b>\$ 2,354,400</b>

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

	Governmental Activities
Totals	Internal Service
\$ 14,293,984	\$ 2,191,246
252,768	-
<u>277,847</u>	<u>1,223,347</u>
14,824,599	3,414,593
4,064,574	1,169,370
-	212,235
932,310	408,667
5,720,422	1,222,779
-	329,518
<u>1,998,132</u>	<u>321,177</u>
<u>12,715,438</u>	<u>3,663,746</u>
<u>2,109,161</u>	<u>(249,153)</u>
105,049	56,364
<u>(38,283)</u>	<u>-</u>
<u>66,766</u>	<u>56,364</u>
2,175,927	(192,789)
80,900	-
-	<u>(353)</u>
2,256,827	(193,142)
<u>77,845,475</u>	<u>4,242,781</u>
<u>\$ 80,102,302</u>	<u>\$ 4,049,639</u>

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## CITY OF JACKSON, MICHIGAN

### Reconciliation

Change in Net Position of Enterprise Funds  
to Change in Net Position of Business-Type Activities  
For the Year Ended June 30, 2013

Net change in net position - total enterprise funds	\$ 2,256,827
Amounts reported for <i>business-type activities</i> in the statement of activities are different because:	
An internal service fund is used by management to charge the costs of certain equipment usage to individual enterprise funds. A portion of the net operating loss attributable to those funds is reported with business-type activities.	
	<u>(68,978)</u>
Change in net position of business-type activities	<u>\$ 2,187,849</u>

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

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended June 30, 2013

	Enterprise Funds - Business-type Activities			
	Sewage	Water	Parking Deck	Nonmajor Funds
Cash flows from operating activities				
Receipts from customers and users	\$ 4,724,503	\$ 8,662,837	\$ 256,875	\$ 1,734,735
Receipts for interfund services provided	-	-	-	-
Payments to employees	(1,413,399)	(2,258,903)	(59,239)	(286,796)
Payments to vendors and claimants	(2,282,102)	(3,212,175)	(197,030)	(1,353,898)
Net cash provided by operating activities	1,029,002	3,191,759	606	94,041
Cash flows from capital and related financing activities				
Purchase of capital assets	(402,496)	(869,205)	-	-
Principal and interest paid on long-term debt	(118,650)	(282,282)	-	(2,000)
Interfund advances	-	-	-	-
Net cash used in capital and related financing activities	(521,146)	(1,151,487)	-	(2,000)
Cash flows from noncapital financing activities				
Transfers in	-	-	-	80,900
Transfers out	-	-	-	-
Net cash provided by (used in) noncapital financing activities	-	-	-	80,900
Cash flows from investing activities				
Interest received on investments	53,524	44,381	5,871	1,273
Net change in cash and cash equivalents	561,380	2,084,653	6,477	174,214
Cash and cash equivalents, beginning of year	8,499,428	7,188,707	1,212,719	423,805
Cash and cash equivalents, end of year	\$ 9,060,808	\$ 9,273,360	\$ 1,219,196	\$ 598,019
Classified on the statement of net position as:				
Cash and cash equivalents	\$ 8,998,308	\$ 9,273,360	\$ 1,219,196	\$ 598,019
Restricted cash and cash equivalents	62,500	-	-	-
	\$ 9,060,808	\$ 9,273,360	\$ 1,219,196	\$ 598,019

	Governmental Activities
Totals	Internal Service
\$ 15,378,950	\$ -
-	3,477,122
(4,018,337)	(1,170,414)
<u>(7,045,205)</u>	<u>(2,305,560)</u>
<u>4,315,408</u>	<u>1,148</u>
(1,271,701)	(486,557)
(402,932)	-
<u>-</u>	<u>(191,444)</u>
<u>(1,674,633)</u>	<u>(678,001)</u>
80,900	-
<u>-</u>	<u>(353)</u>
<u>80,900</u>	<u>(353)</u>
<u>105,049</u>	<u>56,364</u>
2,826,724	(620,842)
<u>17,324,659</u>	<u>3,031,533</u>
<u>\$ 20,151,383</u>	<u>\$ 2,410,691</u>
\$ 20,088,883	\$ 2,195,045
<u>62,500</u>	<u>215,646</u>
<u>\$ 20,151,383</u>	<u>\$ 2,410,691</u>

continued...

CITY OF JACKSON, MICHIGAN

Statement of Cash Flows - Proprietary Funds  
For the Fiscal Year Ended June 30, 2013

	Enterprise Funds - Business-type Activities			
	Sewage	Water	Parking Deck	Nonmajor Funds
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	\$ 273,681	\$ 2,343,031	\$ (242,633)	\$ (264,918)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,008,137	703,131	262,943	23,921
Change in:				
Accounts receivable	(128,604)	279,667	-	-
Interfund receivable	-	-	-	392,338
Inventories	-	(14,459)	-	-
Accounts payable	(115,610)	(185,436)	(19,668)	(46,744)
Accrued payroll	(15,676)	(3,285)	(36)	(556)
Interfund payable	-	-	-	-
Accrued compensated absences	7,074	58,160	-	-
Advance from other funds	-	-	-	(10,000)
Customer deposits	-	10,950	-	-
Net cash provided by operating activities	<u>\$ 1,029,002</u>	<u>\$ 3,191,759</u>	<u>\$ 606</u>	<u>\$ 94,041</u>

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

	Governmental Activities
Totals	Internal Service
\$ 2,109,161	\$ (249,153)
1,998,132	321,177
151,063	62,529
392,338	(94,662)
(14,459)	-
(367,458)	(132,361)
(19,553)	(1,044)
-	94,662
65,234	-
(10,000)	-
10,950	-
<u>\$ 4,315,408</u>	<u>\$ 1,148</u>

concluded.

# CITY OF JACKSON, MICHIGAN

## Statement of Fiduciary Net Position - Fiduciary Funds

June 30, 2013

	Pension and Other Employee Benefits Trust Funds	Agency Funds
<b>Assets</b>		
Pooled cash and investments	\$ 303,190	\$ 263,591
Investments, at fair value:		
U.S. treasuries	1,941,295	-
U.S. agencies	342,789	-
Mortgage-backed securities	39,438	-
Corporate bonds:		
Domestic bonds	7,959,401	-
Domestic mutual funds	8,776,369	-
Equities:		
Domestic stocks	23,824,010	-
Domestic mutual funds	13,851,528	-
International stocks	7,590,716	-
International mutual funds	5,388,366	-
Money market accounts	2,807,629	-
Receivables:		
Interest and dividends receivable	9,935	-
Other	130,566	-
<b>Total assets</b>	<u>72,965,232</u>	<u>\$ 263,591</u>
<b>Liabilities</b>		
Due to other governments	-	47,057
Refunds payable and other liabilities	358,502	216,534
<b>Total liabilities</b>	<u>358,502</u>	<u>\$ 263,591</u>
<b>Net position</b>		
Held in trust for pension and other employee benefits	<u>\$ 72,606,730</u>	

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

# CITY OF JACKSON, MICHIGAN

## Statement of Changes in Fiduciary Net Position

Pension and Other Employee Benefits Trust Funds

For the Fiscal Year Ended June 30, 2013

### Additions

#### Contributions:

Employer	\$ 4,329,017
Plan members	1,212,635
Total contributions	<u>5,541,652</u>

#### Investment income:

Net appreciation in fair value of investments	7,992,412
Interest	231,348
Dividends	742,072
Total investment income	<u>8,965,832</u>

Less investment expense	<u>331,613</u>
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Net investment income	<u>8,634,219</u>
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Total additions	<u>14,175,871</u>
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### Deductions

Benefits	8,783,769
Refunds of contributions	95,636
Administrative expense	195,503
	<u>9,074,908</u>

Total deductions	<u>9,074,908</u>
------------------	------------------

Net change in net position	5,100,963
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### Net position held in trust for pension and other employee benefits

Beginning of year	<u>67,505,767</u>
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End of year	<u>\$ 72,606,730</u>
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The accompanying notes are an integral part of these financial statements.

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## NOTES TO THE FINANCIAL STATEMENTS

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 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.

#### 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 Council. 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* - Following is a summary of the City's 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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.

### Basis of Presentation

#### *Government-wide and Fund Financial Statements*

*Government-wide Financial Statements.* The statements of net position 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.

#### *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

*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. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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

*Governmental Fund Financial Statements.* Governmental fund financial statements 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. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period, except for reimbursement-based grants which must be collected within one year. Property taxes, franchise taxes, licenses and interest are considered to be susceptible to accrual.

Expenditures generally are recorded when a related fund liability is incurred, except for debt service expenditures, 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 from 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 position 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.

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all the financial resources of the general government, except those accounted for and reported 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 special revenue 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*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.

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 expenditures for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets that are not being financed by proprietary funds.

The *permanent funds* account for and report 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* are proprietary funds used to account for major machinery and equipment purchases and maintenance, as well as risk management services provided to other departments of the City on a cost reimbursement basis.

The *pension and other employee benefits 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.

### 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 trust funds and the downtown development authority component unit. 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".

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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.

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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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.

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:

	Years
Public domain infrastructure	16-50
Land improvements	50
Buildings and improvements	50
Park and recreation facilities	50
Machinery and equipment	5-15
Water and sewage systems	10-50

### *Deferred Outflows of Resources*

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category, the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

### *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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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.

### *Deferred Inflows of Resources*

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds also report unavailable revenues, which arise only under a modified accrual basis of accounting that are reported as deferred inflows of resources. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In addition, deferred inflows of resources are reported in the government-wide and governmental fund financial statements for property taxes levied during the year that were intended to finance future periods.

### *Fund Balances*

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 Council is required to establish, modify, or rescind a fund balance commitment. Assigned fund balance is reported in instances where the City Council has given authority for the making of such assignments to City management; assigned fund balances are neither restricted nor committed. Unassigned fund balance is the residual classification for the general fund. The City reports no assigned fund balances.

When the government incurs expenditures 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.

## 2. 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

An operating budget is adopted each fiscal year for the general and special revenue funds on a basis consistent with GAAP. Budgets are legally required for the general and special revenue funds. Budgetary control is exercised at the activity level within the general fund, the community development block grant special revenue fund and major streets special revenue fund and on the fund level for all other funds. Accordingly, financial statement presentation is made on this basis. A City Council 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.

## 3. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

Fund/Activity	Final Budget	Actual	Over Budget
General fund			
General government -			
Unallocated	\$ 756,391	\$ 802,219	\$ 45,828

## 4. FUND DEFICIT

At June 30, 2013, the special assessment capital projects fund had a fund deficit of \$1,149,377. This deficit will be eliminated as deferred special assessments become due. The Sharp Park golf practice center enterprise fund had a deficit of \$35,380 in ending unrestricted net position.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 5. DEPOSITS AND INVESTMENTS

*Summary of Deposit and Investment Balances.* Following is a reconciliation of deposit and investment balances as of June 30, 2013:

	Primary Government	Component Units	Total
<b>Statement of Net Position</b>			
Pooled cash and investments	\$ 27,279,791	\$ 2,010,367	\$ 29,290,158
Restricted cash:			
Cash on hand with agents	215,646	-	215,646
Pooled cash and investments	3,014,380	-	3,014,380
<b>Statement of Fiduciary Net Position</b>			
Pooled cash and investments	566,781	-	566,781
Investments - pension	72,521,541	-	72,521,541
<b>Total</b>	<b>\$ 103,598,139</b>	<b>\$ 2,010,367</b>	<b>\$ 105,608,506</b>
<b>Deposits and investments:</b>			
Bank deposits (checking, savings and certificates of deposit)			\$ 17,206,519
Investments in securities and mutual funds:			
Cash and investment pool			15,648,605
Pension and other employee benefits trust funds			72,521,541
Cash on hand with agents			215,646
Cash on hand			16,195
<b>Total</b>			<b>\$ 105,608,506</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, 2013, \$15,148,395 of the City's total bank balance of \$17,264,633 (total book balance was \$17,206,519) 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, 2013:

U.S. treasuries	\$ 1,029,570
U.S. agencies	775,705
Domestic equities	17,024
Money markets	<u>13,826,306</u>
 Total	 <u>\$ 15,648,605</u>

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, 2013, 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, 2013, all of the City's investments in securities of U.S. agencies were rated AA+ 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, 2013, 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, 2013, maturities of the City's debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 1,029,570	\$ 160,989	\$ 636,436	\$ 177,374	\$ 54,771
U.S. agencies	775,705	74,127	701,578	-	-
	<u>\$ 1,805,275</u>	<u>\$ 235,116</u>	<u>\$ 1,338,014</u>	<u>\$ 177,374</u>	<u>\$ 54,771</u>

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

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### Deposits and Investments - Pension and Other Employee Benefits Trust Funds

The City maintains three pension trust funds (see Note 16) and one other employee benefits trust fund (see Note 17) 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 benefits trust funds' deposits and investments are presented separately.

Deposits - The pension and other employee benefits 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 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 benefits 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, 2013:

Investments at fair value, as determined by	
quoted market price:	
U.S. treasuries	\$ 1,941,295
U.S. agencies	342,789
Mortgage-backed securities	39,438
Corporate bonds:	
Domestic bonds	7,959,401
Domestic mutual funds	8,776,369
Equities:	
Domestic stocks	23,824,010
Domestic mutual funds	13,851,528
International stocks	7,590,716
International mutual funds	5,388,366
Money market accounts	<u>2,807,629</u>
Total investments	<u>\$ 72,521,541</u>

*Credit Risk.* The pension and other employee benefits 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, 2013, the pension and other employee benefits trust funds' investments in securities of U.S. agencies were all rated AA+ by Standard & Poor's.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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

Rating	Amount
AAA	\$ 214,902
AA+	139,184
AA-	59,454
A+	279,330
A	661,139
A-	596,675
BBB+	534,930
BBB	1,375,942
BBB-	247,750
BB+	131,320
BB	416,741
BB-	480,013
B+	470,113
B	186,828
Not rated	<u>2,204,518</u>
Totals	<u>\$ 7,998,839</u>

*Custodial Credit Risk.* For investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the pension and other employee benefits 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 benefits 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 benefits 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 benefits 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, 2013, there were no concentrations in securities of any one issuer greater than 5% of investment fair market value.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Interest Rate Risk.* As of June 30, 2013, maturities of debt securities were as follows:

	Investment Maturities (fair value by years)				
	Fair Value	Less Than 1	1-5	6-10	More Than 10
U.S. treasuries	\$ 1,941,295	\$ 38,623	\$ 1,345,147	\$ 557,525	\$ -
U.S. agencies	342,789	20,034	182,893	24,295	115,567
Mortgage-backed securities	39,438	-	7,206	14,977	17,255
Domestic corporate bonds:					
Callable	2,069,081	-	117,098	534,245	1,417,738
Non-callable	5,890,320	957,746	3,528,340	1,167,307	236,927
	<u>\$ 10,282,923</u>	<u>\$ 1,016,403</u>	<u>\$ 5,180,684</u>	<u>\$ 2,298,349</u>	<u>\$ 1,787,487</u>

The City assumes that its callable bonds totaling \$2,069,081 will not be called. The pension and other employee benefits trust funds' investment policies do not address interest rate risk.

## 6. RECEIVABLES

Receivables in the governmental activities are 39 percent due from other governments, 27 percent income taxes, 19 percent special assessments, 10 percent accounts receivable, and 5 percent loans receivable. Business-type activities receivables are 100 percent due from customers.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 7. CAPITAL ASSETS

Capital assets activity of the primary government for the year ended June 30, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated -				
Land	\$ 2,423,583	\$ -	\$ -	\$ 2,423,583
Capital assets being depreciated:				
Infrastructure	131,047,179	5,300,095	-	136,347,274
Land improvements	15,763,181	-	-	15,763,181
Buildings and improvements	16,628,082	-	-	16,628,082
Park and recreation facilities	9,259,719	459,000	-	9,718,719
Machinery and equipment	13,051,434	744,815	227,246	13,569,003
	<u>185,749,595</u>	<u>6,503,910</u>	<u>227,246</u>	<u>192,026,259</u>
Less accumulated depreciation for:				
Infrastructure	90,399,413	2,677,259	-	93,076,672
Land improvements	2,520,018	315,264	-	2,835,282
Buildings and improvements	5,355,608	281,449	-	5,637,057
Park and recreation facilities	5,004,976	137,052	-	5,142,028
Machinery and equipment	11,234,624	596,587	215,948	11,615,263
	<u>114,514,639</u>	<u>4,007,611</u>	<u>215,948</u>	<u>118,306,302</u>
Total capital assets being depreciated, net	<u>71,234,956</u>	<u>2,496,299</u>	<u>11,298</u>	<u>73,719,957</u>
Governmental activities capital assets, net	<u>\$ 73,658,539</u>	<u>\$ 2,496,299</u>	<u>\$ 11,298</u>	<u>\$ 76,143,540</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-type activities</b>				
Capital assets not being depreciated - Land	\$ 8,956,886	\$ -	\$ -	8,956,886
Capital assets being depreciated:				
Systems	74,721,221	1,209,054	-	75,930,275
Land improvements	2,512,519	-	-	2,512,519
Buildings and improvements	14,319,831	-	-	14,319,831
Machinery and equipment	10,674,511	62,647	109,548	10,627,610
	<u>102,228,082</u>	<u>1,271,701</u>	<u>109,548</u>	<u>103,390,235</u>
Less accumulated depreciation for:				
Systems	39,746,566	1,453,513	-	41,200,079
Land improvements	989,143	45,650	-	1,034,793
Buildings and improvements	3,117,790	267,247	-	3,385,037
Machinery and equipment	8,858,093	231,722	109,548	8,980,267
	<u>52,711,592</u>	<u>1,998,132</u>	<u>109,548</u>	<u>54,600,176</u>
Total capital assets being depreciated, net	<u>49,516,490</u>	<u>(726,431)</u>	<u>-</u>	<u>48,790,059</u>
<b>Business-type activities capital assets, net</b>	<u>\$ 58,473,376</u>	<u>\$ (726,431)</u>	<u>\$ -</u>	<u>\$ 57,746,945</u>

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

<b>Governmental activities:</b>	
General government	\$ 254,986
Public safety	154,316
Public works, including depreciation of general infrastructure assets	2,761,082
Culture and recreation	223,273
Community enrichment and development	292,777
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>321,177</u>
<b>Total depreciation expense - governmental activities</b>	<u>\$ 4,007,611</u>
<b>Business-type activities:</b>	
Sewage	\$ 1,008,137
Water	703,131
Parking system	262,943
Golf practice center	<u>23,921</u>
<b>Total depreciation expense - business-type activities</b>	<u>\$ 1,998,132</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 8. PAYABLES

Payables in the governmental activities are 59 percent vendors, 25 percent claims, 15 percent accrued payroll, and 1 percent other. Business-type activities payables are 60 percent vendors, 31 percent deposits and 9 percent accrued payroll.

### 9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2013, amounts due from and due to other funds were as follows:

Receivable Funds	Payable Funds			Total
	General Fund	Community Development Block Grant	Nonmajor Governmental Funds	
CDBG special revenue fund	\$ 50	\$ -	\$ 2,092	\$ 2,142
Nonmajor governmental funds	7,463	798	21,197	29,458
	<u>\$ 7,513</u>	<u>\$ 798</u>	<u>\$ 23,289</u>	<u>\$ 31,600</u>

At June 30, 2013, long-term advances between funds were as follows:

Receivable Funds	Payable Funds				Total
	Community Development Block Grant	Special Assessment Capital Projects	Nonmajor Enterprise Funds	Internal Service Funds	
General fund	\$ 50,000	\$ -	\$ -	\$ -	\$ 50,000
Nonmajor governmental funds	-	-	70,000	-	70,000
Internal service funds	-	1,149,377	-	59,280	1,208,657
	<u>\$ 50,000</u>	<u>\$ 1,149,377</u>	<u>\$ 70,000</u>	<u>\$ 59,280</u>	<u>\$ 1,328,657</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 position/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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 9. INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

At June 30, 2013, the interfund receivables and payables, which resulted from negative cash balances, consisted of the following:

	Receivable	Payable
General fund	\$ 421,304	\$ -
Nonmajor governmental funds	-	421,304
Internal service funds	<u>139,864</u>	<u>139,864</u>
Totals	<u>\$ 561,168</u>	<u>\$ 561,168</u>

For the year ended June 30, 2013, interfund transfers consisted of the following:

Transfers Out	Transfers In				Total
	General Fund	Major Streets Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	
General fund	\$ -	\$ -	\$ 754,972	\$ 21,500	\$ 776,472
Major streets fund	-	-	641,921	-	641,921
Special assessment capital projects fund	-	354,407	193,235	47,400	595,042
Nonmajor governmental funds	46,406	386,223	2,627,873	12,000	3,072,502
Internal service funds	-	-	353	-	353
	<u>\$ 46,406</u>	<u>\$ 740,630</u>	<u>\$ 4,218,354</u>	<u>\$ 80,900</u>	<u>\$ 5,086,290</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

### 10. 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 \$50,538,577.

During the year, the City issued \$8,275,000 of general obligation refunding bonds to defease \$8,395,000 of bonds by placing the proceeds of the refunding bonds in irrevocable trust for the purpose of generating resources for all future debt service payments on the refunded debt. As a result, the refunded bonds are considered to be defeased and the related liabilities have been removed from the statement of net position. The refunding results in a loss of \$249,152 and an economic gain of \$1,012,451.

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:

Purpose	Fiscal Year Matures	Interest Rates	Amount
<b>Governmental activities</b>			
1999 building authority limited tax	2019	5.25%	\$ 265,000
2001 downtown development	2026	3.70%-5.75%	8,898,577
2003 general obligation unrefunded	2014	2.00%-4.00%	55,000
2007 brownfield refunding	2030	4.00%-4.375%	9,415,000
2011 downtown development refunding	2030	4.375%-4.750%	5,395,000
2012 brownfield redevelopment refunding	2031	2.00%-4.00%	7,555,000
2013 general obligation refunding	2027	2.00%-4.00%	8,275,000
			<u>\$ 39,858,577</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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

Year	Governmental Activities	
	Principal	Interest
2014	\$ 710,000	\$ 1,266,096
2015	765,000	1,179,623
2016	1,634,125	2,178,137
2017	1,811,414	2,270,300
2018	1,958,118	2,362,518
2019-2023	10,494,822	13,108,657
2024-2028	15,000,098	10,108,915
2029-2031	7,485,000	563,350
	<u>\$ 39,858,577</u>	<u>\$ 33,037,596</u>

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

Purpose	Fiscal Year Matures	Interest Rates	Amount
Business-type activities			
2000 sewer system	2016	4.75%-5.35%	<u>\$ 300,000</u>

Revenue bond debt service requirements to maturity are as follows:

Year	Business-type Activities	
	Principal	Interest
2014	\$ 100,000	\$ 17,841
2015	100,000	7,975
2016	100,000	2,675
	<u>\$ 300,000</u>	<u>\$ 28,491</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Changes in long-term debt.* Long-term debt activity for the year ended June 30, 2013, was as follows:

	Beginning Balance	Additions	Refunded	Reductions	Ending Balance	Due Within One Year
Primary Government						
Governmental activities						
General obligation bonds	\$41,008,577	\$ 8,275,000	\$ 8,395,000	\$ 1,030,000	\$39,858,577	\$ 710,000
Installment debt	570,000	-	-	570,000	-	-
Compensated absences	2,017,322	1,355,111	-	1,446,970	1,925,463	1,732,917
Less deferred amounts for:						
Issuance discount	(236,304)	-	(94,673)	(7,959)	(133,672)	-
Issuance premium	141,288	415,396	-	7,064	549,620	-
	<u>\$43,500,883</u>	<u>\$10,045,507</u>	<u>\$ 8,300,327</u>	<u>\$ 3,046,075</u>	<u>\$42,199,988</u>	<u>\$ 2,442,917</u>
Business-type activities						
Revenue bonds	\$ 673,000	\$ -	\$ -	\$ 373,000	\$ 300,000	\$ 100,000
Compensated absences	259,378	248,022	-	182,788	324,612	26,937
	<u>\$ 932,378</u>	<u>\$ 248,022</u>	<u>\$ -</u>	<u>\$ 555,788</u>	<u>\$ 624,612</u>	<u>\$ 126,937</u>

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

### 11. 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 sewage activities, are reported as major funds in the fund financial statements, segment disclosures herein are not required.

### 12. ENDOWMENTS

*Ella W. Sharp Park Endowment Permanent Trust Fund.* For the year ended June 30, 2013, the net appreciation on investments of donor-restricted endowments was \$22,410 and there was an overall decrease in fund balance of \$10,787. 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 net appreciation available; the nonexpendable endowment balance is \$1,158,870.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

*Cemetery Perpetual Maintenance Permanent Trust Fund.* For the year ended June 30, 2013, the net appreciation on investments of donor-restricted endowments was \$1,887 and there was an overall decrease in fund balance of \$16,705. 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 the nonexpendable endowment balance is \$1,859,268.

### 13. 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, 2013 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, 2013, \$256,659 of the total amount is considered to be due within one year.

The change in the workers' compensation internal service fund liability amount for the years ended June 30, 2013 is as follows:

	2013	2012
Claims liability at beginning of fiscal year	\$ 513,318	\$ 663,318
Claims and changes in estimates	286,908	(143,107)
Claims payments	<u>(286,908)</u>	<u>(6,893)</u>
Claims liability at June 30, 2013	<u>\$ 513,318</u>	<u>\$ 513,318</u>

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.

### 14. 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, 2012 levy was assessed and valued at approximately \$538 million, representing approximately 50% of estimated current market value.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

The City's operating tax rate is 6.72 mills (cannot exceed 7.00 mills) with an additional 1.92 (cannot exceed 2.00 mills) for public improvement, 5.46 for Act 345 Pension, 1.04 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.

### 15. CONTINGENT LIABILITIES

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

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

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

The City has adopted a Stormwater Utility Ordinance that attempts to recover costs and expenses incurred by the City for maintaining a stormwater utility system. The ordinance is being legally challenged to determine if the stormwater fees are a tax, which would violate the Headlee Amendment, which requires all new taxes be approved by the voters, or if the fees are determined to be user fees. This matter is not covered by the City's insurance and the potential costs to refund amounts collected could be significant. No provision has been made in the accompanying financial statements.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 16. DEFINED BENEFIT PENSION PLAN

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, 2012, the date of the latest actuarial valuations:

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Retirees and beneficiaries receiving benefits	173	29	163
Terminated plan members entitled to, but not yet receiving benefits	22	-	6
Active plan members	169	-	62
	<u>364</u>	<u>29</u>	<u>231</u>

#### 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 8.86%, with the City contributing 9.92%. Accumulated member contributions are annually credited with interest at 0.26%. 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, 2012 actuarial valuation using the entry age method. The actuarial assumptions included an 7.5% rate of return on investments, projected salary increases of 3.00% to 7.00% including inflation at 3.00%, and no cost of living adjustments.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 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, 2012 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 10.78% 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, 2012 actuarial valuation using the entry age method. The actuarial assumptions included a 7.75% rate of return on investments, projected salary increases of 4.25% to 10.25%, including inflation at 4.25%, and no cost of living adjustments.

Other information for these plans is as follows:

	Employees’ Retirement System	Policemen’s and Firemen’s Pension Fund	Policemen’s and Firemen’s Pension - Act 345 Fund
Asset valuation method	4-year smoothed	4-year smoothed	4-year smoothed
Amortization method	Level percent	Level dollar	Level percent
Remaining amortization period	30 years	12 years	15 years
Open or closed amortization approach	Open	Closed	Open

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### Three-year Trend Information

Year Ending	Annual Pension Cost (APC)	Actual Annual Contribution	Percentage of APC Contributed	Net Pension Obligation
<u>Employees' Retirement System</u>				
6/30/11	\$ 786,824	\$ 786,824	100%	\$ -
6/30/12	817,748	817,748	100%	-
6/30/13	845,594	845,594	100%	-
<u>Policemen's and Firemen's Pension</u>				
6/30/11	\$ 500,000	\$ 500,000	100%	\$ -
6/30/12	500,000	500,000	100%	-
6/30/13	599,431	599,431	100%	-
<u>Policemen's and Firemen's Pension - Act 345</u>				
6/30/11	\$ 2,772,800	\$ 2,772,800	100%	\$ -
6/30/12	2,843,528	2,843,528	100%	-
6/30/13	2,870,342	2,870,342	100%	-

The funded status of each plan as of June 30, 2012, the most recent actuarial valuation date, is as follows (dollar amounts in thousands):

	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
ERS	\$ 32,117	\$ 48,321	\$ 16,204	66.5%	\$ 8,479	191.1%
PFP	3,245	8,481	5,236	38.3%	n/a	n/a
Act 345	32,257	65,437	33,180	49.3%	4,548	729.5%

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.

## 17. POSTEMPLOYMENT BENEFITS

The City provides postemployment healthcare benefits to substantially all full-time employees who retire from the City under one of its three pension plans. 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.

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

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 consisted of 186 retirees currently receiving benefits and 219 active members at June 30, 2011, the date of the latest actuarial valuation.

The City has no obligation to make contributions in advance of when the insurance premiums of benefits are due for payment; in other words, the plan may be financed on a pay-as-you-go basis. Administrative costs of the plan are paid for by the City's general fund. Plan participants are not required to contribute to the plan.

For the year ended June 30, 2013, the City estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of June 30, 2011. 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.

For fiscal year 2013, 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	\$ 3,750,517
Interest on net OPEB obligation	445,329
Adjustment to annual required contribution	<u>(421,073)</u>
Annual OPEB cost	3,774,773
Payment of current costs	<u>(1,682,621)</u>
Increase in net OPEB obligation	2,092,152
Net OPEB obligation, beginning of year	<u>11,133,212</u>
 Net OPEB obligation, end of year	 <u><u>\$ 13,225,364</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

Year Ended	OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	\$ 2,851,996	19.5%	\$ 9,759,465
6/30/11	2,941,574	53.3%	11,133,212
6/30/12	3,774,773	44.6%	13,225,364

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

The funded status of the plan as of June 30, 2011, the date of the latest actuarial valuation, was as follows:

Actuarial accrued liabilities (AAL)	\$ 59,681,463
Actuarial value of plan assets	<u>561,390</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 59,120,073</u>
Funded ratio	0.9%
Covered payroll (active plan members)	\$ 12,795,432
UAAL as a percentage of covered payroll	462.0%

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.

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	June 30, 2011
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	5.00%
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 reports have not been issued for the plans. Financial statements for the individual pension and employee benefit plans are presented in footnote 21 and after the footnotes section. In addition, GASB Statement 25 and 45 required supplementary information is presented after the footnotes section.

### 18. NET INVESTMENT IN CAPITAL ASSETS

Following is a summary of net investment in capital assets, as presented in the government-wide statement of net position:

	Governmental Activities	Business-type Activities
Capital assets:		
Capital assets not being depreciated	\$ 2,423,583	\$ 8,956,886
Capital assets being depreciated, net	73,719,957	48,790,059
	<u>76,143,540</u>	<u>57,746,945</u>
Long-term liabilities:		
Due within one year	2,442,917	126,937
Due in more than one year	39,757,071	497,675
	<u>42,199,988</u>	<u>624,612</u>
Less compensated absences	(1,925,463)	(324,612)
Less deferred loss on refunding	(902,553)	-
	<u>39,371,972</u>	<u>300,000</u>
Net investment in capital assets	<u>\$ 36,771,568</u>	<u>\$ 57,446,945</u>

# CITY OF JACKSON, MICHIGAN

## Notes to Financial Statements

### 19. 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, 2013:

	General	Community Development Block Grant	Major Streets	Nonmajor Funds	Total
<b>Nonspendable</b>					
Inventories	\$ -	\$ -	\$ 129,348	\$ 9,149	\$ 138,497
Prepaid expenditures	12,482	-	-	-	12,482
Perpetual care	-	-	-	1,859,268	1,859,268
Endowment	-	-	-	1,088,870	1,088,870
Advances	50,000	-	-	70,000	120,000
	<u>\$ 62,482</u>	<u>\$ -</u>	<u>\$ 129,348</u>	<u>\$ 3,027,287</u>	<u>\$ 3,219,117</u>
<b>Restricted</b>					
Rehabilitation programs	\$ -	\$ 428,681	\$ -	\$ -	\$ 428,681
Highways and streets	-	-	843,079	453,934	1,297,013
Public improvements	-	-	-	371,945	371,945
Culture and recreation	-	-	-	12,849	12,849
Public safety	-	-	-	61,259	61,259
Downtown Development Authority	-	-	-	1,093,983	1,093,983
Debt service	-	-	-	16,672	16,672
	<u>\$ -</u>	<u>\$ 428,681</u>	<u>\$ 843,079</u>	<u>\$ 2,010,642</u>	<u>\$ 3,282,402</u>
<b>Committed</b>					
Culture and recreation	\$ -	\$ -	\$ -	\$ 106,228	\$ 106,228
Public safety	-	-	-	525,456	525,456
Capital projects	-	-	-	54,177	54,177
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 685,861</u>	<u>\$ 685,861</u>

### 20. RESTATEMENTS

The City adopted the provisions of GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and No. 65, *Items Previously Reported as Assets and Liabilities*, in the current year. In addition to the revised classification of certain financial elements in the financial statements, the implementation of GASB Statement No. 65 resulted in a restatement of net position due to the elimination of the presentation of bond issuance costs as an asset amortized over the life of the related bonds. As a result of this change in accounting principle, beginning net position of governmental activities, business-type activities and the water enterprise fund decreased by \$641,100, \$5,429 and \$5,429, respectively.

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

21. PENSION AND OTHER EMPLOYEE BENEFITS TRUST FUNDS

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 Position - June 30, 2013

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Employee Health Care	Total
<b>Assets</b>					
Pooled cash and investments	\$ 282,746	\$ -	\$ 19,894	\$ 550	\$ 303,190
Investments, at fair value:					
U.S. treasuries	-	173,021	1,768,274	-	1,941,295
U.S. agencies	-	53,579	289,210	-	342,789
Mortgage-backed securities	-	-	39,438	-	39,438
Corporate bonds:					
Domestic bonds	-	771,336	7,188,065	-	7,959,401
Domestic mutual funds	8,776,369	-	-	-	8,776,369
Equities:					
Domestic stocks	5,505,681	1,700,310	16,618,019	-	23,824,010
Domestic mutual funds	13,851,528	-	-	-	13,851,528
International stocks	-	489,870	7,100,846	-	7,590,716
International mutual funds	5,388,366	-	-	-	5,388,366
Money market accounts	671,095	76,703	1,401,528	658,303	2,807,629
Total cash and investments	<u>34,475,785</u>	<u>3,264,819</u>	<u>34,425,274</u>	<u>658,853</u>	<u>72,824,731</u>
Receivables:					
Interest and dividends	1,692	5,666	2,577	-	9,935
Other	87,703	11,521	31,342	-	130,566
Total receivables	<u>89,395</u>	<u>17,187</u>	<u>33,919</u>	<u>-</u>	<u>140,501</u>
<b>Total assets</b>	<b>34,565,180</b>	<b>3,282,006</b>	<b>34,459,193</b>	<b>658,853</b>	<b>72,965,232</b>
<b>Liabilities</b>					
Refunds payable and other	-	-	358,502	-	358,502
<b>Net position held in trust for pension and other employee benefits</b>	<u>\$ 34,565,180</u>	<u>\$ 3,282,006</u>	<u>\$ 34,100,691</u>	<u>\$ 658,853</u>	<u>\$ 72,606,730</u>

CITY OF JACKSON, MICHIGAN

Notes to Financial Statements

Statement of Changes in Plan Net Position - Year Ended June 30, 2013

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund	Employee Health Care	Total
<b>Additions</b>					
Contributions:					
Employer	\$ 845,594	\$ 599,431	\$ 2,870,342	\$ 13,650	\$ 4,329,017
Plan members	658,138	-	554,497	-	1,212,635
Total contributions	<u>1,503,732</u>	<u>599,431</u>	<u>3,424,839</u>	<u>13,650</u>	<u>5,541,652</u>
Investment income:					
Net appreciation in fair value of investments	3,746,106	388,648	3,786,669	70,989	7,992,412
Interest	867	21,223	209,258	-	231,348
Dividends	305,758	40,677	395,637	-	742,072
Total investment income	<u>4,052,731</u>	<u>450,548</u>	<u>4,391,564</u>	<u>70,989</u>	<u>8,965,832</u>
Less investment expense	<u>92,941</u>	<u>27,866</u>	<u>210,806</u>	<u>-</u>	<u>331,613</u>
Net investment income	<u>3,959,790</u>	<u>422,682</u>	<u>4,180,758</u>	<u>70,989</u>	<u>8,634,219</u>
Total additions	<u>5,463,522</u>	<u>1,022,113</u>	<u>7,605,597</u>	<u>84,639</u>	<u>14,175,871</u>
<b>Deductions</b>					
Benefits	3,187,441	982,200	4,614,128	-	8,783,769
Refunds of contributions	92,522	-	3,114	-	95,636
Administrative expense	<u>100,152</u>	<u>5,848</u>	<u>75,853</u>	<u>13,650</u>	<u>195,503</u>
Total deductions	<u>3,380,115</u>	<u>988,048</u>	<u>4,693,095</u>	<u>13,650</u>	<u>9,074,908</u>
Net change in net position	2,083,407	34,065	2,912,502	70,989	5,100,963
<b>Net position held in trust for pension and other employee benefits</b>					
Beginning of year	<u>32,481,773</u>	<u>3,247,941</u>	<u>31,188,189</u>	<u>587,864</u>	<u>67,505,767</u>
End of year	<u>\$ 34,565,180</u>	<u>\$ 3,282,006</u>	<u>\$ 34,100,691</u>	<u>\$ 658,853</u>	<u>\$ 72,606,730</u>

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**GASB REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF JACKSON, MICHIGAN

**GASB Statement 25 Required Supplementary Information**  
**Pension Trust Funds**

Schedule of Funding Progress

Actuarial Valuation Date June 30,	(In Thousands)			Funded Ratio (1 / 2)	Covered Payroll (3)	UAAL as a Percentage of Covered Payroll ((1-2) / 3)
	Actuarial Value of Assets (1)	Actuarial Accrued Liability (AAL) - (2)	Unfunded AAL (UAAL) (1-2)			
<b>Employees' Retirement System (entry age valuation method)</b>						
2007	\$ 34,236	\$ 38,091	\$ 3,855	89.9%	\$ 10,119	38.1%
2008	35,618	40,907	5,289	87.1%	10,295	51.4%
2009	34,971	42,855	7,884	81.6%	10,184	77.4%
2010	34,124	43,283	9,159	78.8%	8,969	102.1%
2011	32,986	43,916	10,931	75.1%	8,169	133.8%
2012	32,117	48,321	16,204	66.5%	8,479	191.1%
<b>Policemen's and Firemen's Pension (attained age valuation method)</b>						
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
2011	3,575	8,904	5,330	40.1%	n/a	n/a
2012	3,245	8,481	5,236	38.3%	n/a	n/a
<b>Policemen's and Firemen's Pension - Act 345 (entry age valuation method)</b>						
2007	\$ 33,250	\$ 56,554	\$ 23,304	58.8%	\$ 6,421	363.0%
2008	36,003	59,228	23,225	60.8%	6,655	349.0%
2009	35,907	61,905	25,998	58.0%	6,767	384.2%
2010	35,632	62,211	26,579	57.3%	6,236	426.2%
2011	33,801	62,431	28,630	54.1%	4,630	618.4%
2012	32,257	65,437	33,180	49.3%	4,548	729.5%

CITY OF JACKSON, MICHIGAN

**GASB Statement 25 Required Supplementary Information**  
 Pension Trust Funds

Schedule of Employer Contributions

Fiscal Year Ended June 30,	Contribution Rates as Percents of Valuation Payroll	Annual Required Computed Dollar Contribution Projected Payroll	Actual Annual Contributions	Percent Contribution
<u>Employees' Retirement System</u>				
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%	786,824	786,824	100%
2012	9.9%	817,748	817,748	100%
2013	10.0%	845,594	845,594	100%
<u>Policemen's and Firemen's Pension</u>				
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%
2012	n/a	500,000	500,000	100%
2013	n/a	599,431	599,431	100%
<u>Policemen's and Firemen's Pension - Act 345</u>				
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%
2012	43.7%	2,843,528	2,843,528	100%
2013	63.1%	2,870,342	2,870,342	100%

CITY OF JACKSON, MICHIGAN

**GASB Statement 25 Required Supplementary Information**  
**Pension Trust Funds**

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:

	Employees' Retirement System	Policemen's and Firemen's Pension Fund	Policemen's and Firemen's Pension - Act 345 Fund
Valuation date	June 30, 2012	June 30, 2012	June 30, 2012
Actuarial Cost Method	Entry Age	Aggregate	Entry Age
Amortization Method	Level percent	Level dollar, closed	Level percent
DROP amortization period	10 years closed	n/a	n/a
Remaining amortization period	30 years open	12 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	7.5%	7.0%	7.75%
Projected salary increases	3.00% - 7.00%	N/A	4.25% -10.25%
Includes inflation at	3.0%	N/A	4.25%
Cost-of-living adjustments	None	3.0%	None

CITY OF JACKSON, MICHIGAN

**GASB Statement 45 - Other Postemployment Benefits Required Supplementary Information**  
 Other Postemployment Benefits

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
6/30/07	\$ -	\$ 56,062,594	0.0%	\$ 56,062,594	\$ 17,393,970	322.3%
6/30/09	360,691	36,872,463	1.0%	36,511,772	14,340,080	254.6%
6/30/11	561,390	59,681,463	0.9%	59,120,073	12,795,432	462.0%

Schedule of Employer Contributions

Year Ended	Annual Required Contributions	Annual Actual Contribution	Percentage Contributed
6/30/11	\$ 2,971,206	\$ 554,950	18.7%
6/30/12	3,097,480	1,567,827	50.6%
6/30/13	3,750,517	1,682,621	44.9%

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

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Governmental Funds  
 June 30, 2013

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Assets</b>					
Pooled cash and investments	\$ 1,619,095	\$ 9,209	\$ 1,298,855	\$ 2,951,880	\$ 5,879,039
Receivables:					
Accounts, net	227,509	-	-	-	227,509
Interest	-	-	-	17,455	17,455
Due from other governments	577,529	-	-	-	577,529
Due from other funds	21,995	7,463	-	-	29,458
Inventories	9,149	-	-	-	9,149
Long-term advance to other funds	-	-	-	70,000	70,000
<b>Total assets</b>	<b>\$ 2,455,277</b>	<b>\$ 16,672</b>	<b>\$ 1,298,855</b>	<b>\$ 3,039,335</b>	<b>\$ 6,810,139</b>
<b>Liabilities</b>					
Accounts payable	\$ 446,779	\$ -	\$ 124,892	\$ -	\$ 571,671
Accrued payroll	32,978	-	-	-	32,978
Due to other funds	2,092	-	-	21,197	23,289
Interfund payables	421,304	-	-	-	421,304
Unearned revenue	11,304	-	25,803	-	37,107
<b>Total liabilities</b>	<b>914,457</b>	<b>-</b>	<b>150,695</b>	<b>21,197</b>	<b>1,086,349</b>
<b>Fund balances</b>					
Nonspendable for:					
Inventories	9,149	-	-	-	9,149
Perpetual care	-	-	-	1,859,268	1,859,268
Endowment	-	-	-	1,088,870	1,088,870
Advances	-	-	-	70,000	70,000
Restricted for:					
Highways and streets	453,934	-	-	-	453,934
Public improvements	371,945	-	-	-	371,945
Culture and recreation	12,849	-	-	-	12,849
Public safety	61,259	-	-	-	61,259
Debt service	-	16,672	-	-	16,672
Downtown Development Authority	-	-	1,093,983	-	1,093,983
Committed for:					
Culture and recreation	106,228	-	-	-	106,228
Public safety	525,456	-	-	-	525,456
Capital projects	-	-	54,177	-	54,177
<b>Total fund balances</b>	<b>1,540,820</b>	<b>16,672</b>	<b>1,148,160</b>	<b>3,018,138</b>	<b>5,723,790</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,455,277</b>	<b>\$ 16,672</b>	<b>\$ 1,298,855</b>	<b>\$ 3,039,335</b>	<b>\$ 6,810,139</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, 2013

	Special Revenue	Debt Service	Capital Projects	Permanent	Totals
<b>Revenues</b>					
Property taxes	\$ 1,019,620	\$ 674,571	\$ 830,014	\$ -	\$ 2,524,205
Intergovernmental	4,217,031	404,794	-	-	4,621,825
Charges for services	2,495,400	1,397,840	-	24,360	3,917,600
Investment income	58,828	525	3,248	24,297	86,898
Parking fees	-	-	14,100	-	14,100
Miscellaneous	48,334	-	-	-	48,334
<b>Total revenues</b>	<b>7,839,213</b>	<b>2,477,730</b>	<b>847,362</b>	<b>48,657</b>	<b>11,212,962</b>
<b>Expenditures</b>					
Current:					
Public safety	4,411,069	-	-	-	4,411,069
Public works	1,305,169	-	-	-	1,305,169
Culture and recreation	1,101,822	-	-	-	1,101,822
Community enrichment and development	1,342,775	-	-	9,376	1,352,151
Capital outlay	-	-	641,945	-	641,945
Debt service:					
Principal retirement	-	1,600,000	-	-	1,600,000
Interest and fiscal charges	-	1,458,980	-	-	1,458,980
<b>Total expenditures</b>	<b>8,160,835</b>	<b>3,058,980</b>	<b>641,945</b>	<b>9,376</b>	<b>11,871,136</b>
Revenues over (under) expenditures	(321,622)	(581,250)	205,417	39,281	(658,174)
<b>Other financing sources (uses)</b>					
Proceeds from issuance of debt	-	8,275,000	-	-	8,275,000
Premium on bonds	-	415,396	-	-	415,396
Payment to refunding bond escrow agent	-	(8,644,152)	-	-	(8,644,152)
Transfers in	2,952,857	725,172	540,325	-	4,218,354
Transfers out	(2,565,254)	(193,225)	(247,250)	(66,773)	(3,072,502)
<b>Total other financing sources (uses)</b>	<b>387,603</b>	<b>578,191</b>	<b>293,075</b>	<b>(66,773)</b>	<b>1,192,096</b>
Net change in fund balances	65,981	(3,059)	498,492	(27,492)	533,922
Fund balances, beginning of year	1,474,839	19,731	649,668	3,045,630	5,189,868
Fund balances, end of year	\$ 1,540,820	\$ 16,672	\$ 1,148,160	\$ 3,018,138	\$ 5,723,790

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## CITY OF JACKSON, MICHIGAN

### Nonmajor Special Revenue Funds

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

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

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

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

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

*Building Demolitions Fund* - This fund was established to account for revenues earmarked for building demolition expenditures that are not otherwise funded with Brownfield Redevelopment or Community Development Block Grant funds.

*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.

*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.

*Housing Code Enforcement Fund* - This fund is used to account for revenues earmarked for housing code enforcement activities.

*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.

*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.

*212 W. Michigan Building Demolitions Fund* - This fund was established to account for revenues earmarked for building demolition expenditures for the former Consumers Energy site that are not otherwise funded with Brownfield Redevelopment or Community Development Block Grant funds.

*SAFER Grant Fund* - This fund is used to account for the activity of a federal grant relating to fire staffing.

CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Special Revenue Funds  
 June 30, 2013

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
<b>Assets</b>					
Pooled cash and investments	\$ 369,361	\$ 14,493	\$ 371,945	\$ 37,425	\$ 211,584
Accounts receivables, net	1,003	90	-	14,974	159,050
Due from other governments	94,001	-	-	-	-
Due from other funds	-	21,197	-	-	-
Inventories	-	9,149	-	-	-
<b>Total assets</b>	<b>\$ 464,365</b>	<b>\$ 44,929</b>	<b>\$ 371,945</b>	<b>\$ 52,399</b>	<b>\$ 370,634</b>
<b>Liabilities</b>					
Accounts payable	\$ 7,668	\$ 27,095	\$ -	\$ 3,489	\$ 35,348
Accrued payroll	2,763	8,685	-	4,454	-
Due to other funds	-	-	-	1,974	-
Interfund payables	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total liabilities</b>	<b>10,431</b>	<b>35,780</b>	<b>-</b>	<b>9,917</b>	<b>35,348</b>
<b>Fund balances</b>					
Nonspendable for -					
Inventories	-	9,149	-	-	-
Restricted for:					
Highways and streets	453,934	-	-	-	-
Public improvements	-	-	371,945	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Committed for:					
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	42,482	335,286
<b>Total fund balances</b>	<b>453,934</b>	<b>9,149</b>	<b>371,945</b>	<b>42,482</b>	<b>335,286</b>
<b>Total liabilities and fund balances</b>	<b>\$ 464,365</b>	<b>\$ 44,929</b>	<b>\$ 371,945</b>	<b>\$ 52,399</b>	<b>\$ 370,634</b>

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants	Recreation Millage
\$ 62,542	\$ -	\$ 118,234	\$ 22,407	\$ 103,407	\$ -	\$ 20,483
-	-	-	-	51,683	-	-
-	6,697	-	-	-	11,253	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 62,542</u>	<u>\$ 6,697</u>	<u>\$ 118,234</u>	<u>\$ 22,407</u>	<u>\$ 155,090</u>	<u>\$ 11,253</u>	<u>\$ 20,483</u>
\$ 2,433	\$ -	\$ 5,763	\$ 11,103	\$ 2,139	\$ -	\$ 2,066
-	-	6,243	-	5,265	-	5,568
-	-	-	-	118	-	-
-	5,547	-	-	-	11,253	-
-	-	-	11,304	-	-	-
<u>2,433</u>	<u>5,547</u>	<u>12,006</u>	<u>22,407</u>	<u>7,522</u>	<u>11,253</u>	<u>7,634</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
60,109	1,150	-	-	-	-	12,849
-	-	106,228	-	-	-	-
-	-	-	-	147,568	-	-
<u>60,109</u>	<u>1,150</u>	<u>106,228</u>	<u>-</u>	<u>147,568</u>	<u>-</u>	<u>12,849</u>
<u>\$ 62,542</u>	<u>\$ 6,697</u>	<u>\$ 118,234</u>	<u>\$ 22,407</u>	<u>\$ 155,090</u>	<u>\$ 11,253</u>	<u>\$ 20,483</u>

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CITY OF JACKSON, MICHIGAN

**Combining Balance Sheet**  
 Nonmajor Special Revenue Funds  
 June 30, 2013

	Neighborhood Stabilization Grant	2008 Brownfield Revolving Loan	212 W. Michigan Building Demolition	SAFER Grant	Totals
<b>Assets</b>					
Pooled cash and investments	\$ -	\$ -	\$ 287,214	\$ -	\$ 1,619,095
Accounts receivables, net	709	-	-	-	227,509
Due from other governments	-	354,101	55,590	55,887	577,529
Due from other funds	798	-	-	-	21,995
Inventories	-	-	-	-	9,149
<b>Total assets</b>	<b>\$ 1,507</b>	<b>\$ 354,101</b>	<b>\$ 342,804</b>	<b>\$ 55,887</b>	<b>\$ 2,455,277</b>
<b>Liabilities</b>					
Accounts payable	\$ 30	\$ 6,961	\$ 342,684	\$ -	\$ 446,779
Accrued payroll	-	-	-	-	32,978
Due to other funds	-	-	-	-	2,092
Interfund payables	1,477	347,140	-	55,887	421,304
Unearned revenue	-	-	-	-	11,304
<b>Total liabilities</b>	<b>1,507</b>	<b>354,101</b>	<b>342,684</b>	<b>55,887</b>	<b>914,457</b>
<b>Fund balances</b>					
Nonspendable for -					
Inventories	-	-	-	-	9,149
Restricted for:					
Highways and streets	-	-	-	-	453,934
Public improvements	-	-	-	-	371,945
Culture and recreation	-	-	-	-	12,849
Public safety	-	-	-	-	61,259
Committed for:					
Culture and recreation	-	-	-	-	106,228
Public safety	-	-	120	-	525,456
<b>Total fund balances</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>-</b>	<b>1,540,820</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,507</b>	<b>\$ 354,101</b>	<b>\$ 342,804</b>	<b>\$ 55,887</b>	<b>\$ 2,455,277</b>

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CITY OF JACKSON, MICHIGAN

**Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Fiscal Year Ended June 30, 2013**

	Local Street	Ella W. Sharp Park Operating	Public Improvement	Building Department	Building Demolitions
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ 1,019,620	\$ -	\$ -
Intergovernmental	567,728	-	-	-	-
Charges for services	-	450,819	-	536,056	941,329
Investment income	157	26	7,092	8,247	38,781
Miscellaneous	-	-	-	-	-
<b>Total revenues</b>	<b>567,885</b>	<b>450,845</b>	<b>1,026,712</b>	<b>544,303</b>	<b>980,110</b>
<b>Expenditures</b>					
<b>Current:</b>					
Public safety	-	-	-	506,413	1,441,690
Public works	1,249,707	-	-	-	-
Culture and recreation	-	627,154	-	-	-
Community enrichment and development	-	-	185,469	-	-
<b>Total expenditures</b>	<b>1,249,707</b>	<b>627,154</b>	<b>185,469</b>	<b>506,413</b>	<b>1,441,690</b>
<b>Revenues over (under) expenditures</b>	<b>(681,822)</b>	<b>(176,309)</b>	<b>841,243</b>	<b>37,890</b>	<b>(461,580)</b>
<b>Other financing sources (uses)</b>					
Transfers in	880,067	174,169	-	-	614,000
Transfers out	(22,776)	-	(1,258,210)	-	-
<b>Total other financing sources (uses)</b>	<b>857,291</b>	<b>174,169</b>	<b>(1,258,210)</b>	<b>-</b>	<b>614,000</b>
<b>Net change in fund balances</b>	<b>175,469</b>	<b>(2,140)</b>	<b>(416,967)</b>	<b>37,890</b>	<b>152,420</b>
<b>Fund balances, beginning of year</b>	<b>278,465</b>	<b>11,289</b>	<b>788,912</b>	<b>4,592</b>	<b>182,866</b>
<b>Fund balances, end of year</b>	<b>\$ 453,934</b>	<b>\$ 9,149</b>	<b>\$ 371,945</b>	<b>\$ 42,482</b>	<b>\$ 335,286</b>

Drug Law Enforcement	LAWNET Grant	Recreation Activity	Community Development Home Grant	Housing Code Enforcement	Byrne / JAG Program Grants	Recreation Millage
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	14,932	-	409,653	636,814	-	-
-	-	276,029	-	-	75,406	215,761
394	2	314	-	3,512	-	132
18,657	-	10,000	14,117	5,560	-	-
<u>19,051</u>	<u>14,934</u>	<u>286,343</u>	<u>423,770</u>	<u>645,886</u>	<u>75,406</u>	<u>215,893</u>
36,133	29,864	-	-	-	75,426	-
-	-	-	-	-	-	-
-	-	247,450	-	-	-	227,218
-	-	-	423,770	522,232	-	-
<u>36,133</u>	<u>29,864</u>	<u>247,450</u>	<u>423,770</u>	<u>522,232</u>	<u>75,426</u>	<u>227,218</u>
<u>(17,082)</u>	<u>(14,930)</u>	<u>38,893</u>	<u>-</u>	<u>123,654</u>	<u>(20)</u>	<u>(11,325)</u>
-	14,933	-	-	-	-	-
(14,933)	-	-	-	-	-	-
<u>(14,933)</u>	<u>14,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
(32,015)	3	38,893	-	123,654	(20)	(11,325)
<u>92,124</u>	<u>1,147</u>	<u>67,335</u>	<u>-</u>	<u>23,914</u>	<u>20</u>	<u>24,174</u>
<u>\$ 60,109</u>	<u>\$ 1,150</u>	<u>\$ 106,228</u>	<u>\$ -</u>	<u>\$ 147,568</u>	<u>\$ -</u>	<u>\$ 12,849</u>

continued...

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, 2013

	Neighborhood Stabilization Grant	2008 Brownfield Revolving Loan	212 W. Michigan Building Demolition	SAFER Grant	Totals
<b>Revenues</b>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,019,620
Intergovernmental	211,252	1,324,797	590,000	461,855	4,217,031
Charges for services	-	-	-	-	2,495,400
Investment income	51	-	120	-	58,828
Miscellaneous	-	-	-	-	48,334
<b>Total revenues</b>	<b>211,303</b>	<b>1,324,797</b>	<b>590,120</b>	<b>461,855</b>	<b>7,839,213</b>
<b>Expenditures</b>					
Current:					
Public safety	-	-	1,859,688	461,855	4,411,069
Public works	-	55,462	-	-	1,305,169
Culture and recreation	-	-	-	-	1,101,822
Community enrichment and development	211,304	-	-	-	1,342,775
<b>Total expenditures</b>	<b>211,304</b>	<b>55,462</b>	<b>1,859,688</b>	<b>461,855</b>	<b>8,160,835</b>
Revenues over (under) expenditures	(1)	1,269,335	(1,269,568)	-	(321,622)
<b>Other financing sources (uses)</b>					
Transfers in	-	-	1,269,688	-	2,952,857
Transfers out	-	(1,269,335)	-	-	(2,565,254)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(1,269,335)</b>	<b>1,269,688</b>	<b>-</b>	<b>387,603</b>
Net change in fund balances	(1)	-	120	-	65,981
Fund balances, beginning of year	1	-	-	-	1,474,839
Fund balances, end of year	\$ -	\$ -	\$ 120	\$ -	\$ 1,540,820

concluded.

# 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, 2013  
With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental	\$ 540,250	\$ 567,728	\$ 27,478	\$ 565,228
Investment income	200	157	(43)	19
<b>Total revenues</b>	<u>540,450</u>	<u>567,885</u>	<u>27,435</u>	<u>565,247</u>
<b>Expenditures</b>				
Current - public works:				
Street construction	802,167	763,059	(39,108)	734,344
Street maintenance	519,885	509,415	(10,470)	482,844
Traffic services	15,600	1,441	(14,159)	4,452
Winter maintenance	161,992	102,671	(59,321)	53,025
Reimbursements	(120,519)	(126,879)	(6,360)	(463,481)
<b>Total expenditures</b>	<u>1,379,125</u>	<u>1,249,707</u>	<u>(129,418)</u>	<u>811,184</u>
Revenues over (under) expenditures	<u>(838,675)</u>	<u>(681,822)</u>	<u>156,853</u>	<u>(245,937)</u>
<b>Other financing sources (uses)</b>				
Transfers in	847,434	880,067	32,633	369,015
Transfers out	(22,776)	(22,776)	-	(22,641)
<b>Total other financing sources (uses)</b>	<u>824,658</u>	<u>857,291</u>	<u>32,633</u>	<u>346,374</u>
<b>Net change in fund balance</b>	<u>(14,017)</u>	<u>175,469</u>	<u>189,486</u>	<u>100,437</u>
Fund balance, beginning of year	<u>278,465</u>	<u>278,465</u>	<u>-</u>	<u>178,028</u>
<b>Fund balance, end of year</b>	<u>\$ 264,448</u>	<u>\$ 453,934</u>	<u>\$ 189,486</u>	<u>\$ 278,465</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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 516,833	\$ 450,819	\$ (66,014)	\$ 509,529
Investment income	25	26	1	10
<b>Total revenues</b>	<u>516,858</u>	<u>450,845</u>	<u>(66,013)</u>	<u>509,539</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	335,049	327,930	(7,119)	397,741
Materials and supplies	191,500	192,878	1,378	186,358
Contractual and other services	130,988	106,346	(24,642)	91,295
<b>Total expenditures</b>	<u>657,537</u>	<u>627,154</u>	<u>(30,383)</u>	<u>675,394</u>
Revenues under expenditures	(140,679)	(176,309)	(35,630)	(165,855)
<b>Other financing sources</b>				
Transfers in	137,050	174,169	37,119	165,611
<b>Net change in fund balance</b>	<u>(3,629)</u>	<u>(2,140)</u>	<u>1,489</u>	<u>(244)</u>
Fund balance, beginning of year	11,289	11,289	-	11,533
<b>Fund balance, end of year</b>	<u>\$ 7,660</u>	<u>\$ 9,149</u>	<u>\$ 1,489</u>	<u>\$ 11,289</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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Property taxes	\$ 1,015,650	\$ 1,019,620	\$ 3,970	\$ 1,046,810
Investment income	8,000	7,092	(908)	7,496
<b>Total revenues</b>	<b>1,023,650</b>	<b>1,026,712</b>	<b>3,062</b>	<b>1,054,306</b>
<b>Expenditures</b>				
Current - community enrichment and development	185,469	185,469	-	182,969
<b>Revenues over (under) expenditures</b>	<b>838,181</b>	<b>841,243</b>	<b>3,062</b>	<b>871,337</b>
<b>Other financing uses</b>				
Transfers out	(1,484,988)	(1,258,210)	(226,778)	(937,075)
<b>Net change in fund balance</b>	<b>(646,807)</b>	<b>(416,967)</b>	<b>229,840</b>	<b>(65,738)</b>
<b>Fund balance, beginning of year</b>	<b>788,912</b>	<b>788,912</b>	<b>-</b>	<b>854,650</b>
<b>Fund balance, end of year</b>	<b>\$ 142,105</b>	<b>\$ 371,945</b>	<b>\$ 229,840</b>	<b>\$ 788,912</b>

# 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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 497,500	\$ 536,056	\$ 38,556	\$ 439,715
Investment income	7,500	8,247	747	8,453
<b>Total revenues</b>	<b>505,000</b>	<b>544,303</b>	<b>39,303</b>	<b>448,168</b>
<b>Expenditures</b>				
Current - public safety:				
Personal services	403,565	380,681	(22,884)	368,555
Materials and supplies	15,500	14,731	(769)	15,807
Inspection services	-	-	-	71,754
Contractual and other services	116,065	111,001	(5,064)	80,262
<b>Total expenditures</b>	<b>535,130</b>	<b>506,413</b>	<b>(28,717)</b>	<b>536,378</b>
Revenues over (under) expenditures	(30,130)	37,890	68,020	(88,210)
<b>Other financing sources</b>				
Transfers in	25,600	-	(25,600)	75,000
<b>Net change in fund balance</b>	<b>(4,530)</b>	<b>37,890</b>	<b>42,420</b>	<b>(13,210)</b>
Fund balance, beginning of year	4,592	4,592	-	17,802
<b>Fund balance, end of year</b>	<b>\$ 62</b>	<b>\$ 42,482</b>	<b>\$ 42,420</b>	<b>\$ 4,592</b>

# CITY OF JACKSON, MICHIGAN

## Building Demolitions Fund

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Amended Budget and Actual  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 1,186,750	\$ 941,329	\$ (245,421)	\$ 69,250
Investment income	7,500	38,781	31,281	453
<b>Total revenues</b>	<b>1,194,250</b>	<b>980,110</b>	<b>(214,140)</b>	<b>69,703</b>
<b>Expenditures</b>				
Current - public safety:				
Contractual and other services	1,997,025	1,441,690	(555,335)	111,837
<b>Revenues over (under) expenditures</b>	<b>(802,775)</b>	<b>(461,580)</b>	<b>341,195</b>	<b>(42,134)</b>
<b>Other financing sources</b>				
Transfers in	620,000	614,000	(6,000)	225,000
<b>Net change in fund balance</b>	<b>(182,775)</b>	<b>152,420</b>	<b>335,195</b>	<b>182,866</b>
<b>Fund balance, beginning of year</b>	<b>182,866</b>	<b>182,866</b>	<b>-</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 91</b>	<b>\$ 335,286</b>	<b>\$ 335,195</b>	<b>\$ 182,866</b>

CITY OF JACKSON, MICHIGAN

**Drug Law Enforcement Fund**

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Amended Budget and Actual  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Investment income	\$ 408	\$ 394	\$ (14)	\$ 383
Miscellaneous:				
Sale of property	7,748	5,437	(2,311)	20,220
Other	9,866	13,220	3,354	26,440
<b>Total revenues</b>	<b>18,022</b>	<b>19,051</b>	<b>1,029</b>	<b>47,043</b>
<b>Expenditures</b>				
Current - public safety:				
Personal services	21,732	20,894	(838)	23,233
Materials and supplies	1,200	3,468	2,268	701
Contractual and other services	25,247	11,771	(13,476)	9,506
<b>Total expenditures</b>	<b>48,179</b>	<b>36,133</b>	<b>(12,046)</b>	<b>33,440</b>
Revenues over (under) expenditures	(30,157)	(17,082)	13,075	13,603
<b>Other financing uses</b>				
Transfers out	(20,422)	(14,933)	(5,489)	(3,601)
<b>Net change in fund balance</b>	<b>(50,579)</b>	<b>(32,015)</b>	<b>18,564</b>	<b>10,002</b>
Fund balance, beginning of year	92,124	92,124	-	82,122
<b>Fund balance, end of year</b>	<b>\$ 41,545</b>	<b>\$ 60,109</b>	<b>\$ 18,564</b>	<b>\$ 92,124</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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 17,346	\$ 14,932	\$ (2,414)	\$ 3,355
Investment income	-	2	2	1
<b>Total revenues</b>	<b>17,346</b>	<b>14,934</b>	<b>(2,412)</b>	<b>3,356</b>
Expenditures				
Current - public safety -				
Personal services	34,084	29,864	(4,220)	6,957
Contractual and other services	608	-	(608)	-
<b>Total expenditures</b>	<b>34,692</b>	<b>29,864</b>	<b>(4,828)</b>	<b>6,957</b>
Revenues over (under) expenditures	(17,346)	(14,930)	2,416	(3,601)
Other financing sources				
Transfers in	17,346	14,933	(2,413)	3,601
Net change in fund balance	-	3	3	-
Fund balance, beginning of year	1,147	1,147	-	1,147
Fund balance, end of year	<u>\$ 1,147</u>	<u>\$ 1,150</u>	<u>\$ 3</u>	<u>\$ 1,147</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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 279,000	\$ 276,029	\$ (2,971)	\$ 253,334
Investment income	500	314	(186)	356
Miscellaneous	-	10,000	10,000	-
<b>Total revenues</b>	<u>279,500</u>	<u>286,343</u>	<u>6,843</u>	<u>253,690</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	125,529	110,290	(15,239)	110,288
Materials and supplies	39,003	44,850	5,847	60,983
Contractual and other services	83,000	92,310	9,310	78,912
<b>Total expenditures</b>	<u>247,532</u>	<u>247,450</u>	<u>(82)</u>	<u>250,183</u>
<b>Net change in fund balances</b>	31,968	38,893	6,925	3,507
<b>Fund balance, beginning of year</b>	<u>67,335</u>	<u>67,335</u>	-	<u>63,828</u>
<b>Fund balance, end of year</b>	<u>\$ 99,303</u>	<u>\$ 106,228</u>	<u>\$ 6,925</u>	<u>\$ 67,335</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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental	\$ 3,948,741	\$ 409,653	\$ (3,539,088)	\$ 547,461
Miscellaneous	347,591	14,117	(333,474)	25
<b>Total revenues</b>	<u>4,296,332</u>	<u>423,770</u>	<u>(3,872,562)</u>	<u>547,486</u>
<b>Expenditures</b>				
Current - community enrichment and development:				
Rehabilitation assistance	2,037,337	13,108	(2,024,229)	199,847
Community housing development organizations	2,053,997	410,662	(1,643,335)	347,639
Administration and other	204,998	-	(204,998)	-
<b>Total expenditures</b>	<u>4,296,332</u>	<u>423,770</u>	<u>(3,872,562)</u>	<u>547,486</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

**Housing Code Enforcement Fund**

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Amended Budget and Actual  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 498,585	\$ 636,814	\$ 138,229	\$ 23,911
Investment income	1,300	3,512	2,212	3
Miscellaneous	-	5,560	5,560	-
<b>Total revenues</b>	<b>499,885</b>	<b>645,886</b>	<b>146,001</b>	<b>23,914</b>
<b>Expenditures</b>				
Current - public safety - Community housing development organizations	522,232	522,232	-	-
<b>Net change in fund balance</b>	<b>(22,347)</b>	<b>123,654</b>	<b>146,001</b>	<b>23,914</b>
Fund balance, beginning of year	23,914	23,914	-	-
<b>Fund balance, end of year</b>	<b>\$ 1,567</b>	<b>\$ 147,568</b>	<b>\$ 146,001</b>	<b>\$ 23,914</b>

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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental	\$ 83,874	\$ 75,406	\$ (8,468)	\$ 111,710
Expenditures				
Current - public safety:				
Personal services	40,938	40,938	-	71,997
Contractual and other services	42,956	34,488	(8,468)	39,693
Total expenditures	83,894	75,426	(8,468)	111,690
Net change in fund balance	(20)	(20)	-	20
Fund balance, beginning of year	20	20	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ 20

# 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, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Charges for services	\$ 215,760	\$ 215,761	\$ 1	\$ 227,549
Investment income	-	132	132	7
<b>Total revenues</b>	<u>215,760</u>	<u>215,893</u>	<u>133</u>	<u>227,556</u>
<b>Expenditures</b>				
Current - culture and recreation:				
Personal services	158,956	131,142	(27,814)	133,648
Materials and supplies	52,200	73,054	20,854	79,317
Contractual and other services	16,170	23,022	6,852	18,072
<b>Total expenditures</b>	<u>227,326</u>	<u>227,218</u>	<u>(108)</u>	<u>231,037</u>
<b>Net change in fund balance</b>	(11,566)	(11,325)	241	(3,481)
<b>Fund balance, beginning of year</b>	<u>24,174</u>	<u>24,174</u>	-	<u>27,655</u>
<b>Fund balance, end of year</b>	<u>\$ 12,608</u>	<u>\$ 12,849</u>	<u>\$ 241</u>	<u>\$ 24,174</u>

CITY OF JACKSON, MICHIGAN

**Neighborhood Stabilization Grant Fund**

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Amended Budget and Actual  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental revenue	\$ 214,758	\$ 211,252	\$ (3,506)	\$ 115,499
Investment income	50	51	1	28
<b>Total revenues</b>	<b>214,808</b>	<b>211,303</b>	<b>(3,505)</b>	<b>115,527</b>
<b>Expenditures</b>				
Current - community enrichment and development - Community housing	214,808	211,304	(3,504)	115,526
<b>Net change in fund balance</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>1</b>
<b>Fund balance, beginning of year</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Fund balance, end of year</b>	<b>\$ 1</b>	<b>\$ -</b>	<b>\$ (1)</b>	<b>\$ 1</b>

CITY OF JACKSON, MICHIGAN

**2008 Brownfield Revolving Loan Fund**

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Amended Budget and Actual  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 1,360,250	\$ 1,324,797	\$ (35,453)	\$ 14,937
Expenditures				
Current - public works - Contractual and other services	70,250	55,462	(14,788)	14,937
Revenues over (under) expenditures	1,290,000	1,269,335	(20,665)	-
Other financing uses				
Transfers out	(1,290,000)	(1,269,335)	20,665	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -	\$ -

# CITY OF JACKSON, MICHIGAN

## 212 W. Michigan Building Demolition Fund

Schedule of Revenues, Expenditures and  
Changes in Fund Balance - Amended Budget and Actual

For the Fiscal Year Ended June 30, 2013

With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
<b>Revenues</b>				
Intergovernmental revenue	\$ 590,000	\$ 590,000	\$ -	\$ -
Investment income	-	120	120	-
<b>Total revenues</b>	<b>590,000</b>	<b>590,120</b>	<b>120</b>	<b>-</b>
<b>Expenditures</b>				
Current - public safety - Contractual and other services	1,880,000	1,859,688	(20,312)	-
<b>Revenues over (under) expenditures</b>	<b>(1,290,000)</b>	<b>(1,269,568)</b>	<b>20,432</b>	<b>-</b>
<b>Other financing sources</b>				
Transfers in	1,290,000	1,269,688	(20,312)	-
<b>Net change in fund balance</b>	<b>-</b>	<b>120</b>	<b>120</b>	<b>-</b>
Fund balance, beginning of year	-	-	-	-
<b>Fund balance, end of year</b>	<b>\$ -</b>	<b>\$ 120</b>	<b>\$ 120</b>	<b>\$ -</b>

CITY OF JACKSON, MICHIGAN

**SAFER Grant Fund**

Schedule of Revenues, Expenditures and  
 Changes in Fund Balance - Amended Budget and Actual  
 For the Fiscal Year Ended June 30, 2013  
 With Comparative Actual Amounts for the Fiscal Year Ended June 30, 2012

	2013			2012 Actual
	Amended Budget	Actual	Actual Over (Under) Final Budget	
Revenues				
Intergovernmental revenue	\$ 937,579	\$ 461,855	\$ (475,724)	\$ -
Expenditures				
Current - public safety - Personal services	937,579	461,855	(475,724)	-
Net change in fund balance	-	-	-	-
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## CITY OF JACKSON, MICHIGAN

### Nonmajor Debt Service Funds

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

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

*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.

*2012 Brownfield Refunding Debt Service Fund* - This fund is used to record principal and interest payments on the \$7,360,000 Refunding Bonds dated December 1, 2007.

*2011 Downtown Development Refunding Debt Service Fund* - This fund is used to record principal and interest payments on the \$5,395,000 Refunding Bonds dated March 27, 2001.

*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.

*2013 City Hall Refunding Debt Service Fund* - This fund is used to record principal and interest payments on the \$8,275,000 Refunding Bonds dated February 5, 2013.

*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, 2013

	2003 City Hall Construction	2003 MTF Bond	2007 Brownfield Refunding	2012 Brownfield Refunding	2011 DDA Refunding
<b>Assets</b>					
Pooled cash and investments	\$ 1,387	\$ -	\$ 2,373	\$ -	\$ -
Due from other funds	4,876	-	-	2,156	431
<b>Total assets</b>	<u>\$ 6,263</u>	<u>\$ -</u>	<u>\$ 2,373</u>	<u>\$ 2,156</u>	<u>\$ 431</u>
<b>Fund balances</b>					
Restricted for debt service	<u>\$ 6,263</u>	<u>\$ -</u>	<u>\$ 2,373</u>	<u>\$ 2,156</u>	<u>\$ 431</u>



Building Authority	2001 DDA TIF	2002 BRA TIF	2013 City Hall Refunding	Section 108 Loan	Totals
\$ 3,351	\$ 637	\$ -	\$ 1,461	\$ -	\$ 9,209
-	-	-	-	-	7,463
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ 16,672</u>
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ 16,672</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, 2013

	2003 City Hall Construction	2003 MTF Bond	2007 Brownfield Refunding	2012 Brownfield Refunding	2011 DDA Refunding
<b>Revenues</b>					
Property taxes	\$ 674,571	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	404,794	-
Charges for services	-	-	695,329	-	-
Investment income	525	-	-	-	-
<b>Total revenues</b>	<b>675,096</b>	<b>-</b>	<b>695,329</b>	<b>404,794</b>	<b>-</b>
<b>Expenditures</b>					
Debt service:					
Principal retirement	280,000	280,000	280,000	75,000	-
Interest and fiscal charges	208,657	4,704	415,329	329,794	246,975
<b>Total expenditures</b>	<b>488,657</b>	<b>284,704</b>	<b>695,329</b>	<b>404,794</b>	<b>246,975</b>
Revenues over (under) expenditures	186,439	(284,704)	-	-	(246,975)
<b>Other financing sources (uses)</b>					
Proceeds from issuance of debt	-	-	-	-	-
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	-
Transfers in	-	284,697	2,273	-	246,975
Transfers out	(190,952)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(190,952)</b>	<b>284,697</b>	<b>2,273</b>	<b>-</b>	<b>246,975</b>
Net change in fund balances	(4,513)	(7)	2,273	-	-
Fund balances, beginning of year	10,776	7	100	2,156	431
<b>Fund balances, end of year</b>	<b>\$ 6,263</b>	<b>\$ -</b>	<b>\$ 2,373</b>	<b>\$ 2,156</b>	<b>\$ 431</b>

Building Authority	2001 DDA TIF	2002 BRA TIF	2013 City Hall Refunding	Section 108 Loan	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 674,571
-	-	-	-	-	404,794
132,511	-	-	-	570,000	1,397,840
-	-	-	-	-	525
<u>132,511</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>570,000</u>	<u>2,477,730</u>
115,000	-	-	-	570,000	1,600,000
17,511	275	-	235,735	-	1,458,980
<u>132,511</u>	<u>275</u>	<u>-</u>	<u>235,735</u>	<u>570,000</u>	<u>3,058,980</u>
-	(275)	-	(235,735)	-	(581,250)
-	-	-	8,275,000	-	8,275,000
-	-	-	415,396	-	415,396
-	-	-	(8,644,152)	-	(8,644,152)
-	275	-	190,952	-	725,172
-	-	(2,273)	-	-	(193,225)
-	275	(2,273)	237,196	-	578,191
-	-	(2,273)	1,461	-	(3,059)
3,351	637	2,273	-	-	19,731
<u>\$ 3,351</u>	<u>\$ 637</u>	<u>\$ -</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ 16,672</u>

## CITY OF JACKSON, MICHIGAN

### ■ Nonmajor Capital Projects Funds

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

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

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

# CITY OF JACKSON, MICHIGAN

## Combining Balance Sheet

Nonmajor Capital Projects Funds

June 30, 2013

	Capital Projects	Downtown Development Authority Project	Totals
<b>Assets</b>			
Pooled cash and investments	\$ 121,186	\$ 1,177,669	\$ 1,298,855
<b>Liabilities</b>			
Accounts payable	\$ 41,206	\$ 83,686	\$ 124,892
Unearned revenue	25,803	-	25,803
<b>Total liabilities</b>	<u>67,009</u>	<u>83,686</u>	<u>150,695</u>
<b>Fund balances</b>			
Restricted	-	1,093,983	1,093,983
Committed for capital projects	54,177	-	54,177
<b>Total fund balances</b>	<u>54,177</u>	<u>1,093,983</u>	<u>1,148,160</u>
<b>Total liabilities and fund balances</b>	<u>\$ 121,186</u>	<u>\$ 1,177,669</u>	<u>\$ 1,298,855</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, 2013

	Capital Projects	Downtown Development Authority Project	Totals
<b>Revenues</b>			
Property taxes	\$ -	\$ 830,014	\$ 830,014
Investment income	66	3,182	3,248
Parking fees	14,000	100	14,100
<b>Total revenues</b>	<b>14,066</b>	<b>833,296</b>	<b>847,362</b>
<b>Expenditures</b>			
Community enrichment and development	542,327	99,618	641,945
<b>Revenues over (under) expenditures</b>	<b>(528,261)</b>	<b>733,678</b>	<b>205,417</b>
<b>Other financing sources (uses)</b>			
Transfers in	540,325	-	540,325
Transfers out	-	(247,250)	(247,250)
<b>Total other financing sources (uses)</b>	<b>540,325</b>	<b>(247,250)</b>	<b>293,075</b>
<b>Net change in fund balances</b>	<b>12,064</b>	<b>486,428</b>	<b>498,492</b>
<b>Fund balances, beginning of year</b>	<b>42,113</b>	<b>607,555</b>	<b>649,668</b>
<b>Fund balances, end of year</b>	<b>\$ 54,177</b>	<b>\$ 1,093,983</b>	<b>\$ 1,148,160</b>

## CITY OF JACKSON, MICHIGAN

### ■ Nonmajor Permanent Funds

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

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

# CITY OF JACKSON, MICHIGAN

## Combining Balance Sheet

Nonmajor Permanent Funds

June 30, 2013

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Total
<b>Assets</b>			
Pooled cash and investments - restricted	\$ 1,110,067	\$ 1,841,813	\$ 2,951,880
Interest receivable	-	17,455	17,455
Long-term advance to other funds	70,000	-	70,000
<b>Total assets</b>	<b>\$ 1,180,067</b>	<b>\$ 1,859,268</b>	<b>\$ 3,039,335</b>
<b>Liabilities</b>			
Due to other funds	\$ 21,197	\$ -	\$ 21,197
<b>Fund balances</b>			
Nonspendable for:			
Perpetual care	-	1,859,268	1,859,268
Endowment	1,088,870	-	1,088,870
Advances	70,000	-	70,000
<b>Total fund balances</b>	<b>1,158,870</b>	<b>1,859,268</b>	<b>3,018,138</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,180,067</b>	<b>\$ 1,859,268</b>	<b>\$ 3,039,335</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, 2013

	Ella W. Sharp Park Endowment	Cemetery Perpetual Maintenance	Total
Revenues			
Charges for services	\$ -	\$ 24,360	\$ 24,360
Investment income	22,410	1,887	24,297
Total revenues	22,410	26,247	48,657
Expenditures	-	9,376	9,376
Revenues over expenditures	22,410	16,871	39,281
Other financing uses			
Transfers out	(33,197)	(33,576)	(66,773)
Net change in fund balances	(10,787)	(16,705)	(27,492)
Fund balances, beginning of year	1,169,657	1,875,973	3,045,630
Fund balances, end of year	\$ 1,158,870	\$ 1,859,268	\$ 3,018,138

## CITY OF JACKSON, MICHIGAN

### ■ Nonmajor Enterprise Funds

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

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

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

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

*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 Position

Nonmajor Enterprise Funds

June 30, 2013

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
<b>Assets</b>					
Current assets:					
Pooled cash and investments	\$ 36,189	\$ 14,385	\$ 88,810	\$ 458,635	\$ 598,019
Accounts receivable	-	-	-	2,460	2,460
Total current assets	<u>36,189</u>	<u>14,385</u>	<u>88,810</u>	<u>461,095</u>	<u>600,479</u>
Noncurrent assets:					
Capital assets not being depreciated	-	1,682,727	-	-	1,682,727
Capital assets being depreciated, net	35,671	146,042	-	-	181,713
Total noncurrent assets	<u>35,671</u>	<u>1,828,769</u>	<u>-</u>	<u>-</u>	<u>1,864,440</u>
Total assets	<u>71,860</u>	<u>1,843,154</u>	<u>88,810</u>	<u>461,095</u>	<u>2,464,919</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	481	287	380	35,520	36,668
Accrued payroll	1,088	68	389	2,306	3,851
Total current liabilities	<u>1,569</u>	<u>355</u>	<u>769</u>	<u>37,826</u>	<u>40,519</u>
Noncurrent liabilities -					
Long term advance from other funds	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
Total liabilities	<u>71,569</u>	<u>355</u>	<u>769</u>	<u>37,826</u>	<u>110,519</u>
<b>Net position</b>					
Net investment in capital assets	35,671	1,828,769	-	-	1,864,440
Unrestricted (deficit)	<u>(35,380)</u>	<u>14,030</u>	<u>88,041</u>	<u>423,269</u>	<u>489,960</u>
Total net position	<u>\$ 291</u>	<u>\$ 1,842,799</u>	<u>\$ 88,041</u>	<u>\$ 423,269</u>	<u>\$ 2,354,400</u>

CITY OF JACKSON, MICHIGAN

Combining Statement of Revenues, Expenses

and Changes in Net Position

Nonmajor Enterprise Funds

For the Fiscal Year Ended June 30, 2013

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
Operating revenues					
Charges for sales and services	\$ 40,036	\$ 12,512	\$ 53,829	\$ 1,217,598	\$ 1,323,975
Miscellaneous	-	-	14,657	3,765	18,422
Total operating revenues	40,036	12,512	68,486	1,221,363	1,342,397
Operating expenses					
Personal services	29,663	5,405	39,705	212,023	286,796
Materials and supplies	699	842	-	-	1,541
Contractual and other services	2,985	7,815	62,393	1,221,864	1,295,057
Depreciation	17,836	6,085	-	-	23,921
Total operating expenses	51,183	20,147	102,098	1,433,887	1,607,315
Operating loss	(11,147)	(7,635)	(33,612)	(212,524)	(264,918)
Nonoperating revenues (expenses)					
Investment income	132	29	-	1,112	1,273
Interest and fiscal charges	(2,000)	-	-	-	(2,000)
Total nonoperating revenues (expenses)	(1,868)	29	-	1,112	(727)
Loss before transfers	(13,015)	(7,606)	(33,612)	(211,412)	(265,645)
Transfers in	12,000	11,000	57,900	-	80,900
Change in net position	(1,015)	3,394	24,288	(211,412)	(184,745)
Net position, beginning of year	1,306	1,839,405	63,753	634,681	2,539,145
Net position, end of year	\$ 291	\$ 1,842,799	\$ 88,041	\$ 423,269	\$ 2,354,400

CITY OF JACKSON, MICHIGAN

**Combining Statement of Cash Flows**  
 Nonmajor Enterprise Funds  
 For the Fiscal Year Ended June 30, 2013

	Ella W. Sharp Park Golf Practice Center	Automobile Parking System	Parking Assessment	Stormwater Utility	Totals
<b>Cash flows from operating activities</b>					
Receipts from customers and users	\$ 40,036	\$ 12,512	\$ 68,486	\$ 1,613,701	\$ 1,734,735
Payments to employees	(29,663)	(5,405)	(39,705)	(212,023)	(286,796)
Payments to vendors and claimants	(13,192)	(8,990)	(63,040)	(1,268,676)	(1,353,898)
<b>Net cash provided by (used in) operating activities</b>	<b>(2,819)</b>	<b>(1,883)</b>	<b>(34,259)</b>	<b>133,002</b>	<b>94,041</b>
<b>Cash flows from capital and related financing activities</b>					
Interest paid on long-term debt	(2,000)	-	-	-	(2,000)
<b>Cash flows from noncapital financing activities</b>					
Transfer in	12,000	11,000	57,900	-	80,900
<b>Cash flows from investing activities</b>					
Interest received on investments	132	29	-	1,112	1,273
<b>Net change in cash and cash equivalents</b>	<b>7,313</b>	<b>9,146</b>	<b>23,641</b>	<b>134,114</b>	<b>174,214</b>
Cash and cash equivalents, beginning of year	28,876	5,239	65,169	324,521	423,805
<b>Cash and cash equivalents, end of year</b>	<b>\$ 36,189</b>	<b>\$ 14,385</b>	<b>\$ 88,810</b>	<b>\$ 458,635</b>	<b>\$ 598,019</b>
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities</b>					
Operating loss	\$ (11,147)	\$ (7,635)	\$ (33,612)	\$ (212,524)	\$ (264,918)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:					
Depreciation	17,836	6,085	-	-	23,921
Change in:					
Accounts receivable	-	-	-	392,338	392,338
Accounts payable	481	(310)	(351)	(46,564)	(46,744)
Accrued payroll	11	(23)	(296)	(248)	(556)
Advance from other funds	(10,000)	-	-	-	(10,000)
<b>Net cash provided by (used in) operating activities</b>	<b>\$ (2,819)</b>	<b>\$ (1,883)</b>	<b>\$ (34,259)</b>	<b>\$ 133,002</b>	<b>\$ 94,041</b>

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## CITY OF JACKSON, MICHIGAN

### Internal Service Funds

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

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

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

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

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

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

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

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

CITY OF JACKSON, MICHIGAN

Combining Statement of Net Position

Internal Service Funds  
June 30, 2013

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Healthcare Insurance Deductible	Public Works Administration
<b>Assets</b>					
Current assets:					
Pooled cash and investments	\$ 316,824	\$ 755,548	\$ -	\$ 119,131	\$ 331,432
Accounts receivable	1,401	250	6,313	19,055	58,061
Interfund receivable	-	-	-	139,864	-
Restricted cash -					
Cash on hand with agents	46,000	-	169,646	-	-
Total current assets	<u>364,225</u>	<u>755,798</u>	<u>175,959</u>	<u>278,050</u>	<u>389,493</u>
Noncurrent assets:					
Long-term advances	1,208,657	-	-	-	-
Capital assets being depreciated, net	-	1,047,229	-	-	-
Total noncurrent assets	<u>1,208,657</u>	<u>1,047,229</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>1,572,882</u>	<u>1,803,027</u>	<u>175,959</u>	<u>278,050</u>	<u>389,493</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	4,476	38,843	29,682	31,597	8,794
Accrued payroll	-	6,045	-	-	6,142
Interfund payable	-	-	139,864	-	-
Current portion of estimated claims payable	256,659	-	-	-	-
Total current liabilities	<u>261,135</u>	<u>44,888</u>	<u>169,546</u>	<u>31,597</u>	<u>14,936</u>
Noncurrent liabilities:					
Long-term advance, net	-	59,280	-	-	-
Estimated claims payable	256,659	-	-	-	-
Total noncurrent liabilities	<u>256,659</u>	<u>59,280</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>517,794</u>	<u>104,168</u>	<u>169,546</u>	<u>31,597</u>	<u>14,936</u>
<b>Net position</b>					
Investment in capital assets	-	1,047,229	-	-	-
Unrestricted	1,055,088	651,630	6,413	246,453	374,557
Total net position	<u>\$ 1,055,088</u>	<u>\$ 1,698,859</u>	<u>\$ 6,413</u>	<u>\$ 246,453</u>	<u>\$ 374,557</u>

Engineering Administration	Local Site Remediation Revolving	Totals
\$ 63,555	\$ 608,555	\$ 2,195,045
1,306	-	86,386
-	-	139,864
-	-	215,646
<u>64,861</u>	<u>608,555</u>	<u>2,636,941</u>
-	-	1,208,657
-	-	1,047,229
-	-	2,255,886
<u>64,861</u>	<u>608,555</u>	<u>4,892,827</u>
1,322	-	114,714
3,825	-	16,012
-	-	139,864
-	-	256,659
<u>5,147</u>	<u>-</u>	<u>527,249</u>
-	-	59,280
-	-	256,659
-	-	315,939
<u>5,147</u>	<u>-</u>	<u>843,188</u>
-	-	1,047,229
<u>59,714</u>	<u>608,555</u>	<u>3,002,410</u>
<u>\$ 59,714</u>	<u>\$ 608,555</u>	<u>\$ 4,049,639</u>

CITY OF JACKSON, MICHIGAN

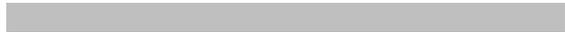
**Combining Statement of Revenues, Expenses**

and Changes in Fund Net Position

Internal Service Funds

For the Fiscal Year Ended June 30, 2013

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Healthcare Insurance Deductible	Public Works Administration
Operating revenues					
Charges for services	\$ 199,290	\$ 197,514	\$ 544,931	\$ 411,787	\$ 365,909
Miscellaneous	26,694	1,174,089	22,511	-	53
Total operating revenues	225,984	1,371,603	567,442	411,787	365,962
Operating expenses					
Personal services	-	482,152	-	-	397,794
Administration	-	-	-	-	85,530
Materials and supplies	-	408,667	-	-	-
Contractual and other services	2,309	135,311	625,395	459,764	-
Benefit payments:					
Claims	286,908	-	-	-	-
Fees and reinsurance	42,610	-	-	-	-
Depreciation	-	321,177	-	-	-
Total operating expenses	331,827	1,347,307	625,395	459,764	483,324
Operating income (loss)	(105,843)	24,296	(57,953)	(47,977)	(117,362)
Nonoperating revenues					
Investment income	43,610	3,899	-	1,341	4,483
Income (loss) before transfers	(62,233)	28,195	(57,953)	(46,636)	(112,879)
Transfers out	-	-	-	-	-
Change in net position	(62,233)	28,195	(57,953)	(46,636)	(112,879)
Net position, beginning of year	1,117,321	1,670,664	64,366	293,089	487,436
Net position, end of year	\$ 1,055,088	\$ 1,698,859	\$ 6,413	\$ 246,453	\$ 374,557



Engineering Administration	Local Site Remediation Revolving	Totals
\$ 392,206	\$ 79,609	\$ 2,191,246
-	-	1,223,347
<u>392,206</u>	<u>79,609</u>	<u>3,414,593</u>
289,424	-	1,169,370
81,019	45,686	212,235
-	-	408,667
-	-	1,222,779
-	-	286,908
-	-	42,610
-	-	321,177
<u>370,443</u>	<u>45,686</u>	<u>3,663,746</u>
21,763	33,923	(249,153)
<u>216</u>	<u>2,815</u>	<u>56,364</u>
21,979	36,738	(192,789)
-	(353)	(353)
21,979	36,385	(193,142)
<u>37,735</u>	<u>572,170</u>	<u>4,242,781</u>
<u>\$ 59,714</u>	<u>\$ 608,555</u>	<u>\$ 4,049,639</u>

CITY OF JACKSON, MICHIGAN

**Combining Statement of Cash Flows**  
 Internal Service Funds  
 For the Fiscal Year Ended June 30, 2013

	Workers' Compensation	Motor Pool and Garage	Prescription Drug	Healthcare Insurance Deductible
Cash flows from operating activities				
Receipts for interfund services provided	\$ 225,984	\$ 1,373,233	\$ 655,791	\$ 317,125
Payments to employees	-	(482,150)	-	-
Payments to vendors and claimants	(346,374)	(540,954)	(655,791)	(440,825)
Net cash provided by (used in) operating activities	(120,390)	350,129	-	(123,700)
Cash flows from capital and related financing activities				
Purchase of capital assets	-	(486,557)	-	-
Interfund advances	(154,751)	(36,693)	-	-
Net cash used in capital and related financing activities	(154,751)	(523,250)	-	-
Cash flows from noncapital financing activities				
Transfer out	-	-	-	-
Cash flows from investing activities				
Interest received on investments	43,610	3,899	-	1,341
Net change in cash and cash equivalents	(231,531)	(169,222)	-	(122,359)
Cash and cash equivalents, beginning of year	594,355	924,770	169,646	241,490
Cash and cash equivalents, end of year	\$ 362,824	\$ 755,548	\$ 169,646	\$ 119,131
Statement of net position classification of cash				
Cash and cash equivalents	\$ 316,824	\$ 755,548	\$ -	\$ 119,131
Restricted cash and cash equivalents	46,000	-	169,646	-
	\$ 362,824	\$ 755,548	\$ 169,646	\$ 119,131
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ (105,843)	\$ 24,296	\$ (57,953)	\$ (47,977)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	-	321,177	-	-
Change in:				
Accounts receivable	-	1,630	(6,313)	-
Interfund receivable	-	-	-	(94,662)
Accounts payable	(14,547)	3,024	(30,396)	18,939
Accrued payroll	-	2	-	-
Interfund payable	-	-	94,662	-
Net cash provided by (used in) operating activities	\$ (120,390)	\$ 350,129	\$ -	\$ (123,700)

Public Works Administration	Engineering Administration	Local Site Remediation Revolving	Totals
\$ 432,245	\$ 393,135	\$ 79,609	\$ 3,477,122
(398,276)	(289,988)	-	(1,170,414)
(92,405)	(80,752)	(148,459)	(2,305,560)
(58,436)	22,395	(68,850)	1,148
-	-	-	(486,557)
-	-	-	(191,444)
-	-	-	(678,001)
-	-	(353)	(353)
4,483	216	2,815	56,364
(53,953)	22,611	(66,388)	(620,842)
385,385	40,944	674,943	3,031,533
\$ 331,432	\$ 63,555	\$ 608,555	\$ 2,410,691
\$ 331,432	\$ 63,555	\$ 608,555	\$ 2,195,045
-	-	-	215,646
\$ 331,432	\$ 63,555	\$ 608,555	\$ 2,410,691
\$ (117,362)	\$ 21,763	\$ 33,923	\$ (249,153)
-	-	-	321,177
66,283	929	-	62,529
-	-	-	(94,662)
(6,875)	267	(102,773)	(132,361)
(482)	(564)	-	(1,044)
-	-	-	94,662
\$ (58,436)	\$ 22,395	\$ (68,850)	\$ 1,148

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## CITY OF JACKSON, MICHIGAN

### Agency Funds

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

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

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

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

*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

## Combining Balance Sheet

Agency Funds  
June 30, 2013

	Payroll Clearing	Jeopardy Tax	County and School Tax Collection	Community Development Block Grant Escrow	Act 495 Fire Trust Fund
<b>Assets</b>					
Pooled cash and investments	\$ 63,900	\$ 27,200	\$ 13,148	\$ 6,709	\$ 112,751
<b>Liabilities</b>					
Due to other governments	\$ -	\$ 27,200	\$ 13,148	\$ 6,709	\$ -
Other liabilities	63,900	-	-	-	112,751
<b>Total liabilities</b>	<b>\$ 63,900</b>	<b>\$ 27,200</b>	<b>\$ 13,148</b>	<b>\$ 6,709</b>	<b>\$ 112,751</b>



Cafeteria Reimbursement	Total
----------------------------	-------

<u>\$ 39,883</u>	<u>\$ 263,591</u>
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\$ -	\$ 47,057
<u>39,883</u>	<u>216,534</u>

<u>\$ 39,883</u>	<u>\$ 263,591</u>
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CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<i>Payroll Clearing Account</i>				
<b>Assets</b>				
Pooled cash and investments	\$ 94,240	\$ 12,280,969	\$ 12,311,309	\$ 63,900
<b>Liabilities</b>				
Other liabilities	\$ 94,240	\$ 12,280,969	\$ 12,311,309	\$ 63,900
<i>Jeopardy Tax Fund</i>				
<b>Assets</b>				
Pooled cash and investments	\$ 2,409	\$ 27,577	\$ 2,786	\$ 27,200
<b>Liabilities</b>				
Due to other governmental units	\$ 2,409	\$ 27,577	\$ 2,786	\$ 27,200
<i>County &amp; School Tax Collection Fund</i>				
<b>Assets</b>				
Pooled cash and investments	\$ 8,781	\$ 27,787,655	\$ 27,783,288	\$ 13,148
Taxes receivable - real	-	27,529,180	27,529,180	-
<b>Total assets</b>	<b>\$ 8,781</b>	<b>\$ 55,316,835</b>	<b>\$ 55,312,468</b>	<b>\$ 13,148</b>
<b>Liabilities</b>				
Due to other governmental units	\$ 8,781	\$ 8,040,927	\$ 8,036,560	\$ 13,148
Undistributed tax collections:				
Jackson County	-	3,713,680	3,713,680	-
Jackson Public Schools	-	7,092,219	7,092,219	-
Northwest Schools	-	28,673	28,673	-
Michigan Center Schools	-	39,827	39,827	-
East Jackson Schools	-	4,802	4,802	-
Jackson Intermediate School District	-	4,458,388	4,458,388	-
Jackson Community College	-	590,314	590,314	-
Jackson Transportation Authority	-	503,121	503,121	-
State of Michigan - State Education Tax	-	2,937,247	2,937,247	-
<b>Total liabilities</b>	<b>\$ 8,781</b>	<b>\$ 27,409,198</b>	<b>\$ 27,404,831</b>	<b>\$ 13,148</b>

continued...

CITY OF JACKSON, MICHIGAN

Combining Statement of Changes in Assets and Liabilities

Agency Funds

For the Fiscal Year Ended June 30, 2013

	Balance June 30, 2012	Additions	Deductions	Balance June 30, 2013
<i>Community Development Block Grant Escrow Fund</i>				
Assets				
Pooled cash and investments	\$ 2,027	\$ 21,294	\$ 16,612	\$ 6,709
Liabilities				
Due to other governments	\$ 2,027	\$ 21,294	\$ 16,612	\$ 6,709
<i>Act 495 Fire Trust Fund</i>				
Assets				
Pooled cash and investments	\$ 40,509	\$ 179,470	\$ 107,228	\$ 112,751
Liabilities				
Insurance deposits	\$ 40,509	\$ 179,470	\$ 107,228	\$ 112,751
<i>Cafeteria Reimbursement Fund</i>				
Assets				
Pooled cash and investments	\$ 40,494	\$ 99,263	\$ 99,874	\$ 39,883
Liabilities				
Accounts payable	\$ -	\$ 99,874	\$ 99,874	\$ -
Employees' contributions	40,494	90,137	90,748	39,883
Total liabilities	\$ 40,494	\$ 190,011	\$ 190,622	\$ 39,883
<i>Total All Agency Funds</i>				
Assets				
Pooled cash and investments	\$ 188,460	\$ 40,396,228	\$ 40,321,097	\$ 263,591
Taxes receivable - real	-	27,529,180	27,529,180	-
Total assets	\$ 188,460	\$ 67,925,408	\$ 67,850,277	\$ 263,591
Liabilities				
Accounts payable	\$ -	\$ 99,874	\$ 99,874	\$ -
Due to other governmental units	13,217	8,068,504	8,039,346	47,057
Undistributed tax collections	-	19,368,271	19,368,271	-
Other liabilities	175,243	12,550,576	12,509,285	216,534
Total liabilities	\$ 188,460	\$ 40,087,225	\$ 40,016,776	\$ 263,591

# CITY OF JACKSON, MICHIGAN

## Balance Sheet / Statement of Net Position

Brownfield Redevelopment Authority Component Unit

June 30, 2013

	Capital Projects		
	Brownfield Redevelopment Authority	Adjustments	Statement of Net Position
<b>Assets</b>			
Pooled cash and investments	\$ 1,770,120	\$ -	\$ 1,770,120
<b>Liabilities</b>			
Accounts payable	\$ 185	-	185
Salaries payable	285	-	285
Total liabilities	470	-	470
<b>Fund balances</b>			
Unrestricted	1,769,650	(1,769,650)	-
Total liabilities and fund balance	\$ 1,770,120		
Net position - unrestricted		\$ 1,769,650	\$ 1,769,650

# CITY OF JACKSON, MICHIGAN

## Statement of Revenues, Expenditures and Changes in Fund Balances / Statement of Activities Brownfield Redevelopment Authority Component Unit For the Fiscal Year Ended June 30, 2013

	Capital Projects		Statement of Activities
	Brownfield Redevelopment Authority	Adjustments	
Revenues			
Property tax	\$ 1,131,188	\$ -	\$ 1,131,188
Interest revenue	8,119	-	8,119
Total revenues	1,139,307	-	1,139,307
Expenditures/Expenses			
Community enrichment	1,251,149	-	1,251,149
Revenues over (under) expenditures	(111,842)	111,842	-
Change in net position	-	(111,842)	(111,842)
Fund balances / net position, beginning of year	1,881,492	-	1,881,492
Fund balances / net position, end of year	\$ 1,769,650	\$ -	\$ 1,769,650

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## STATISTICAL SECTION

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# CITY OF JACKSON, MICHIGAN

## Statistical Section (Unaudited)

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.

CONTENTS	<u>Page</u>
<b>Financial Trends (schedules 1 thru 5)</b>	
These schedules contain trend information to help the reader understand how the financial performance and well-being have changed over time.	160
<b>Revenue Capacity (schedules 6 thru 9)</b>	
These schedules contain information to help the reader assess the government's most local sources: property taxes and water and wastewater usage fees.	171
<b>Debt Capacity (schedules 10 thru 12)</b>	
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 debt in the future.	176
<b>Demographic and Economic Information (schedules 13 and 14)</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	180
<b>Operating Information (schedules 15 thru 26)</b>	
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.	182

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

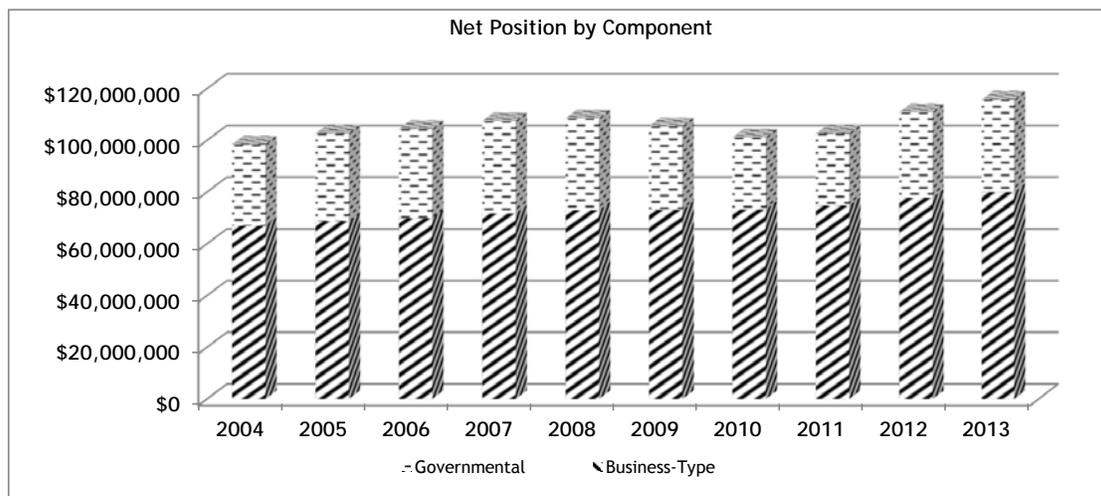
## Net Position by Component

Last Ten Years

(accrual basis of accounting)

	2004	2005	2006	2007	2008
<b>Governmental activities</b>					
Net investment in capital assets	\$ 17,246,524	\$ 19,477,559	\$ 20,420,840	\$ 23,412,904	\$ 22,909,620
Restricted	5,785,257	7,566,923	6,220,922	5,261,929	5,250,943
Unrestricted (deficit)	8,461,304	6,890,748	7,794,846	7,158,068	7,433,449
<b>Total governmental activities net assets</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>Business-type activities</b>					
Net investment in capital assets	\$ 52,374,586	\$ 52,754,671	\$ 53,240,973	\$ 53,809,620	\$ 55,168,398
Restricted	1,447,009	1,447,009	1,447,009	1,447,009	1,447,009
Unrestricted	13,143,279	14,565,296	15,288,589	16,417,163	16,368,542
<b>Total business-type activities net assets</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>Primary government</b>					
Net investment in capital assets	\$ 69,621,110	\$ 72,232,230	\$ 73,661,813	\$ 77,222,524	\$ 78,078,018
Restricted	7,232,266	9,013,932	7,667,931	6,708,938	6,697,952
Unrestricted	21,604,583	21,456,044	23,083,435	23,575,231	23,801,991
<b>Total primary government net position</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>

Source: City of Jackson Finance Department



Schedule 1  
Unaudited

2009	2010	2011	2012	2013
\$ 25,292,037	\$ 26,205,595	\$ 27,905,286	\$ 32,867,134	\$ 36,771,568
6,084,912	5,954,460	4,234,677	4,240,770	6,439,037
1,004,574	(4,248,423)	(4,269,622)	(4,048,999)	(6,970,145)
<u>\$ 32,381,523</u>	<u>\$ 27,911,632</u>	<u>\$ 27,870,341</u>	<u>\$ 33,058,905</u>	<u>\$ 36,240,460</u>
\$ 57,102,607	\$ 56,517,510	\$ 56,651,540	\$ 57,808,727	\$ 57,446,945
167,600	160,100	167,600	67,300	62,500
15,846,100	16,599,831	17,964,849	19,952,439	22,506,870
<u>\$ 73,116,307</u>	<u>\$ 73,277,441</u>	<u>\$ 74,783,989</u>	<u>\$ 77,828,466</u>	<u>\$ 80,016,315</u>
\$ 82,394,644	\$ 82,723,105	\$ 84,556,826	\$ 90,675,861	\$ 94,218,513
6,252,512	6,114,560	4,402,277	4,308,070	6,501,537
16,850,674	12,351,408	13,695,227	15,903,440	15,536,725
<u>\$ 105,497,830</u>	<u>\$ 101,189,073</u>	<u>\$ 102,654,330</u>	<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>

# CITY OF JACKSON, MICHIGAN

## Changes in Net Position

Last Ten Years

(accrual basis of accounting)

	2004	2005	2006	2007	2008
<b>Revenue</b>					
Governmental activities:					
Program revenues:					
Charges for services	\$ 3,489,305	\$ 3,768,592	\$ 4,441,578	\$ 4,928,945	\$ 4,576,960
Operating grants and contributions	5,616,389	4,873,069	6,341,324	5,929,661	5,954,457
Capital grants and contributions	1,405,094	2,885,188	1,797,076	2,591,674	1,119,751
General revenues:					
Property taxes	7,754,736	9,105,344	9,584,773	11,062,066	10,710,438
Income taxes	6,984,060	7,300,012	7,249,113	7,822,180	7,946,837
Grants and contributions not restricted to specific programs	5,895,879	7,057,734	6,737,106	5,538,943	5,390,450
Other	359,894	344,903	614,799	626,456	613,778
Total governmental activities revenues	<u>31,505,357</u>	<u>35,334,842</u>	<u>36,765,769</u>	<u>38,499,925</u>	<u>36,312,671</u>
Business-type activities:					
Program revenues:					
Charges for services	10,828,680	11,297,270	11,258,598	12,004,796	11,987,813
Operating grants and contributions	-	-	-	-	-
Capital grants and contributions	1,253,130	-	-	-	-
General revenues:					
Grants and contributions not restricted to specific programs	299,455	451,473	240,999	268,077	527,454
Other	141,311	249,120	500,427	703,383	781,190
Total business-type activities revenues	<u>12,522,576</u>	<u>11,997,863</u>	<u>12,000,024</u>	<u>12,976,256</u>	<u>13,296,457</u>
Total primary government revenues	<u>44,027,933</u>	<u>47,332,705</u>	<u>48,765,793</u>	<u>51,476,181</u>	<u>49,609,128</u>
<b>Expenses</b>					
Governmental activities:					
Legislative	76,344	70,428	79,904	79,944	100,856
General government	4,213,894	4,162,208	4,750,801	5,227,643	5,106,778
Public safety	14,135,744	15,211,748	16,110,222	16,865,859	16,474,297
Public works	5,793,948	5,602,686	6,391,700	6,112,674	6,363,857
Culture and recreation	2,267,890	2,638,497	2,766,612	2,746,767	2,484,262
Community enrichment & development	5,133,149	2,977,181	4,031,540	3,951,962	3,836,177
Interest on long-term debt	1,916,025	2,125,358	2,025,886	1,995,657	1,767,307
Total governmental activities expenses	<u>33,536,994</u>	<u>32,788,106</u>	<u>36,156,665</u>	<u>36,980,506</u>	<u>36,133,534</u>
Business-type activities:					
Sewer	4,334,517	4,545,475	4,790,277	5,257,605	5,405,194
Water	5,130,173	5,048,903	5,437,488	5,448,272	5,896,097
Stormwater utilities	-	-	-	-	-
Parking system	589,578	638,752	597,889	627,579	743,253
Golf practice center	80,487	67,222	72,501	68,705	71,092
Total business-type activities expenses	<u>10,134,755</u>	<u>10,300,352</u>	<u>10,898,155</u>	<u>11,402,161</u>	<u>12,115,636</u>
Total primary government expenses	<u>43,671,749</u>	<u>43,088,458</u>	<u>47,054,820</u>	<u>48,382,667</u>	<u>48,249,170</u>
Change in net position	356,184	4,244,247	1,710,973	3,093,514	1,359,958
Net position, beginning of year, as restated	96,671,305	98,457,959	102,702,206	104,413,179	107,506,693
Other restatements at June 30	1,430,470	-	-	-	(288,690)
Net position, end of year	<u>\$ 98,457,959</u>	<u>\$ 102,702,206</u>	<u>\$ 104,413,179</u>	<u>\$ 107,506,693</u>	<u>\$ 108,577,961</u>

Source: City of Jackson Finance Department.

Schedule 2  
Unaudited

2009	2010	2011	2012	2013
\$ 4,545,223	\$ 4,729,249	\$ 4,996,781	\$ 4,598,435	\$ 6,587,602
5,964,746	7,238,196	6,800,210	5,979,625	7,603,364
1,444,563	2,130,328	2,363,474	5,321,414	4,434,092
10,488,646	10,305,545	9,826,762	9,708,980	9,495,893
7,645,706	6,519,574	6,977,923	7,297,281	8,017,329
5,730,532	4,785,181	4,750,419	4,061,333	4,218,247
210,499	36,974	99,733	100,188	88,095
<u>36,029,915</u>	<u>35,745,047</u>	<u>35,815,302</u>	<u>37,067,256</u>	<u>40,444,622</u>
11,741,153	10,969,737	12,738,380	15,905,133	14,550,167
-	17,165	-	-	-
-	-	-	-	-
225,628	285,961	292,290	245,514	274,432
446,863	221,234	101,871	93,619	185,949
<u>12,413,644</u>	<u>11,494,097</u>	<u>13,132,541</u>	<u>16,244,266</u>	<u>15,010,548</u>
<u>48,443,559</u>	<u>47,239,144</u>	<u>48,947,843</u>	<u>53,311,522</u>	<u>55,455,170</u>
84,987	81,455	78,998	78,779	81,079
5,590,322	5,193,157	4,672,731	4,224,454	4,774,616
18,514,730	18,480,322	16,182,495	14,157,903	18,980,031
6,982,096	6,815,307	6,604,418	5,509,209	6,157,790
2,823,240	3,074,451	2,891,768	2,764,356	2,392,391
4,276,212	4,808,286	3,764,313	3,140,708	3,281,198
1,823,284	1,761,960	1,634,370	1,280,723	1,595,962
<u>40,094,871</u>	<u>40,214,938</u>	<u>35,829,093</u>	<u>31,156,132</u>	<u>37,263,067</u>
5,186,279	5,221,872	5,165,228	5,808,940	4,622,944
6,315,543	5,360,557	5,718,144	5,923,975	6,079,526
-	-	88,861	845,506	1,441,642
708,936	688,921	623,946	632,315	625,116
70,528	61,613	57,314	62,084	53,471
<u>12,281,286</u>	<u>11,332,963</u>	<u>11,653,493</u>	<u>13,272,820</u>	<u>12,822,699</u>
<u>52,376,157</u>	<u>51,547,901</u>	<u>47,482,586</u>	<u>44,428,952</u>	<u>50,085,766</u>
(3,932,598)	(4,308,757)	1,465,257	8,882,570	5,369,404
108,577,961	105,497,830	101,189,073	102,654,330	110,887,371
852,467	-	-	(649,529)	-
<u>\$ 105,497,830</u>	<u>\$ 101,189,073</u>	<u>\$ 102,654,330</u>	<u>\$ 110,887,371</u>	<u>\$ 116,256,775</u>

# CITY OF JACKSON, MICHIGAN

## Fund Balances - Governmental Funds

Last Ten Years

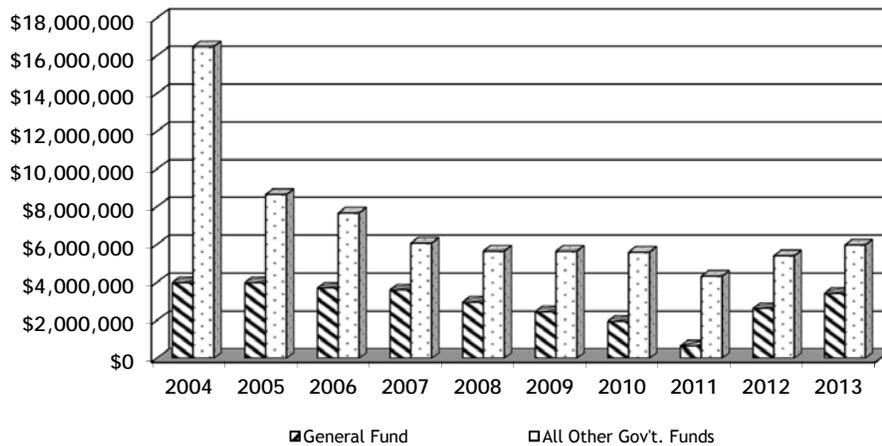
(modified accrual basis of accounting)

	2004	2005	2006	2007	2008
General fund					
Nonspendable					
Unassigned					
Reserved	\$ 989,309	\$ 576,699	\$ 1,007,649	\$ 311,967	\$ 379,213
Unreserved	2,998,657	3,129,904	2,596,377	2,656,966	2,078,521
<b>Total general fund</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>
All other governmental funds					
Nonspendable					
Restricted					
Committed					
Unassigned (deficit)					
Reserved	\$ 3,101,874	\$ 3,134,439	\$ 2,890,964	\$ 2,989,343	\$ 3,116,497
Unreserved, reported in:					
Special revenue funds	2,262,510	3,619,163	4,015,537	2,810,082	2,498,687
Debt service funds	1,474,422	30,986	35,044	43,361	54,908
Capital projects funds	9,604,507	1,860,542	731,542	230,953	(17,189)
Permanent funds	39,370	8,698	-	-	-
<b>Total all other governmental funds</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>Total governmental funds</b>	<b>\$ 20,470,649</b>	<b>\$ 12,360,431</b>	<b>\$ 11,277,113</b>	<b>\$ 9,042,672</b>	<b>\$ 8,110,637</b>

(A) 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



Schedule 3  
Unaudited

2009	2010	2011	2012	2013
		\$ 469,317	\$ 54,655	\$ 62,482
		2,160,928	3,372,517	4,188,560
\$ 249,169	\$ 76,177	-	-	-
1,707,278	581,788	-	-	-
<u>\$ 1,956,447</u>	<u>\$ 657,965</u>	<u>\$ 2,630,245</u>	<u>\$ 3,427,172</u>	<u>\$ 4,251,042</u>
		\$ 3,092,357	\$ 3,169,686	\$ 3,156,635
		2,005,904	2,871,925	3,282,402
		127,472	321,791	685,861
		(895,314)	(958,023)	(1,149,377)
\$ 3,259,351	\$ 3,518,347	-	-	-
2,492,904	2,485,481	-	-	-
42,961	13,714	-	-	-
(146,010)	(420,308)	-	-	-
-	-	-	-	-
<u>5,649,206</u>	<u>5,597,234</u>	<u>4,330,419</u>	<u>5,405,379</u>	<u>5,975,521</u>
<u>\$ 7,605,653</u>	<u>\$ 6,255,199</u>	<u>\$ 6,960,664</u>	<u>\$ 8,832,551</u>	<u>\$ 10,226,563</u>

CITY OF JACKSON, MICHIGAN

Changes in Fund Balances - Governmental Funds

Last Ten Years

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008
<b>Revenues</b>					
Taxes	\$ 14,879,726	\$ 16,325,697	\$ 16,806,838	\$ 18,716,042	\$ 18,589,716
Licenses and permits	216,538	254,973	231,377	231,486	228,671
Intergovernmental	11,534,408	12,845,112	12,846,052	13,180,443	11,274,670
Charges for services	2,875,007	2,832,829	3,853,103	4,051,135	3,848,682
Fines and forfeits	264,746	258,178	212,690	203,086	221,869
Special assessments	478,716	249,531	378,339	306,739	467,981
Investment income	253,453	311,614	457,942	697,179	767,926
Miscellaneous	1,454,100	2,135,528	1,843,723	571,129	785,300
<b>Total revenues</b>	<b>31,956,694</b>	<b>35,213,462</b>	<b>36,630,064</b>	<b>37,957,239</b>	<b>36,184,815</b>
<b>Expenditures</b>					
Legislative	76,344	70,428	79,904	79,944	100,856
General government	4,366,698	4,481,144	4,460,003	4,814,896	4,687,386
Public safety	14,282,280	15,252,256	16,555,647	17,460,830	16,945,032
Public works	6,179,742	7,860,861	6,528,508	8,480,193	5,954,413
Culture and recreation	2,463,750	2,432,741	2,592,558	2,727,397	2,668,948
Community enrichment and development	2,644,390	1,816,545	2,873,782	2,581,143	2,589,998
Capital outlay	4,048,998	8,094,359	1,456,073	731,251	506,321
Debt service:					
Principal	903,679	1,039,000	1,064,000	1,219,000	1,479,000
Interest & fiscal charges	1,659,899	2,243,834	2,021,976	1,994,884	1,773,561
Other	-	-	-	-	215,913
<b>Total expenditures</b>	<b>36,625,780</b>	<b>43,291,168</b>	<b>37,632,451</b>	<b>40,089,538</b>	<b>36,921,428</b>
Excess of revenues over (under) expenditures	(4,669,086)	(8,077,706)	(1,002,387)	(2,132,299)	(736,613)
<b>Other financing sources (uses)</b>					
Proceeds from the sale of capital assets	84,105	72,079	26,795	20,984	11,452
Proceeds from the issuance of debt	10,370,000	-	-	-	9,905,000
Discount on bonds	(155,531)	-	-	-	(94,062)
Premium on bonds	-	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-	(9,599,786)
Transfers in	4,628,187	4,399,406	2,158,544	2,969,637	2,635,156
Transfers (out)	(4,733,622)	(4,503,997)	(2,266,270)	(3,092,763)	(2,764,492)
<b>Total other financing sources (uses)</b>	<b>10,193,139</b>	<b>(32,512)</b>	<b>(80,931)</b>	<b>(102,142)</b>	<b>93,268</b>
<b>Net change in fund balances</b>	<b>\$ 5,524,053</b>	<b>\$ (8,110,218)</b>	<b>\$ (1,083,318)</b>	<b>\$ (2,234,441)</b>	<b>\$ (643,345)</b>
Debt service as a percentage of total expenditures	7.0%	7.6%	8.2%	8.0%	9.4%

Source: City of Jackson Finance Department.

Schedule 4  
Unaudited

2009	2010	2011	2012	2013
\$ 18,249,873	\$ 16,936,953	\$ 16,753,417	\$ 16,885,935	\$ 17,321,868
247,399	250,602	270,214	262,775	271,848
11,885,926	12,316,023	12,727,160	15,414,169	16,139,922
3,870,877	3,913,947	3,898,388	3,806,252	5,133,688
224,967	261,677	224,881	199,216	223,947
384,602	278,701	254,958	223,209	403,688
406,345	218,023	127,759	134,927	121,539
998,231	1,222,574	1,518,901	608,713	660,058
<u>36,268,220</u>	<u>35,398,500</u>	<u>35,775,678</u>	<u>37,535,196</u>	<u>40,276,558</u>
84,987	81,455	78,998	78,779	81,079
4,778,604	4,440,441	4,156,263	4,111,378	4,334,482
17,398,422	16,770,309	15,553,034	13,936,985	17,766,806
5,974,822	6,435,712	6,088,484	8,704,847	8,036,993
2,758,877	2,503,995	2,839,995	2,686,777	2,684,768
2,543,682	2,856,698	2,614,118	1,998,043	2,260,186
625,907	162,571	210,309	547,300	641,945
1,604,000	1,699,000	1,832,000	915,000	1,600,000
1,789,183	1,735,313	1,669,512	1,255,740	1,458,980
-	-	-	471,371	-
<u>37,558,484</u>	<u>36,685,494</u>	<u>35,042,713</u>	<u>34,706,220</u>	<u>38,865,239</u>
<u>(1,290,264)</u>	<u>(1,286,994)</u>	<u>732,965</u>	<u>2,828,976</u>	<u>1,411,319</u>
22,538	18,842	-	-	16,996
-	-	-	13,025,000	8,275,000
-	-	-	(69,591)	-
-	-	-	141,288	415,396
-	-	-	(13,975,326)	(8,644,152)
3,552,312	3,232,670	3,207,550	2,384,867	5,005,390
<u>(3,642,036)</u>	<u>(3,314,972)</u>	<u>(3,235,050)</u>	<u>(2,463,327)</u>	<u>(5,085,937)</u>
<u>(67,186)</u>	<u>(63,460)</u>	<u>(27,500)</u>	<u>(957,089)</u>	<u>(17,307)</u>
<u>\$ (1,357,450)</u>	<u>\$ (1,350,454)</u>	<u>\$ 705,465</u>	<u>\$ 1,871,887</u>	<u>\$ 1,394,012</u>
<u>9.0%</u>	<u>9.4%</u>	<u>10.0%</u>	<u>7.6%</u>	<u>7.9%</u>

CITY OF JACKSON, MICHIGAN

**Changes in Fund Balances - General Fund**

Last Ten Years

(modified accrual basis of accounting)

	2004	2005	2006	2007	2008
<b>Revenues</b>					
Taxes	\$ 13,007,511	\$ 13,843,364	\$ 14,276,643	\$ 16,016,387	\$ 15,794,628
Licenses and permits	216,538	254,973	231,377	231,486	228,671
Intergovernmental	5,769,574	5,581,910	5,925,153	5,572,841	5,204,759
Charges for services	1,441,380	1,338,854	1,170,927	1,306,639	1,305,095
Fines and forfeits	264,746	258,178	212,690	203,086	221,869
Investment income	73,972	105,190	267,083	288,413	307,193
Miscellaneous	402,960	1,392,079	1,404,473	130,031	151,284
<b>Total revenues</b>	<b>21,176,681</b>	<b>22,774,548</b>	<b>23,488,346</b>	<b>23,748,883</b>	<b>23,213,499</b>
<b>Expenditures</b>					
Legislative	76,344	70,428	79,904	79,944	100,856
General government	4,366,698	4,481,144	4,460,003	4,814,896	4,687,386
Public safety	13,207,314	14,010,760	15,229,963	16,292,286	15,745,929
Public works	1,690,189	1,414,892	1,728,580	1,498,532	1,498,147
Culture and recreation	1,547,153	1,508,574	1,385,593	1,465,900	1,466,462
Community enrichment and development	254,780	190,797	204,811	202,150	198,589
<b>Total expenditures</b>	<b>21,142,478</b>	<b>21,676,595</b>	<b>23,088,854</b>	<b>24,353,708</b>	<b>23,697,369</b>
Excess of revenues over (under) expenditures	34,203	1,097,953	399,492	(604,825)	(483,870)
<b>Other financing sources (uses)</b>					
Proceeds from the sale of capital assets	10,624	17,809	13,379	20,984	11,452
Transfers in	271,834	206,969	270,667	274,603	319,680
Transfers (out)	(319,383)	(1,604,094)	(786,115)	(325,855)	(358,461)
<b>Total other financing sources (uses)</b>	<b>(36,925)</b>	<b>(1,379,316)</b>	<b>(502,069)</b>	<b>(30,268)</b>	<b>(27,329)</b>
<b>Net change in fund balances</b>	<b>\$ (2,722)</b>	<b>\$ (281,363)</b>	<b>\$ (102,577)</b>	<b>\$ (635,093)</b>	<b>\$ (511,199)</b>

Source: City of Jackson Finance Department.

Schedule 5  
Unaudited

2009	2010	2011	2012	2013
\$ 15,415,825	\$ 14,201,465	\$ 13,994,106	\$ 14,140,266	\$ 14,797,663
247,399	250,602	270,214	262,775	271,848
5,474,154	4,579,549	4,835,891	3,964,157	4,403,887
1,299,376	1,282,471	1,202,033	1,222,262	1,216,088
224,967	261,677	224,881	199,216	223,947
101,926	23,086	28,179	17,945	30,887
370,730	544,266	730,797	292,346	198,786
<u>23,134,377</u>	<u>21,143,116</u>	<u>21,286,101</u>	<u>20,098,967</u>	<u>21,143,106</u>
84,987	81,455	78,998	78,779	81,079
4,778,604	4,440,441	4,156,263	4,111,378	4,334,482
16,165,588	15,143,445	14,037,609	12,399,958	12,900,639
1,513,350	1,165,539	659,843	645,059	593,487
1,549,225	1,379,570	1,725,123	1,530,163	1,582,946
259,488	182,875	189,356	163,125	113,533
<u>24,351,242</u>	<u>22,393,325</u>	<u>20,847,192</u>	<u>18,928,462</u>	<u>19,606,166</u>
<u>(1,216,865)</u>	<u>(1,250,209)</u>	<u>438,909</u>	<u>1,170,505</u>	<u>1,536,940</u>
9,979	18,367	-	-	16,996
152,291	72,260	95,662	72,422	46,406
<u>(299,158)</u>	<u>(138,900)</u>	<u>(167,500)</u>	<u>(446,000)</u>	<u>(776,472)</u>
<u>(136,888)</u>	<u>(48,273)</u>	<u>(71,838)</u>	<u>(373,578)</u>	<u>(713,070)</u>
<u>\$ (1,353,753)</u>	<u>\$ (1,298,482)</u>	<u>\$ 367,071</u>	<u>\$ 796,927</u>	<u>\$ 823,870</u>

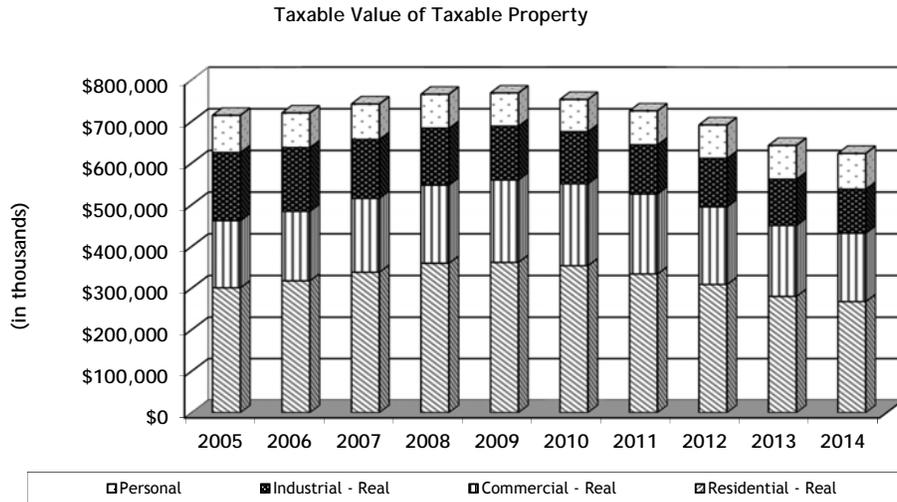
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**Assessed and Estimated Actual Value of Taxable Property  
Last Ten Years**

Fiscal Year (2)	Taxable Value by Property Type					Estimated Actual Value	Total Direct Tax Rate
	Real Property			Personal Property	Total		
	Residential	Commercial	Industrial				
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
2013	280,275,052	170,027,779	111,159,314	80,966,400	642,428,545	1,323,376,200	15.1389
2014	267,840,044	164,156,082	105,319,947	85,933,700	623,249,773	1,272,223,600	15.0889

- (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 fiscal year 2014 taxable values are for the tax year beginning July 1, 2013.
- (3) Above Ad Valorem assessments include those properties located within Renaissance Zones and which are exempt from all millages levied except for bonded indebtedness. This exemption is phased out beginning July 1, 2012 at which time those properties will be taxed at 25 % of their taxable value. This percentage will increase to 50% as of July 16, 2013 and 75% as of July 1, 2014. Renaissance Zones will become fully taxable July 1, 2015.

Source: Michigan Department of Treasury Form L-4022



# CITY OF JACKSON, MICHIGAN

## Property Tax Rates - Direct and Overlapping

Last Ten Years

(rate per \$1,000 of taxable value)

	2004	2005	2006	2007	2008
<b>City direct rates</b>					
Operating	6.7192	6.7192	6.7192	6.7192	6.7192
Public Improvement	1.9197	1.9197	1.9197	1.9197	1.9197
City hall debt	0.7400	0.7500	0.7500	0.7400	0.7500
Act 345 pension	4.5000	4.1200	5.1900	5.3000	5.2000
<b>Total direct rate</b>	<b>13.8789</b>	<b>13.5089</b>	<b>14.5789</b>	<b>14.6789</b>	<b>14.5889</b>
<b>Overlapping rates</b>					
<b>Jackson County:</b>					
Operating	5.1709	5.1471	5.1259	5.1187	5.1187
Jail debt	0.4902	0.4879	0.4858	0.4851	0.4851
Medical care facility	0.1413	0.1406	0.1400	0.1398	0.1398
Senior services	0.2500	0.2488	0.2477	0.2473	0.2473
District library	0.8682	0.8642	0.8606	0.8593	1.2593
	<b>6.9206</b>	<b>6.8886</b>	<b>6.8600</b>	<b>6.8502</b>	<b>7.2502</b>
<b>Intermediate School District:</b>					
Operating	0.3455	0.3439	0.3429	0.3422	0.3422
Special & vocational education	7.8249	7.7895	7.7682	7.7541	7.7678
	<b>8.1704</b>	<b>8.1334</b>	<b>8.1111</b>	<b>8.0963</b>	<b>8.1100</b>
<b>Jackson Community College:</b>	<b>1.1565</b>	<b>1.1511</b>	<b>1.1463</b>	<b>1.1446</b>	<b>1.1446</b>
<b>Jackson Transit Authority - operating</b>	<b>0.9597</b>	<b>0.9597</b>	<b>0.9597</b>	<b>0.9597</b>	<b>1.0000</b>
<b>Downtown Dev. Authority - operating</b>	<b>1.9996</b>	<b>1.9996</b>	<b>1.9996</b>	<b>1.9996</b>	<b>1.9996</b>
<b>Jackson Public Schools:</b>					
Operating	17.8820	17.8820	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	2.4500	2.4000	2.4000	2.2500	2.2500
Recreation	-	0.2000	0.2000	0.2000	0.2000
	<b>26.3320</b>	<b>26.4820</b>	<b>26.6000</b>	<b>26.4500</b>	<b>26.4500</b>
<b>East Jackson Public Schools:</b>					
Operating	17.1530	18.0000	18.0000	18.0000	18.0000
State education tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	7.0000	6.2400	6.2000	5.8800	5.8400
Extra voted	0.8470	-	-	-	-
	<b>31.0000</b>	<b>30.2400</b>	<b>30.2000</b>	<b>29.8800</b>	<b>29.8400</b>
<b>Michigan Center Public Schools:</b>					
Operating	17.3318	18.0000	17.3999	17.3999	18.0000
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Extra Voted/Sinking Fund	3.4604	3.4604	4.0015	4.0016	3.4015
	<b>26.7922</b>	<b>27.4604</b>	<b>27.4014</b>	<b>27.4015</b>	<b>27.4015</b>
<b>Northwest Public Schools:</b>					
Operating	17.2893	16.9487	16.9487	16.9487	16.9487
State Education Tax (SET)	6.0000	6.0000	6.0000	6.0000	6.0000
Debt	-	-	-	-	-
Extra voted	0.3003	0.1165	1.0513	1.0513	1.0513
	<b>23.5896</b>	<b>23.0652</b>	<b>24.0000</b>	<b>24.0000</b>	<b>24.0000</b>

Note: Levy shown is as of July 1. The July 1, 2013 levy is for the fiscal year ending June 30, 2014.

Source: City of Jackson Finance Department.

Schedule 7  
Unaudited

2009	2010	2011	2012	2013
6.7192	6.7192	6.7192	6.7192	6.7192
1.9197	1.9197	1.9197	1.9197	1.7197
0.7700	0.8700	0.9500	1.0400	1.0100
5.4000	4.8500	5.2500	5.4600	5.6400
<u>14.8089</u>	<u>14.3589</u>	<u>14.8389</u>	<u>15.1389</u>	<u>15.0889</u>
5.1187	5.1187	5.1187	5.1187	5.1187
0.4851	0.4851	0.4851	0.4851	0.4851
0.1398	0.1398	0.1398	0.1398	0.1398
0.2473	0.2473	0.2473	0.2500	0.2500
1.2593	1.2593	1.2593	1.2593	1.2593
<u>7.2502</u>	<u>7.2502</u>	<u>7.2502</u>	<u>7.2529</u>	<u>7.2529</u>
0.3422	0.3422	0.3422	0.3422	0.3422
7.7678	7.7678	7.7678	8.4178	8.4178
<u>8.1100</u>	<u>8.1100</u>	<u>8.1100</u>	<u>8.7600</u>	<u>8.7600</u>
1.1446	1.1446	1.1446	1.1446	1.1446
1.0000	1.0000	1.0000	1.0000	1.0000
1.9996	1.9996	1.9996	1.9996	1.9996
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
2.2500	2.8500	2.8500	3.1500	3.1000
0.2000	0.2000	0.2000	0.2000	0.2000
<u>26.4500</u>	<u>27.0500</u>	<u>27.0500</u>	<u>27.3500</u>	<u>27.3000</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
5.9400	6.0000	6.0000	7.0000	7.0000
-	-	-	-	-
<u>29.9400</u>	<u>30.0000</u>	<u>30.0000</u>	<u>31.0000</u>	<u>31.0000</u>
18.0000	18.0000	18.0000	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
-	-	-	-	-
<u>24.0000</u>	<u>24.0000</u>	<u>24.0000</u>	<u>24.0000</u>	<u>24.0000</u>
16.9487	16.9487	16.9487	18.0000	18.0000
6.0000	6.0000	6.0000	6.0000	6.0000
0.9173	1.0281	1.0281	1.0221	4.7973
1.0513	1.0513	1.0513	-	-
<u>24.9173</u>	<u>25.0281</u>	<u>25.0281</u>	<u>25.0221</u>	<u>28.7973</u>

**Principal Property Taxpayers**  
Current Year and Nine Years Ago  
(amounts expressed in thousands)

Taxpayer	2013			2004		
	Taxable Value	Rank	Percent of Total Taxable Value	Taxable Value	Rank	Percent of Total Taxable Value
Kinder Morgan Michigan/Alphagen (2)	\$ 87,033,000	1	13.96%	\$ 125,302,200	1	17.53%
Consumers Energy	48,970,263	2	7.86%	55,050,397	2	7.70%
Wolverine Technologies/Certainteed	9,707,900	3	1.56%	7,528,338	3	1.05%
Ramco (Jackson Crossing/Jackson West)	9,363,573	4	1.50%	7,402,174	4	1.04%
Allegiance Health/Health Center	7,254,652	5	1.16%	4,115,072	8	0.58%
Alro Steel Corporation	5,599,959	6	0.90%	5,927,390	5	0.83%
Jackson Iron & Metal/Omnisource	4,941,068	7	0.79%	-	-	-
Aeroquip (Eaton Corp.)	3,773,216	8	0.61%	3,413,710	9	0.48%
Production Engineering/Equestor Partners	3,487,786	9	0.56%	-	-	-
Sears Roebuck & Company	3,233,368	10	0.52%	-	-	-
Home Depot	-	-	-	5,703,100	6	0.80%
Edscha Jackson Automotive Group	-	-	-	5,615,533	7	0.79%
GIP M/U/M LLC	-	-	-	3,339,276	10	0.47%
	<u>\$ 183,364,785</u>		<u>29.42%</u>	<u>\$ 223,397,190</u>		<u>31.26%</u>

(1) Total Ad Valorem Taxable Valuation as of June 30, 2013 = \$ 623,249,773 (valuation for fiscal year 2014).  
Total Ad Valorem Taxable Valuation as of June 30, 2004 = \$ 714,612,127 (valuation for fiscal year 2005).

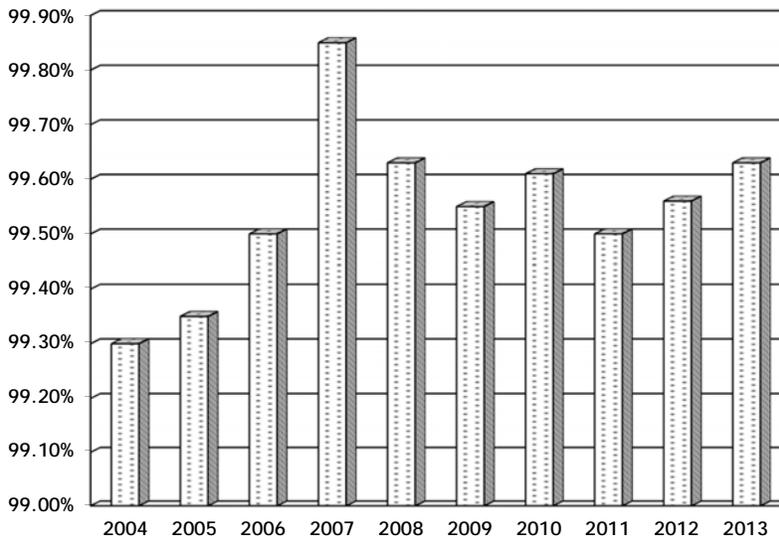
(2) Kinder Morgan Energy (KME), an electric power generation company, has the largest taxable value of \$87,033,000, or 13.96 % of the 2013 ad valorem taxable value. KME is located in a Renaissance Zone and, prior to July 1, 2012, was exempt from all millage levies with the exception of those levied for bonded indebtedness. This exemption is phased out beginning July 1, 2012 at which time this property, as well as all others in Renaissance Zones, will be taxed at 25 % of their taxable value. This percentage will increase to 50% as of July 16, 2013 and 75% as of July 1, 2014. KME will become fully taxable July 1, 2015.

Source: City of Jackson Assessors Department.

**Property Tax Levies and Collections**  
Last Ten Years

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
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%
2012	2011	8,791,409	7,924,795	90.14%	828,217	8,753,012	99.56%
2013	2012	8,640,462	7,890,861	91.32%	717,852	8,608,713	99.63%

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



**Ratios of Outstanding Debt by Type**  
Last Ten Years

Fiscal Year	Governmental Activities		Business-type Activities	Total Primary Government	% of Personal Income	Per Capita
	General Obligation Bonds	Installment Debt	Revenue Bonds			
2004	\$ 49,688,577	\$ 2,611,000	\$ 5,030,000	\$ 57,329,577	5.90%	\$ 1,371.93
2005	49,028,577	2,232,000	4,410,000	55,670,577	5.61%	1,353.71
2006	48,263,577	1,933,000	3,990,000	54,186,577	5.36%	1,332.59
2007	47,220,094	1,629,000	3,540,000	52,389,094	5.01%	1,303.77
2008	46,272,114	1,320,000	3,030,000	50,622,114	4.68%	1,277.60
2009	45,014,094	1,006,000	1,876,000	47,896,094	4.49%	1,242.87
2010	43,576,074	777,000	1,701,000	46,054,074	4.54%	1,302.92
2011	41,918,054	635,000	1,014,000	43,567,054	4.08%	1,253.34
2012	40,913,561	570,000	673,000	42,156,561	3.86%	1,223.31
2013	40,274,525	-	300,000	40,574,525	n/a	1,204.20

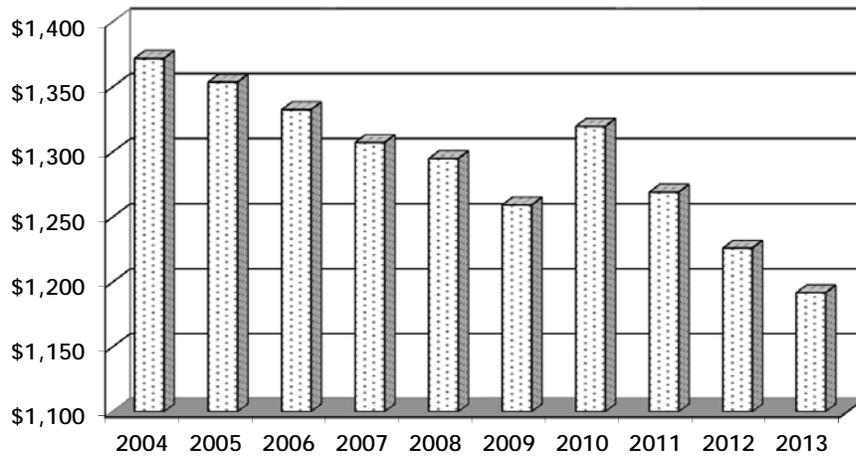
Source: City of Jackson Finance Department & Bureau of Economic Analysis.  
 Personal Income statistics not available for the City of Jackson. Data used is for Jackson County.  
 Personal Income statistics not available for 2013.

**Ratios of Net General Bonded Debt Outstanding**  
Last Ten Years

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principle	Total	% of Personal Income	% of Ad Valorem Taxable Value of Property	Per Capita
2004	\$ 49,688,577	-	\$ 49,688,577	5.11%	6.95%	\$ 1,371.93
2005	49,028,577	-	49,028,577	4.94%	6.81%	1,353.71
2006	48,263,577	-	48,263,577	4.77%	6.51%	1,332.59
2007	47,220,094	-	47,220,094	4.51%	6.17%	1,303.77
2008	46,272,114	-	46,272,114	4.28%	6.02%	1,277.60
2009	45,014,094	-	45,014,094	4.22%	5.98%	1,242.87
2010	43,576,074	-	43,576,074	4.30%	6.01%	1,302.92
2011	41,918,054	-	41,918,054	3.93%	6.06%	1,253.34
2012	40,913,561	-	40,913,561	3.74%	6.37%	1,223.31
2013	40,274,525	-	40,274,525	n/a	6.46%	1,204.20

Source: City of Jackson Finance Department & Bureau of Economic Analysis.  
 Personal Income statistics not available for the City of Jackson. Data used is for Jackson County.  
 Personal Income statistics not available for 2013.

General Bonded Debt Per Capita



**Computation of Net Direct and Overlapping Debt**  
June 30, 2013

	Gross Amount Outstanding	Self-Supporting or Paid by Benefited Government	Net Amount Outstanding
<b>Direct debt</b>			
Unlimited tax general obligation debt:			
2003 City hall bonds	\$ 55,000	\$ -	\$ 55,000
2013 City hall refunding bonds	8,690,396	-	8,275,000
Limited tax general obligation debt:			
Downtown development authority bonds	8,832,466	8,898,577	-
2011 Downtown development authority refunding bonds	5,395,000	5,395,000	-
2007 Brownfield redevelopment authority refunding bonds	9,347,439	9,415,000	-
2012 Brownfield redevelopment authority refunding bonds	7,689,224	7,555,000	-
Building authority bonds	265,000	-	265,000
Revenue Bonds:			
Sewer revenue bonds	300,000	300,000	-
<b>Net direct debt</b>	<u><u>\$ 40,574,525</u></u>	<u><u>\$ 31,563,577</u></u>	<u><u>8,595,000</u></u>
	<u>Gross</u>	<u>City Share</u>	
<b>Overlapping debt</b>			
School Districts:			
Jackson School District	\$ 49,390,000	47.47%	23,445,433
East Jackson School District	11,655,000	0.09%	10,490
Northwest School District	44,340,000	0.27%	119,718
			<u>23,575,641</u>
Jackson County at large	27,370,000	12.88%	3,525,256
Jackson Community College	35,340,000	12.88%	4,551,792
Jackson County Intermediate School District	865,000	12.60%	108,990
<b>Net overlapping debt</b>			<u>31,761,679</u>
<b>Net direct and overlapping debt</b>			<u><u>\$ 40,356,679</u></u>
Per capita debt: (33,445 population)			
Gross direct debt			\$ 1,213.17
Net direct debt			256.99
Net overlapping debt			949.67
Total net direct & overlapping debt			1,206.66
Percent of taxable valuation: (\$ 623,249,773 ad valorem taxable valuation at 6/30/13)			
Net direct debt			1.38%
Net overlapping debt			<u>5.10%</u>
<b>Total net debt</b>			<u><u>6.48%</u></u>

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

**Legal Debt Margin**  
Last Ten Years

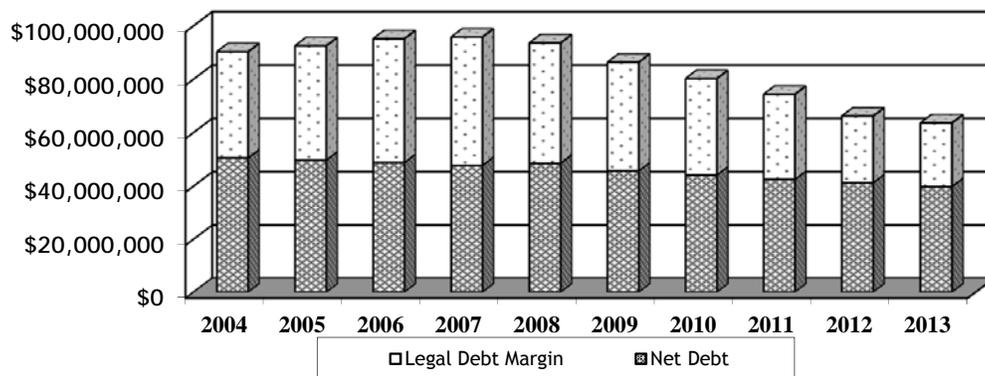
Legal debt margin calculation for 2013

State equalized value as of December 31, 2012 (for taxes levied by the City on July 1, 2013)		<u>\$ 636,111,800</u>
Debt limit (10% of state equalized value)		\$ 63,611,180
Total debt - (See Schedule 11)	\$ 40,158,577	
Less excluded debt:		
Revenue bonds	<u>(300,000)</u>	<u>39,858,577</u>
Legal debt margin		<u>\$ 23,752,603</u>

	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 Ratio
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%
2012		66,168,810	41,298,577	24,870,233	62.41%
2013		63,611,180	39,858,577	23,752,603	62.66%

Source: City of Jackson Finance Department.

Components of Debt Limit

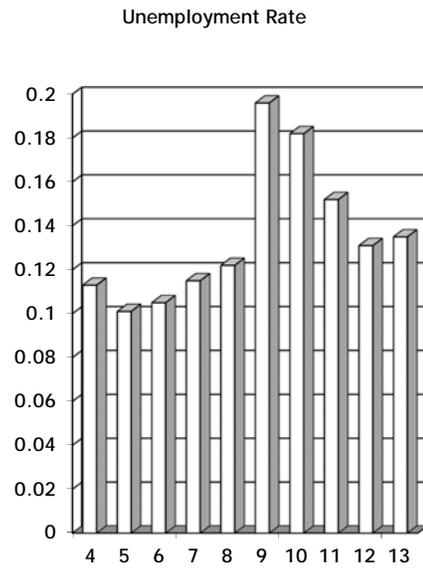
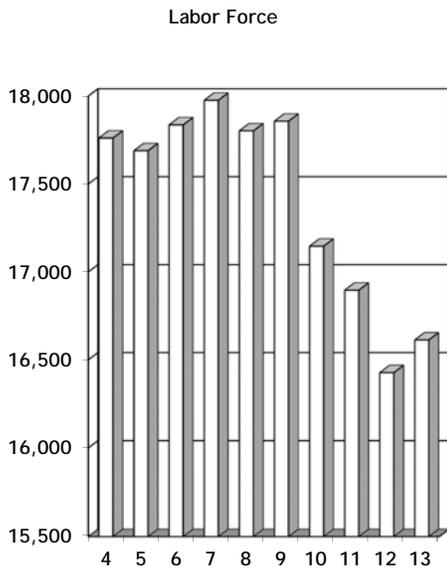


**Demographic and Economic Statistics**  
Last Ten Years

Fiscal Year	(1) Population	(2) Labor Force	(2) Employment	(2) Unemployment	(2) Unemployment Rate	(3) Total Personal Income (000's)	(3) Per Capita Income
2004	36,218	17,761	15,750	2,011	11.3%	\$ 4,352,782	\$ 26,849
2005	36,218	17,689	15,909	1,780	10.1%	4,466,772	27,396
2006	36,218	17,836	15,966	1,870	10.5%	4,561,058	27,916
2007	36,218	17,976	15,902	2,074	11.5%	4,717,870	28,888
2008	36,218	17,802	15,631	2,171	12.2%	4,803,077	29,865
2009	36,218	17,857	14,363	3,494	19.6%	4,718,335	29,469
2010	33,445	17,146	14,025	3,121	18.2%	4,855,064	30,301
2011	33,445	16,896	14,330	2,566	15.2%	5,098,226	31,902
2012	33,445	16,427	14,271	2,156	13.1%	5,237,323	32,670
2013	33,445	16,613	14,369	2,244	13.5%	n/a	n/a

All labor force statistics are as of June of the fiscal year shown, i.e. fiscal year 2013 represents June, 2013.

- (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 Jackson County. Data is not yet available for 2013.



**Principal Employers**

Current Year and Nine Years Ago

Employer	2013			2004			
	(1) Total Employees	Rank	% of Total City Labor Force	Employees		Rank	% of Workforce
Allegiance Health System	3,620	1	18.06%	2,900	(a)	1	16.33%
Consumers Energy	2,400	2	7.83%	1,700	(b)	2	7.32%
Great Lakes Home Health/Hospice	1,118	3	6.73%	-			-
Local Government	870	4	5.24%	945		3	5.32%
Jackson Public Schools	782	5	4.71%	-			-
Eaton Corporation	598	6	3.60%	580		4	3.27%
Anesthesia Business Consultants	260	7	1.57%	-			-
Alro Steel Corporation	325	8	1.96%	259		8	1.46%
Aunt Millie's/Perfection Bakery	152	9	0.91%	-			-
Certainfeed/Wolverine Vinyl Siding	147	10	0.88%	332		6	1.87%
TRW, Inc	-		-	525		5	2.96%
Melling Automotive	-		-	263		7	1.48%
Edscha (Jackson Automotive Group)	-		-	220		9	1.24%
Worthington Steel/Specialties	-		-	202		10	1.14%
	<u>10,272</u>		<u>51.48%</u>	<u>7,926</u>			<u>42.37%</u>

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

(a) Approximately 3,000 in 2013 and 2,500 in 2004 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.

Source: The Enterprise Group, Jackson County.

**Full-time Equivalent City Government Employees by Function/Program**  
By Function/Program  
Last Ten Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General government:										
City manager	4	3	4	4	2	2	2	2	2	2
Finance	5	5	5	5	5	5	4	4	4	4
City assessor	5	5	4	5	5	5	3	3	3	3
City attorney	5	5	5	5	5	5	3	2	3	3
City clerk/elections	4	4	4	4	4	4	3	3	3	1
Personnel	3	4	4	4	3	4	3	1	1	1
Purchasing/city hall	3	3	3	3	3	2	2	2	2	1
City treasurer/income tax	7	7	7	7	7	6	4	4	4	4
Mgt. information services	3	1	2	2	3	3	3	2	2	3
Public safety:										
Police - civilian	24	23	22	20	20	18	14	13	13	13
Police - enforcement	70	68	66	64	64	64	60	47	44	46
Fire - civilian	2	2	2	2	2	2	2	1	1	1
Fire - protection	43	43	43	43	42	36	33	23	17	26
Emergency measures	1	1	1	1	1	1	1	1	1	1
Public works:										
Public works	33	29	31	29	31	28	26	26	25	24
Engineering	14	13	13	13	12	11	11	10	11	10
Culture & recreation:										
Parks, recreation & grounds	24	24	25	24	24	24	22	18	18	16
Neighborhood Economic Operations:										
Public safety/community										
Enrichment & development	10	10	10	11	11	11	11	8	9	10
Building inspection	7	6	7	5	5	4	4	4	4	6
Enterprise funds:										
Sewer	18	18	19	19	19	17	19	18	17	15
Water	35	34	34	33	34	30	26	26	25	24
<b>Total</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>	<b>209</b>	<b>214</b>

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

Note: EEO Reports exclude City Treasurer (elected position).

**Operating Indicators by Function/Program**  
Last Ten Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public safety</b>										
Police:										
Physical arrests	3,513	3,628	3,562	3,206	3,314	3,660	3,523	2,928	2,253	2,649
Traffic violations	15,812	14,165	11,003	9,796	7,666	7,815	8,649	6,108	6,683	6,784
Parking violations	5,782	4,741	3,722	3,668	3,410	3,476	2,605	2,085	2,303	2,490
Fire:										
Calls answered	4,105	4,072	4,419	4,521	4,685	4,454	4,469	4,835	4,214	4,345
Inspections conducted	325	594	762	341	452	450	178	53	10	122
<b>Sewer system</b>										
Service connections	12,426	12,802	12,755	12,758	12,758	12,844	12,800	12,860	12,860	12,860
Daily average treatment (mg)	12.9	13.2	12.5	13.6	13.6	12.8	12.1	11.9	11.9	10.2
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	15,352	15,327	15,324	15,509	15,697	15,709	15,726	15,769	15,778	15,654
Daily average consumption (mg)	5.53	5.41	5.49	5.43	5.43	5.22	5.49	5.98	6.30	6.57
Maximum daily capacity (mg)	24	24	24	24	24	24	24	24	24	24

mg = million gallons

Source: Various City Departments.

**Capital Assets Statistics by Function/Program**  
 Last Ten Years

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public Safety</b>										
<b>Police:</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	41	41	39	38	36	36	37	33	31	30
<b>Fire:</b>										
Stations (1)	3	3	3	3	3	3	3	3	3	3
Response vehicles	9	9	10	10	10	10	10	10	10	11
<b>Culture and recreation</b>										
<b>Parks:</b>										
Number	23	23	24	26	26	27	27	27	27	27
Acreage	636	636	636	637	637	638	638	638	638	638
Community centers	2	2	2	2	2	2	2	2	2	2
<b>Golf courses:</b>										
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	1	1
Swimming pools	2	2	2	2	2	2	2	2	2	1
Tennis courts	14	14	14	14	14	14	14	14	14	14
<b>Public works</b>										
Miles of streets	165	165	165	171	171	171	171	171	171	171
Street lights	2,335	2,365	2,440	2,458	2,458	2,458	2,697	2,724	2,724	2,719
<b>Sewer system</b>										
Miles of sanitary sewers	160	160	160	160	165	165	165	165	165	165
Miles of storm sewers	108	108	108	108	110	110	110	110	110	110
Treatment plants	1	1	1	1	1	1	1	1	1	1
<b>Water system</b>										
Miles of water mains	232	232	244	244	244	244	244	244	244	244
Treatment plants	1	1	1	1	1	1	1	1	1	1
Fire hydrants	2,030	2,030	2,064	2,064	2,111	2,111	2,111	2,105	2,197	2,197

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

Source: City of Jackson Finance Department.

**Schedule of Insurance**  
As of June 30, 2013

Type of Coverage	Name of Company	Policy Period	Premium	Description
<u>Building and Contents</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/12-6/30/13	\$ 123,476	All risk coverage on buildings and contents. \$166,069,812 limit with \$2,500 deductible per occurrence.
<u>Automobile</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/12-6/30/13	92,413	\$5,000,000 liability limit per occurrence, \$1,000,000 property protection, \$100,000 uninsured motorist protection. \$1,000 comprehensive and collision deductibles.
<u>Liability</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/12-6/30/13	184,031	Law Enforcement, Public Officials, Municipal General and Employee Benefit Liability coverages. \$5,000,000 limit per occurrence with a \$2,500 deductible.
<u>Crime/Bonds</u> <i>Michigan Municipal Liability and Property Pool</i>		7/1/12-6/30/13	Included	Employee dishonesty and faithful performance blanket, loss inside/outside premises, depositors forgery, money order/ counterfeit paper coverages. \$100,000 liability limit.
<u>Workers Compensation</u> <i>Midwest Employers Casualty</i> <i>Broadspire Services</i>		9/1/12-8/31/13 9/1/12-8/31/13	21,664 16,431	Excess insurance above \$350,000 retention. TPA for claims service.
<u>Community Blue-PPO</u> <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.
<u>COPS Trust &amp; Blue Care Network</u> <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.
<u>Prescription Drug Coverage</u> <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.
<u>Life</u> <i>Hartford Life Insurance Company</i>		Monthly	Varies	Covers death of employee and/or AD&D. City pays for coverage of 1X annual salary. All full-time employees are covered.
<u>Long-term Disability</u> <i>Hartford Life Insurance Company</i>		Monthly	Varies	60% of monthly salary with various elimination periods. All full-time employees are covered.

Source: City of Jackson Finance Department.

**State Equalized Valuation/Taxable Valuation**  
Fiscal Years Ended June 30, 2010 Through 2014

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)
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
2011	2012	2013	661,688,100	642,428,545	651,634,810
2012	2013	2014	636,111,800	623,249,773	631,760,110

Per capita 2013 ad valorem taxable valuation is \$ 18,635 and per capita 2013 total taxable valuation is \$18,890 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				
	2010	2011	2012	2013	2014
<u>Use:</u>					
Commercial	30.34%	31.90%	31.90%	33.84%	34.35%
Industrial	24.18%	22.88%	22.88%	23.11%	23.20%
Residential	45.48%	45.22%	45.22%	43.05%	42.45%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<u>Class:</u>					
Real	87.92%	87.62%	87.62%	86.69%	85.59%
Personal	12.08%	12.38%	12.38%	13.31%	14.41%
	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

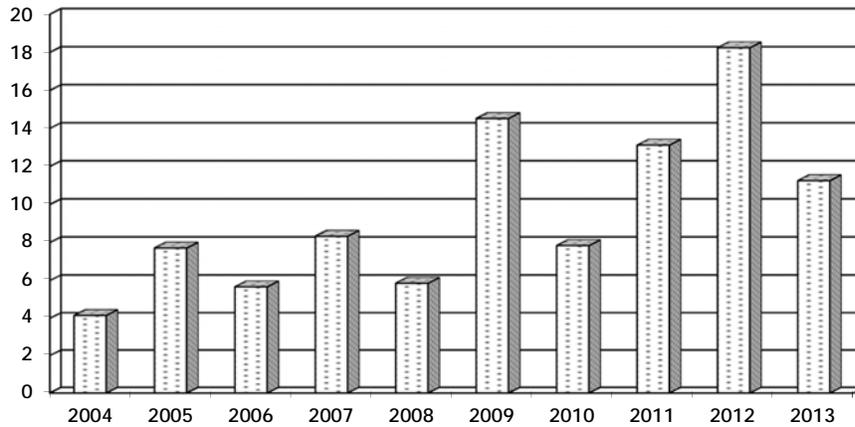
Source: City of Jackson Assessors Department - Forms L-4022.

**Revenue Bonds Coverage - Sewer Enterprise Fund**  
Last Ten Fiscal Years

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	
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
2012	6,558,187	4,770,680	1,787,507	75,000	23,001	98,001	18.24
2013	4,906,631	3,571,289	1,335,342	100,000	18,650	118,650	11.25

- (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

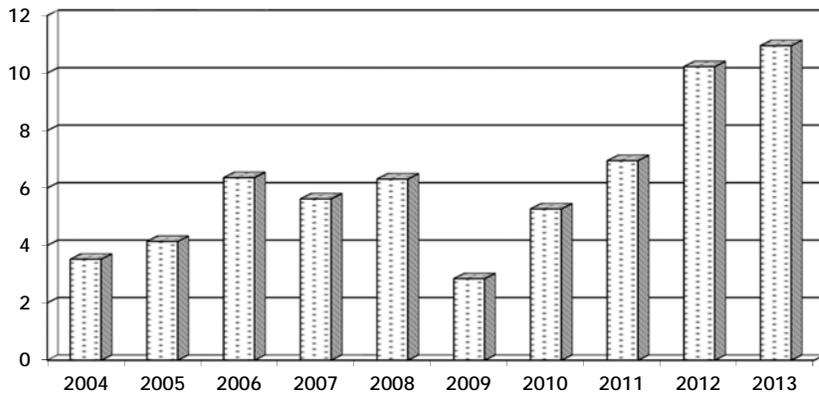


**Revenue Bonds Coverage - Water Enterprise Fund**  
Last Ten Fiscal Years

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	
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
2012	8,088,240	5,187,421	2,900,819	266,000	17,927	283,927	10.22
2013	8,416,601	5,326,058	3,090,543	273,000	9,282	282,282	10.95

- (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.

Revenue Bond Coverage



**Water Supply System**  
Last Five Fiscal Years

	Fiscal Year Ended June 30				
	2009	2010	2011	2012	2013
<b>Water pumped vs. water sold: (in million gallons)</b>					
Pumped	2,572	2,361	2,594	2,703	2,665
Sold	2,376	2,002	2,181	2,299	2,397
Sold as a % of pumped	92.36%	84.78%	84.08%	85.06%	89.94%
<b>Number of customers:</b>					
Residential	12,354	12,370	12,393	12,368	12,254
Commercial	2,116	2,123	2,191	2,160	1,951
Industrial	257	249	240	239	176
<b>Total</b>	<b>14,727</b>	<b>14,742</b>	<b>14,824</b>	<b>14,767</b>	<b>14,381</b>
<b>Percent of water consumption by category:</b>					
Residential	31.60%	32.70%	29.60%	30.00%	27.00%
Commercial	47.30%	53.50%	47.10%	42.80%	46.00%
Industrial	21.10%	13.80%	23.30%	27.20%	27.00%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>
<b>History of water rates</b> (average consumption - 22 HCF / average 5/8 inch meter)					
Metered per quarter	\$ 57.85	\$ 57.85	\$ 63.77	\$ 70.65	\$ 72.48
% Change (in average consumption)	0.00%	0.00%	10.23%	10.79%	2.59%
<b>Water supply system annual revenues:</b>					
Metered revenue	\$ 6,130,257	\$ 5,960,966	\$ 6,721,459	\$ 7,739,709	\$ 8,014,367
% increase (decrease)	-0.57%	-2.76%	12.76%	15.15%	3.55%
<b>Water supply system revenues by user class:</b>					
Residential	\$ 2,865,759	\$ 2,839,975	\$ 2,922,890	\$ 3,170,632	\$ 3,190,253
Commercial	2,605,723	2,572,903	2,909,895	3,270,748	3,535,986
Industrial	658,774	548,088	888,674	1,298,329	1,288,128
Sewer - billing & collection charges	184,459	193,551	182,978	197,639	252,768
<b>Total</b>	<b>\$ 6,314,715</b>	<b>\$ 6,154,517</b>	<b>\$ 6,904,437</b>	<b>\$ 7,937,348</b>	<b>\$ 8,267,135</b>
<b>Water supply revenues by user class as a % of total revenues:</b>					
Residential	45.38%	46.14%	42.33%	39.95%	38.59%
Commercial	41.26%	41.81%	42.15%	41.21%	42.77%
Industrial	10.43%	8.91%	12.87%	16.36%	15.58%
Sewer - billing & collection charges	2.92%	3.14%	2.65%	2.49%	3.06%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

Source: City Water Department.

**Water Supply System**  
Ten Largest Water Customers - By Usage  
For the Fiscal Year Ended June 30, 2013

Customer	(1) Usage	(2) % of Total	Revenue	(3) % of Total
Jackson Power Company (Kinder Morgan/Alphagen)	494,993	20.65%	\$ 659,277	7.97%
* Michigan Department of Corrections	404,800	16.89%	476,531	5.76%
Commonwealth Commerce Center	59,538	2.48%	92,932	1.12%
Allegiance Health/Health Center	42,170	1.76%	63,446	0.77%
Elm Plating	40,345	1.68%	65,685	0.79%
Eaton Aeroquip Corp.	35,930	1.50%	54,367	0.66%
Certainteed/Wolverine Technologies	24,700	1.03%	42,752	0.52%
* JSP International LLC (formerly Texas Konica)	21,200	0.88%	45,549	0.55%
** Consumers Energy	19,900	0.83%	48,046	0.58%
* English Meadows MJC		0.00%		0.00%

(1) Unit = million gallons (MG)

(2) Based on June 30, 2013 total water sold (Schedule 22) of 2,397 MG's.

(3) Based on June 30, 2013 water supply system revenues by user class (Schedule 22) of \$ 8,267,135.

\* Located outside of City limits.

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

Source: City Water Department.

**Industrial Facilities Tax Roll**  
For the Fiscal Year Ended June 30, 2013

Year of Transfer To Ad Valorem Tax Roll	(1) I.F.T. S.E.V. Amount
2014	\$ 613,300
2015	-
2016	1,587,150
2017	1,276,100
2018	699,450
2019	65,500
2020	452,300
2021	306,900
2022	45,050
2023	55,420
2024	-
2025	315,900
2026	607,450
	<u>\$ 6,024,520</u>

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

Source: City Assessors Department.

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

Downtown Development Authority Bonds

Fiscal Year	Tax Increment Revenues	Debt Service	(1) Capitalized Interest	(2) DDA Budgetary Commitments	Excess Tax Increment Revenues	Debt Service Coverage
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
2012	1,038,602	166,366	-	-	872,236	6.24
2013	830,014	247,250	-	-	582,764	3.36

(1) Capitalized interest was used to pay debt service in fiscal year 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 (1)	Debt Service	(2) Capitalized Interest	Excess Tax Increment Revenues	Debt Service Coverage
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	187,180	-
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
2012	1,087,348	864,875	-	222,473	1.26
2012	1,087,348	864,875	-	222,473	1.26
2013	996,467	1,100,123	-	(103,656)	0.91

(1) Includes only those amounts captured for the bonds.

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

Miscellaneous Supplemental Disclosures

General Fund - State Shared Revenues - Sales Tax (State of Michigan)

Fiscal Year	Constitutional Component	Statutory/ E.V.I.P. (1) Component	Total Revenue Sharing Payments
2009	\$ 2,372,964	\$ 2,658,366	\$ 5,031,330
2010	2,300,271	2,174,594	4,474,865
2011	2,214,124	2,260,741	4,474,865
2012	2,401,665	1,475,187	3,876,852
2013	2,451,389	1,580,556	4,031,945

(1) EVIP payments began in FY 2012 and are based on Michigan PA 63 of 2011.

General Fund - Income Tax Net Revenues

Fiscal Year	Net Revenues	Increase (Decrease) From Prior Year
2009	\$ 7,645,706	(3.79%)
2010	6,519,574	(14.73%)
2011	6,977,923	7.03%
2012	7,297,281	4.58%
2013	8,017,633	9.87%

Gas and Weight Tax Revenues, Maximum Annual Debt Service and Historical Debt Service Coverage

Fiscal Year	Gas & Weight Tax Revenues	(2) Maximum Annual Debt Service	Historical Debt Service Coverage
2009	\$ 2,409,854	\$ 284,480	8.47
2010	2,366,767	284,480	8.32
2011	2,401,143	284,480	8.44
2012	2,427,571	284,480	8.53
2013	2,439,876	284,480	8.58

(2) Includes maximum debt service on all debt payable from major and local street funds.

Note: As of June 30, 2013 there was no longer any debt payable from major and local street funds.

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**SINGLE AUDIT  
ACT COMPLIANCE**

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INDEPENDENT AUDITORS' REPORT ON THE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AS REQUIRED BY OMB CIRCULAR A-133

December 16, 2013

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented 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, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements. We issued our report thereon dated December 16, 2013, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's 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 Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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CITY OF JACKSON, MICHIGAN

**Schedule of Expenditures of Federal Awards**  
For the Fiscal Year Ended June 30, 2013

Federal Agency / Cluster / Program Title	CFDA Number	Passed Through	Pass-through Grantor Number	Federal Expenditures
U.S. Department of Housing and Urban Development				
Community Development Block Grant - Entitlement Grants Cluster:				
Community Development Block Grant	14.218	Direct	B10MC260021	\$ 1,067,406
Neighborhood Stabilization Program	14.218	MSHDA	NSP20080274ENT	162,645
				<u>1,230,051</u>
Home Investment Partnership Programs	14.239	Direct	M10MC260214	295,307
Home Investment Partnership Programs	14.239	Direct	M11MC260214	114,346
				<u>409,653</u>
Total U.S. Department of Housing and Urban Development				<u>1,639,704</u>
U.S. Department of Justice				
Byrne Formula Grant - LAWNET Enhancement Project	16.580	MDCH	72239-7-12-B	620
Byrne Formula Grant - LAWNET Enhancement Project	16.580	MDCH	72239-8-13-B	14,312
				<u>14,932</u>
Bulletproof Vest Partnership	16.607	Direct	n/a	<u>3,090</u>
Justice Assistance Grant Program Cluster:				
ARRA - Byrne Recovery Act Grant - JNET Project	16.803	MDCH	50073-1-09-B	40,938
ARRA - Byrne Recovery Act Grant	16.804	Direct	2010-DJ-BX-1313	1,540
ARRA - Byrne Recovery Act Grant	16.804	Direct	2011-DJ-BX-3148	14,574
ARRA - Byrne Recovery Act Grant	16.804	Direct	2012-DJ-BX-1199	18,354
				<u>75,406</u>
Total U.S. Department of Justice				<u>93,428</u>
U.S. Department of Transportation				
Safe Communities Traffic Programs	20.602	JTSP0	n/a	<u>21,359</u>
U.S. Environmental Protection Agency				
ARRA - Brownfield Revolving Loan	66.818	Direct	n/a	1,324,798
ARRA - Brownfield Revolving Loan	66.818	JC	n/a	590,000
				<u>1,914,798</u>
U.S. Department of Homeland Security				
Assistance to Fire Fighters - SAFER	97.044	Direct	n/a	461,855
Homeland Security Grant Program	97.067	JCEM	n/a	<u>283,362</u>
Total U.S. Department of Justice				<u>745,217</u>
Total expenditures of federal awards				<u>\$ 4,414,506</u>

See notes to schedule of expenditures of federal awards.

# CITY OF JACKSON, MICHIGAN

## Notes to the Schedule of Expenditures of Federal Awards

### 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, 2013. 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 position or cash flows of the City.

### 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, if any, 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.

### 3. SUBRECIPIENTS

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

Program Title	CFDA Number	Amount Provided to Subrecipient
Community Development Block Grant	14.218	\$ 13,749
Home Investment Partnership Programs	14.239	<u>162,530</u>
		<u>\$ 176,279</u>

### 4. PASS-THROUGH AGENCIES

The City receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MSHDA	Michigan State Housing Development Authority
MDCH	Michigan Department of Community Health
JTSP0	Jackson Traffic Safety Program Office
JCEM	Jackson County Emergency Management
JC	Jackson County



**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 16, 2013

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

We have audited, in accordance with the 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, 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* (the "City"), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 16, 2013.

#### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 2013-FS-01 that we consider to be a significant deficiency.

## Compliance and Other Matters

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

We noted certain other matters that we reported to management of the City in a separate letter dated December 16, 2013.

## City of Jackson's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**Independent Auditors' Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by OMB Circular A-133**

December 16, 2013

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

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of the *City of Jackson* (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 the City's major federal programs for the year ended June 30, 2013. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

*Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

*Independent Auditors' Responsibility*

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

*Opinion on Each Major Federal Program*

In our opinion, the City complied, in all material respects, with the types of compliance 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, 2013.

### *Other Matters*

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2013-SA-01 and -02. Our opinion on each major federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

### Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-SA-01 and -02 that we consider to be significant deficiencies.

The City's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

*Purpose of this Report*

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Rehmann Loban LLC*

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# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2013

### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?   X   yes        none reported

Noncompliance material to financial statements noted?        yes   X   no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?        yes   X   no

Significant deficiency(ies) identified?   X   yes        none reported

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

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?   X   yes        no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
66.818	ARRA - Brownfield Revolving Loan
97.044	Assistance to Fire Fighters - SAFER

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

Auditee qualified as low-risk auditee?   X   yes        no

# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2013

### SECTION II - FINANCIAL STATEMENT FINDINGS

#### 2013-FS-01 Bank Reconciliation

*Finding Type.* Immaterial Noncompliance/Significant Deficiency in Internal Control over Financial Reporting.

*Criteria.* The City is required to have all bank accounts reconciled and agreed to the general ledger within six weeks after each month end.

*Condition.* The City was unable to complete a proper bank reconciliation for the income tax refund account since May 2013.

*Cause.* The City experienced a software malfunction in May 2013 which did not allow the City to create a correct outstanding items list to reconcile the bank balance to the book balance.

*Effect.* As a result of this condition, the City's inherent risk for fraud related to the income tax refund account has increased.

*Recommendation.* We recommend that the City take steps to insure that all bank statements are reconciled, reviewed and approved within six weeks after each month and agreed to the general ledger.

*Management's response.* The City Income Tax Department is addressing the issue by currently performing bank reconciliations for the income tax account manually until the problems with the related software can be rectified.

# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2013

### SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

2013-SA-01 - Procurement, Suspension and Debarment - Verification of Vendors

*Finding Type.* Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance.

*Programs.* ARRA - Brownfield Revolving Loan; U.S. Environmental Protection Agency; Jackson County; CFDA Number 66.818.

*Criteria.* Per the *OMB Circular A-133 Compliance Supplement*, non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000.

*Condition.* During the year, the City entered into two contracts with vendors that required a check of suspension and debarment and did not maintain documentation to prove the verification occurred. Upon performing a check on all vendors that were paid over \$25,000 on the SAM.gov website, none of the vendors were listed as being suspended or debarred.

*Cause.* This City had staff turnover in this program and the former employee did not maintain the documentation in the program files.

*Effect.* The City is unable to provide documentation to prove they complied with the program requirement.

*Questioned Costs.* No costs have been questioned as a result of this finding inasmuch as no costs were paid to suspended or debarred vendors.

*Recommendation.* We recommend that the City put procedures in place to ensure that all vendors, in which federal monies are used to pay for goods and services, are checked, and documentation is maintained, to ensure that they are not suspended or debarred using SAM.gov. These vendors should also be checked prior to any disbursements.

*Management's response.* As indicated in the above finding, the staff person previously assigned to perform this function has since left the City's employment. The City's fiscal officer in this area has since corrected these verification issues and is taking steps to ensure that the proper verification requirements are followed, that the related documentation is maintained, and that vendors are checked prior to any disbursements.

# CITY OF JACKSON, MICHIGAN

## Schedule of Findings and Questioned Costs For the Fiscal Year Ended June 30, 2013

### SECTION III - FEDERAL AWARD FINDING AND QUESTIONED COSTS

#### 2013-SA-02 - Reporting

*Finding Type.* Immaterial Noncompliance/Significant Deficiency in Internal Control over Compliance.

*Programs.* ARRA - Brownfield Revolving Loan; U.S. Environmental Protection Agency; Jackson County; CFDA Number 66.818.

*Criteria.* According to the administrative conditions of the EPA agreement the City must submit progress report on a quarterly basis to the EPA Project Officer.

*Condition.* The City failed to submit any quarterly reports for the fiscal year.

*Cause.* Those responsible for managing the Brownfield program lacked the proper internal controls to make sure the quarterly reports were submitted on time.

*Effect.* As a result of this condition, the City did not fully comply with the reporting requirements applicable to the Brownfield grant.

*Questioned Costs.* No costs were questioned as a result of this finding.

*Recommendation.* Program staff should periodically review federal reporting requirements to ensure that all applicable reports are filed with the awarding agency on a timely basis.

*Management's response.* The staff person responsible for these deficiencies has since left the City. The City's fiscal officer in this area has since corrected these reporting issues and is taking steps to ensure that the proper reporting requirements are followed in the future.



# CITY OF JACKSON, MICHIGAN

## Summary Schedule of Prior Audit Findings For the Fiscal Year Ended June 30, 2013

No matters were reported.



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